

Weimob 微盟

WEIMOB INC.

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2013

GLOBAL OFFERING

Joint Sponsors
(in alphabetical order)

Deutsche Bank Group 

 海通國際
HAITONG

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Deutsche Bank Group 

 海通國際
HAITONG

 CICC
中金公司

Joint Bookrunners and Joint Lead Managers

 國泰君安國際
GUOTAI JUNAN INTERNATIONAL

 建銀國際
CDB INTERNATIONAL

 BOC INTERNATIONAL

 AMTD 南乘

 富途證券

 興証國際
XINGZHEN INTERNATIONAL



IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Weimob 微盟

WEIMOB INC. 微盟集團*

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	301,700,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	30,170,000 Shares (subject to reallocation)
Number of International Offer Shares	:	271,530,000 Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price (subject to a Downward Offer Price Adjustment)	:	HK\$3.50 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% (payable in full on application, subject to refund) (If the Offer Price is set at 10% below the bottom end of the indicative Offer Price range after making a Downward Offer Price Adjustment, the Offer Price will be HK\$2.52 per Offer Share)
Nominal value	:	US\$0.0001 per Share
Stock code	:	2013

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 建銀國際
CIB International

 BOC INTERNATIONAL

 AMTD 尚乘

 富途證券

 興證國際
XINGZHENG INTERNATIONAL

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement among the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, January 8, 2019 (Hong Kong time) and, in any event, not later than Friday, January 11, 2019 (Hong Kong time). The Offer Price will be not more than HK\$3.50 and is currently expected to be not less than HK\$2.80 per Offer Share (subject to a Downward Offer Price Adjustment). If, for any reason, the Offer Price is not agreed by Friday, January 11, 2019 (Hong Kong time) among the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators, on behalf of the Underwriters, and with our consent may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK\$2.80 to HK\$3.50) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notices will also be available on the website of our Company at www.weimob.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in "Risk Factors" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting – Grounds for Termination".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may be offered and sold only (a) in the United States to "Qualified Institutional Buyers" in reliance on Rule 144A under the U.S. Securities Act or another exemption from, or in a transaction not subject to, registration under the U.S. Securities Act and (b) outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

* For identification purposes only

December 31, 2018

EXPECTED TIMETABLE

Hong Kong Public Offering commences and **WHITE**
and **YELLOW** Application Forms available from9:00 a.m. on Monday,
December 31, 2018

Latest time for completing electronic applications
under the **White Form eIPO** service through
the designated website at www.eipo.com.hk⁽²⁾11:30 a.m. on Tuesday,
January 8, 2019

Application lists open⁽³⁾11:45 a.m. on Tuesday,
January 8, 2019

Latest time for (a) lodging **WHITE** and **YELLOW**
Application Forms, (b) completing payment for
White Form eIPO applications by effecting Internet
banking transfer(s) or PPS payment transfer(s) and
(c) giving **electronic application instructions** to HKSCC⁽⁴⁾12:00 noon on Tuesday,
January 8, 2019

Application lists close⁽³⁾12:00 noon on Tuesday,
January 8, 2019

Expected Price Determination Date Tuesday, January 8, 2019

Where applicable, announcement of the Offer Price
being set below the bottom end of the indicative
Offer Price range after making a Downward
Offer Price Adjustment (see the section headed
“Structure of the Global Offering – Determining
the Offer Price”) on the website of the Stock Exchange
at www.hkexnews.hk and the Company’s website at
www.weimob.com⁽⁵⁾ on or beforeMonday, January 14, 2019

Announcement of (1) the Offer Price, (2) the level of
indications of interest in the International Offering,
(3) the level of applications in the Hong Kong
Public Offering and (4) the basis of allocations of the
Hong Kong Offer Shares to be published in the
South China Morning Post (in English) and the
Hong Kong Economic Times (in Chinese) on or beforeMonday, January 14, 2019

An announcement of results of allocations in the Hong Kong
Public Offering (including successful applicants’
identification document numbers, where appropriate)
will be available through a variety of channels
(including the website of the Hong Kong Stock Exchange
at www.hkexnews.hk and our Company’s website
at www.weimob.com⁽⁵⁾) (see “How to Apply for
Hong Kong Offer Shares – Publication of Results”) fromMonday, January 14, 2019

EXPECTED TIMETABLE

Results of allocations in the Hong Kong Public Offering will be available at www.iporeresults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function from Monday, January 14, 2019

Share certificates in respect of wholly or partially successful applications to be despatched or deposited into CCASS on or before⁽⁶⁾ Monday, January 14, 2019

White Form e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessfully applications to be despatched on or before⁽⁶⁾ Monday, January 14, 2019

Dealings in the Shares on the Stock Exchange expected to commence at 9.00 a.m. on Tuesday, January 15, 2019

The application for the Hong Kong Offer Shares will commence on Monday, December 31, 2018 through Tuesday, January 8, 2019, being slightly longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving banks on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Monday, January 14, 2019. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Tuesday, January 15, 2019.

Notes:

- (1) All dates and times refer to Hong Kong dates and times.
- (2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning signal or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, January 8, 2019, the application lists will not open and close on that day. See “How to Apply for Hong Kong Offer Shares”.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to “How to Apply for Hong Kong Offer Shares – 6. Applying by giving **Electronic Application Instructions** to HKSCC via CCASS” in this prospectus.
- (5) None of the websites or any of the information contained on the websites forms part of this prospectus.
- (6) The Share certificates will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Tuesday, January 15, 2019, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares”, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, our Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager, the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them, or any other person or party involved in the Global Offering. Information contained on our website, located at www.weimob.com, does not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the entire prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OUR MISSION

Our mission is to enable digital transformation for SMBs and to make business more intelligent through technology-driven innovation.

OVERVIEW

We are the leading provider of cloud-based commerce and marketing solutions and targeted marketing services on Tencent’s social networking service platforms for SMBs in China in terms of revenue in 2017. Through our SaaS products, we offer a variety of intelligent business solutions tailored for industry verticals, and our targeted marketing services enable businesses to advertise to a select audience on China’s leading digital content platforms. According to Frost & Sullivan, we had a market share of 5.8% in the cloud-based commerce and marketing solutions market for SMBs in China, and a market share of 4.2% in the cloud-based commerce and marketing solutions market for all business sizes in China in 2017, both as measured by revenue. We deliver our SaaS products and targeted marketing services primarily through China’s leading social media platform, WeChat, where we were also the largest third-party service provider for SMBs in terms of revenue and number of paying merchants in 2017, with a market share of 15.3% as measured by revenue, according to Frost & Sullivan.

Tencent’s social media platforms and services have played an important role in the delivery of our SaaS products and targeted marketing services. We primarily deliver our SaaS products on WeChat in the form of WeChat Mini Programs and WeChat Official Accounts. We offer targeted marketing to advertisers primarily through Tencent’s social media platforms such as WeChat Moments. We do not expect our reliance on Tencent in connection with our business operations to reduce in the foreseeable future. For further details, please see “Our Relationship with Tencent” below. We were loss-making in 2015 and 2016 because we were at an early stage of monetization and incurred significant sales and marketing expenses. We recorded a net loss for the six months ended June 30, 2018, and expect to incur a net loss in the year ending December 31, 2018, primarily due to the fair value change of financial instruments and the listing expenses incurred in relation to the Global Offering. See “Summary of Historical Financial Information – Summary of Combined Statements of Comprehensive Income – Business Segments” below for details.

Our Business Model

SaaS, or software as a service, is a cloud-based software licensing and delivery model in which software and associated data are centrally hosted, removing the need for users to install and run applications on their own computers or in their own data centers. We launched our first SaaS product in 2013 with the aim of helping SMBs operating under the traditional retail model overcome the significant challenges they face in today’s new retail era. With limited offline footprints and little to no online expertise, SMBs often lack access to easy-to-use and cost-effective digital tools

SUMMARY

to grow their businesses and manage customer relationships. Traditional online marketplace platforms offer limited merchant services while controlling the user traffic and relationships of end customers. We disrupt that model by providing a decentralized, social media-enabled platform that allows SMBs to directly acquire and communicate with customers, and manage their interactions and relationships across online and offline channels. On a decentralized platform such as WeChat, merchants can leverage social media traffic to establish their brand names, directly market to targeted audiences, and acquire customers. We offer merchants a comprehensive suite of easy-to-use SaaS products for them to establish their online presence in the form of WeChat Official Accounts or WeChat Mini Programs. Merchants use our SaaS products to conduct their business on WeChat and other digital properties, improve operational efficiency, and manage customer relationships both online and offline. Under this disruptive model, we return control back to the merchants by giving them ownership of their own customer traffic and data.

In 2016, we began offering targeted marketing to enable advertisers to reach their target audiences through mobile social marketing, and optimize their marketing campaigns on leading social media platforms in China.

Our Products and Services

Our cloud offerings consist of our SaaS products, namely our Commerce Cloud, Marketing Cloud, and Sales Cloud, and our PaaS product comprising our Weimob Cloud platform.

Merchants use our SaaS products to build personalized storefronts on social media platforms and manage their mission-critical digital commerce operations, including product display, order intake and payment processing, customer relationship management, and social media marketing. Each of our SaaS products is designed with its own set of functionalities and features to meet merchants' specific business needs. Commerce Cloud products enable merchants to establish integrated online and offline digital operations and empower them to drive increased engagement, conversion, revenue, and loyalty from their customers. Marketing Cloud products offer merchants digital tools to precisely target audiences and optimize online marketing activities, including advertisement creation and budget allocation. Sales Cloud products help merchants improve their customer acquisition capabilities and achieve higher sales efficiently. See "Business – Our Product and Service Offerings – SaaS Products" for details.

Although we did not generate any revenue from Sales Cloud products during the Track Record Period, we subsequently received orders from merchants during the second half of 2018 and generated revenue as a result of sales to approximately 500 merchants as of the Latest Practicable Date. See "Business – Our Product and Service Offerings – SaaS products – Sales Cloud" for further details.

In October 2017, we launched Weimob Cloud platform, a platform as a service, or PaaS (a category of cloud computing services that provides a platform and environment to allow software developers to create and deploy applications). The platform is designed for third-party developers and has contributed a wide selection of applications for users in addition to our current cloud offerings. With our Weimob Cloud platform, third-party developers can design, build, and implement enterprise-grade custom applications. Third-party developers are not only able to integrate our storefronts, products, transactions, payment, marketing, membership, and logistics modules into their applications, but can also connect to hundreds of plug-ins from our Weimob Services Market, an application store, to enrich their application offerings. As of the Latest Practicable Date, we had amassed almost 400 third-party developers and had more than 600 applications developed by such third-party developers available for merchants on our Weimob Cloud platform. During the Track Record Period, we did not generate any revenue from Weimob Cloud platform. However, as we anticipate third-party developer platforms to become more

SUMMARY

established in the future, we may monetize such ecosystem by sharing a portion of the revenue of third-party developers generated from applications to be distributed through our platform. See “Business – Our Product and Service Offerings – Weimob Cloud Platform – Monetization”.

We began our targeted marketing business in 2016, through which we provide a one-stop mobile social marketing solution that is convenient, affordable, and efficient, enabling advertisers to optimize their marketing efforts and achieve their brand promotion or targeted marketing goals. Our proprietary data management platform (DMP) integrated with analytics and optimization technology supports precise marketing for advertisers to more accurately identify audiences who are likely to have an interest in their brands or become paying customers. It also enables advertisers to conveniently choose media resources, create social promotion plans, and utilize other powerful tools for marketing and promotion. Further, our cooperation with high-quality media resources enables our advertisers’ marketing campaigns to reach a large audience base. Our premium media resources mainly include major social media platforms and other high-traffic channels such as WeChat Moments, WeChat Official Account, QQ, QZone, Baidu, and Zhihu.

Our Merchants and Advertisers

We have a large and rapidly growing client base. We had approximately 2.7 million registered merchants for our SaaS products and targeted marketing as of June 30, 2018, providing us with a large potential client base that we can monetize on a recurring basis. In the past, merchants who purchased our SaaS products or targeted marketing represented a wide array of industries including fashion, food, cosmetics, digital products, home appliances, books, hospitality, restaurants, real property, and wedding apparel.

During the Track Record Period, we expanded our client base for both our SaaS products and targeted marketing. The number of paying merchants of our SaaS products was 23,895, 36,344, 51,494, and 56,313 as of December 31, 2015, 2016, 2017, and June 30, 2018, respectively. Our ARPU of SaaS products amounted to RMB4,771, RMB4,834, RMB5,100, and RMB2,758 in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively. The number of advertisers using our targeted marketing was 3,217, 17,681, and 14,189 in 2016, 2017 and the six months ended June 30, 2018, respectively. Our average spend per advertiser amounted to RMB54,023 in 2016, RMB52,767 in 2017, and RMB68,084 in the six months ended June 30, 2018. Our large and growing client base has provided us with a vast library of big data which we can leverage to better understand client needs and further refine our product and service offerings to improve customer experience.

Our Growth

We experienced significant growth during the Track Record Period. Our total revenue increased from RMB114.0 million in 2015 to RMB189.2 million in 2016, and further to RMB534.0 million in 2017, representing a CAGR of 116.4%. Our total revenue increased from RMB212.0 million in the six months ended June 30, 2017 to RMB332.1 million in the six months ended June 30, 2018. Our gross profit increased from RMB98.2 million in 2015 to RMB166.9 million in 2016, and further to RMB344.2 million in 2017, representing a CAGR of 87.2%. Our gross profit increased from RMB166.4 million in the six months ended June 30, 2017 to RMB231.0 million in the six months ended June 30, 2018.

SUMMARY

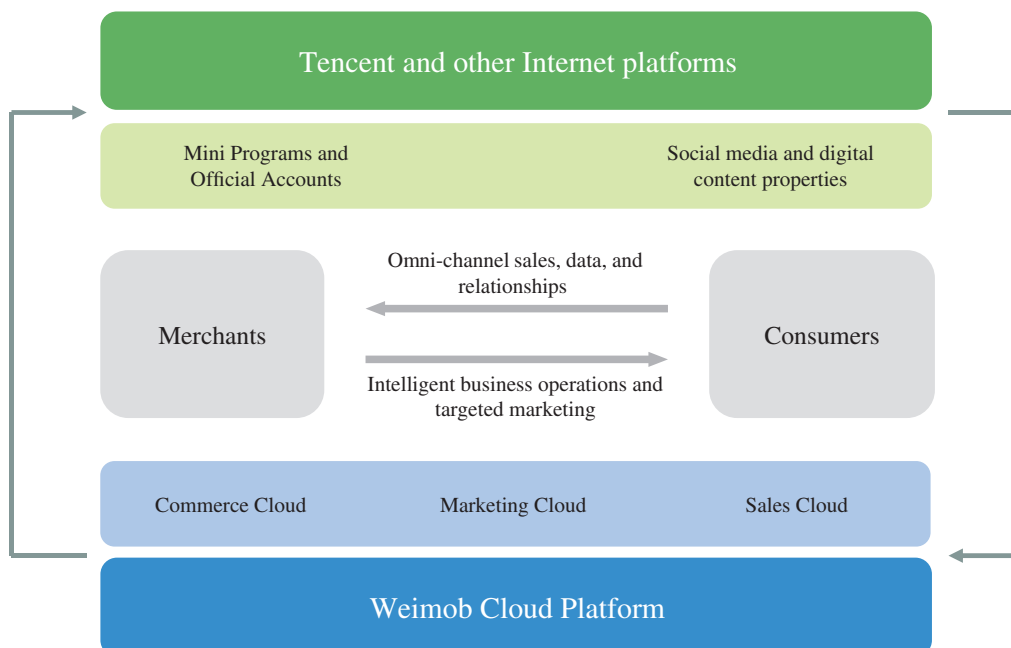
OUR ECOSYSTEM AND ITS PARTICIPANTS

Our cloud-based commerce and marketing service platform forms part of a vibrant ecosystem connecting our merchants, consumers, and social media platforms. Through this ecosystem, we have transformed how merchants conduct their business using social media in today's new retail era, and have established a reputation as a trusted and successful platform for participants in our ecosystem. Our Weimob ecosystem is integrated into Tencent's ecosystem as we primarily deliver our SaaS products and targeted marketing service through the WeChat platform.

The following are key participants benefiting from our ecosystem.

- **Merchants.** Our products and services are mainly designed for SMBs. SMBs accounted for approximately 94.0% of all registered enterprises in China and more than 60.0% of China's GDP in 2017. According to Frost & Sullivan, there were 27.3 million SMBs in 2017. We serve a large, growing base of merchants who aim to digitally transform their business.
- **Consumers.** According to Frost & Sullivan, there were 533 million online shoppers in China as of December 31, 2017. As consumers benefit from rising disposable income and increase their time spent online, they increasingly choose merchants and platforms which are able to provide a personalized, omni-channel shopping experience. The number of consumers of our merchants amounted to approximately 400 million on an accumulative basis as of the Latest Practicable Date. The number of followers of our merchants had reached approximately 1,000 million on an accumulative basis as of the Latest Practicable Date.
- **Social media platforms.** We currently collaborate with Tencent and other social media platforms to provide SaaS products and targeted marketing. We primarily deliver our SaaS products on WeChat in the form of WeChat Mini Programs and WeChat Official Accounts. Our targeted marketing is primarily delivered on Tencent's social media platforms such as WeChat Moments and QQ. During the Track Record Period, we also collaborated with other media publishers to deliver our targeted marketing, including Baidu and Zhihu.

The following diagram illustrates the network effects and interaction between participants within our ecosystem:



SUMMARY

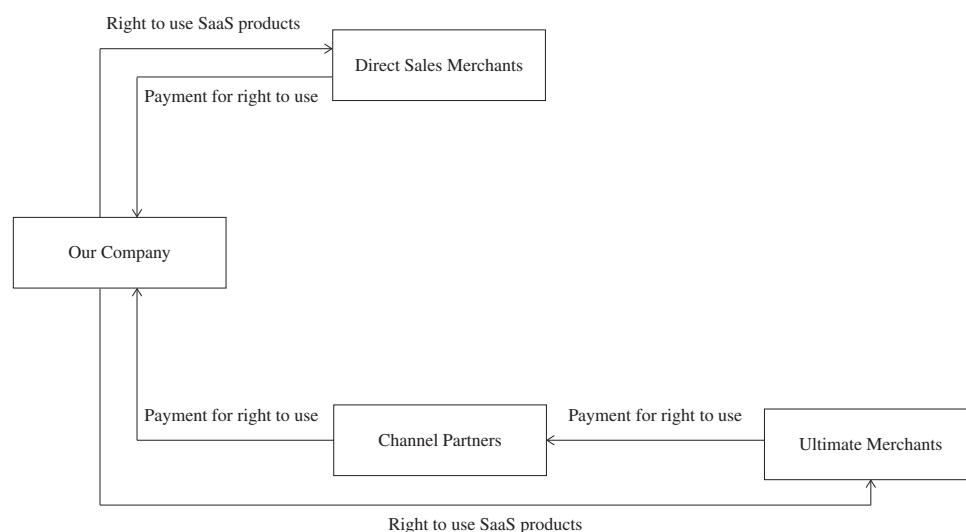
SALES CHANNELS

Our sales network consists of our own direct sales team stationed in tier-1 and other strategic cities in China, as well as a nationwide network of local channel partners. As of June 30, 2018, we had an offline network of over 1,500 channel partners, covering all provinces, municipalities and autonomous regions in the PRC, allowing us to establish close, localized business relationships with our clients. Our channel partners for SaaS products are mainly corporates specializing in marketing IT or internet services. Our channel partners for targeted marketing are mainly advertising agencies. Our strong relationships with our channel partners are demonstrated by their relatively low attrition rates. For example, attrition rates of our channel partners for our SaaS products were 8.1%, 3.4%, 5.2%, and 3.7% for the years ended December 31, 2015, 2016, 2017, and the six months ended June 30, 2018, respectively.

Our sales channels allow cost-effective conversion of merchants for our SaaS products into advertisers of our targeted marketing and *vice versa*, enabling us to lower our client acquisition costs compared to acquiring new clients separately. We provide training, as well as technical, marketing, and customer service support, to our channel partners to better serve our merchants and advertisers. During the Track Record Period, our SaaS products revenue generated through our channel partners amounted to RMB98.8 million, RMB124.8 million, RMB163.2 million, and RMB101.4 million, in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively. The gross billing of our targeted marketing generated through channel partners amounted to RMB111.5 million, RMB313.9 million, and RMB313.0 million in 2016, 2017, and the six months ended June 30, 2018, respectively.

SaaS Products

The following flow chart illustrates the sales and fund flow of the sales channels for our SaaS products:



Targeted Marketing

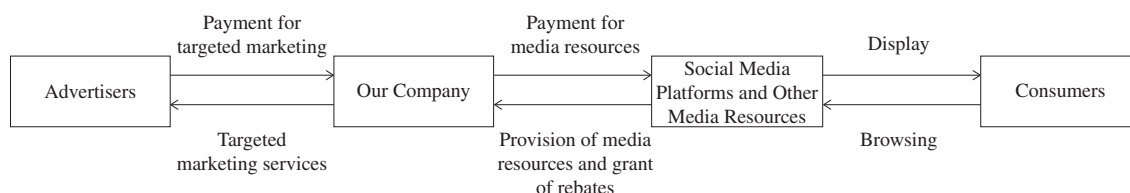
We generate sales of our targeted marketing primarily through our own direct sales force and channel partners. We charge advertisers or channel partners who represent their respective advertisers based on different pricing models, such as CPC, CPM or CPA, for the provision of our targeted marketing. Media publishers grant to us rebates in the form of prepayments for advertising services or cash mainly based on the gross spend of advertisers. The prepayments can be applied by us for future purchases of advertising traffic for our targeted marketing. The amount of revenue we recognize from targeted marketing is affected by our role under each particular contract with

SUMMARY

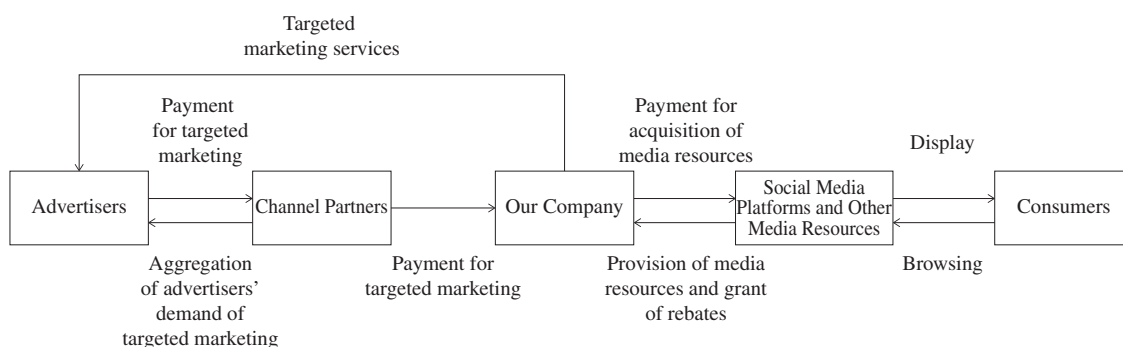
advertisers. For contracts where we act as principal, we recognize revenue on a gross basis, while for contracts where we act as agent, we recognize revenue on a net basis. See “Business – Sales Channel – Targeted Marketing” for further details.

The following flowchart illustrates the service and fund flow of the two sales channels under our targeted marketing business:

Direct Sales



Channel Partners



Please see “Business – Sales Channel – SaaS Products – Channel Partners – Business Process” and “Business – Sales Channel – Targeted Marketing – Channel Partners – Business Process” for a detailed discussion of the business process of sales through our channel partners for our SaaS products and targeted marketing.

CLIENTS

Our major clients are (i) Tencent, who grants to us rebates in connection with our targeted marketing, (ii) merchants who, or through our channel partners, purchase our SaaS products, and (iii) advertisers who, or through our channel partners, purchase our targeted marketing. We do not rely on clients from specific industry verticals. Revenue generated from our largest client for the years ended December 31, 2015, 2016, 2017, and the six months ended June 30, 2018 accounted for 3.8%, 5.2%, 17.1%, and 27.1%, respectively, of our total revenues during those periods. Revenue generated from our five largest clients for the years ended December 31, 2015, 2016, 2017, and the six months ended June 30, 2018 accounted for 11.6%, 12.4%, 37.0%, and 47.8%, respectively, of our total revenues during those periods. See “Business – Clients” for further details.

SUPPLIERS

Our major suppliers are media publishers and suppliers of cloud computing servers, bandwidth, advertising, logistics, and payment services. Charges from our largest supplier for the years ended December 31, 2015, 2016, 2017, and the six months ended June 30, 2018, accounted for 17.5%, 20.3%, 79.9%, and 73.0%, respectively, of our cost of sales during those periods.

SUMMARY

Charges from our five largest suppliers for the years ended December 31, 2015, 2016, 2017, and the six months ended June 30, 2018, accounted for 50.9%, 30.5%, 84.0%, and 78.3%, respectively, of our cost of sales during those periods. See “Business – Suppliers” for further details.

OUR RELATIONSHIP WITH TENCENT

We have a longstanding relationship with Tencent, who is our strategic partner and investor. Immediately following the completion of the Global Offering, Tencent Mobility will then be entitled to exercise voting rights attached to Shares of our Company representing approximately 2.9% of the total issued share capital of our Company (assuming that it will not exercise its pre-emptive right to subscribe for any Offer Shares in the Global Offering. See “History, Reorganization and Corporate Structure – Shareholders’ Right” for details). We are the pioneering third-party service provider on WeChat, were one of the first collaborators on WeChat Official Accounts in 2013, and were one of the first to offer commerce and marketing solutions through the WeChat Mini Program interface, which was launched by Tencent in 2017. All of the aforementioned provide us with a first-mover advantage. According to Frost & Sullivan, we were the largest third-party service provider for SMBs in terms of revenue and number of paying merchants in 2017 on the WeChat platform. We were awarded the Best Service Provider in Regional and Industry Channels of Tencent Social Advertising in 2016 and 2017. Our leading position in the WeChat-based third-party service market and our collaborative relationship with Tencent enable us to capture the future growth potential of mobile social commerce through WeChat, and, in particular, WeChat Mini Programs.

Tencent’s social media platforms and services have played an important role in the delivery of our SaaS products and targeted marketing services. The rebates we received from Tencent in relation to our targeted marketing which we recorded as revenue were nil, RMB9.8 million, RMB91.4 million, and RMB89.9 million in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively, accounting for nil, 5.2%, 17.1%, and 27.1% of our total revenue during the same periods, which resulted in Tencent being our largest client in 2016, 2017, and the six months ended June 30, 2018. The purchase of advertising traffic and cloud data server and hosting services from Tencent in relation to our targeted marketing in the aggregate accounted for nil, nil, 82.4%, and 76.5% of our total purchases in 2015, 2016, and 2017 and the six months ended June 30, 2018, respectively, which resulted in Tencent being our largest supplier in 2017, and the six months ended June 30, 2018. We do not expect our reliance on Tencent in connection with our business operations to reduce in the foreseeable future. In the worst case scenario, if we lose access to Tencent’s platforms and services, our results of operations and financial conditions would be materially and adversely affected. For details, see “Risk Factors – Risks Relating to Our Business and Industry – We rely on Tencent’s platforms and services to conduct our businesses”.

Tencent is our important business partner in relation to our SaaS products, targeted marketing, and cloud-based technology infrastructure. We expect to continue our cooperation with Tencent in relation to these aspects. Tencent’s role in our business is summarized in the following:

Operating Environment of Our SaaS Products

We primarily deliver our SaaS products on WeChat in the form of WeChat Mini Programs and WeChat Official Accounts. As of the Latest Practicable Date, substantially all of our revenue generated from sales of SaaS products was contributed by the delivery of our SaaS products in the form of WeChat Mini Programs or WeChat Official Accounts. In 2015, 2016, 2017, and the six months ended June 30, 2018, revenue generated from our SaaS products amounted to RMB114.0 million, RMB175.7 million, RMB262.6 million, and RMB155.3 million, accounting for 100.0%, 92.9%, 49.2%, and 46.8%, respectively, of our total revenue during the same periods.

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Publisher of Our Targeted Marketing

We commenced our targeted marketing business in 2016, and offer targeted marketing to advertisers primarily through Tencent’s social media platforms, including advertisements on WeChat Moments, WeChat Official Accounts, QQ, QZone, Tencent News, and Tencent Video. We consider Tencent’s social media platforms to be our critical media publishers in relation to our targeted marketing business. Our purchase of advertising traffic on Tencent’s social media platforms in 2016 and 2017, and the six months ended June 30, 2018 accounted for 96.0%, 96.6%, and 96.9% of our total purchase of advertising traffic, respectively.

Service Provider of Our Cloud-Based Technology Infrastructure

We primarily use Tencent Cloud as the cloud data server and hosting service provider for our cloud-based technology infrastructure. Tencent’s cloud services include cloud computing services and physical cloud database servers, which provide us with the infrastructure and hardware environment to develop and deliver our SaaS products and targeted marketing. In 2016, 2017, and the six months ended June 30, 2018, the relevant cloud service expenses accounted for 0.4%, 2.5%, and 3.5%, respectively, of our cost of sales. We did not incur any such expense in 2015.

See “Business – Our Relationship with Tencent” for further details.

OUR INDUSTRY AND COMPETITIVE LANDSCAPE

The markets in which we operate are highly competitive. Our competitors include cloud-based commerce and marketing service providers for SMBs in China, targeted marketing providers for SMBs on Tencent’s social networking service platforms, as well as WeChat-based third-party service providers in China. We believe the principal competitive factors in our industries include the functionality of the products and services, user experience, technology capabilities, sale capabilities, pricing, brand recognition and reputation. In addition, new and enhanced technologies may further increase competition in our industries. We believe that we are well-positioned to compete effectively based on the foregoing factors. However, some of our current or potential competitors may be able to develop products and services better accepted by merchants and advertisers, or respond more quickly and effectively to new or changing opportunities, technologies, regulations, and clients’ requirements. For more information of the competitive landscape of our industries, see “Industry Overview”.

OUR STRENGTHS

We believe the following competitive advantages have contributed to our success and will help drive our growth in the future:

- China’s largest third-party service provider for SMBs in the WeChat ecosystem;
- China’s leading cloud-based commerce and marketing solutions provider for SMBs;
- Decentralized, intelligent business solutions empowering SMBs to digitize their operations;
- Large and monetizable client base;
- Extensive nationwide sales network;

SUMMARY

- Continuous technology innovation powered by strong research and development capability; and
- Innovative and entrepreneurial management team.

For further details, see “Business – Our Strengths”.

OUR STRATEGIES

To achieve our mission and further solidify our leadership, we intend to pursue the following strategies:

- Strengthening and extending our Marketing Cloud and Sales Cloud offerings;
- Expanding into new industry verticals;
- Increasing monetization of our client base;
- Deepening collaboration with Tencent and other decentralized mobile platforms;
- Enhancing our ecosystem through our Weimob Cloud platform;
- Growing and enhancing our sales channels; and
- Exploring strategic partnerships and acquisition opportunities.

For further details, see “Business – Our Strategies”.

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in “Risk Factors” in this prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include the following:

- We rely on Tencent’s platforms and services to conduct our businesses.
- Due to our limited operating history in new and developing markets, our ability to accurately forecast our future operating results and prospects is limited and subject to a number of uncertainties.
- If we fail to improve and enhance the functionality, performance, reliability, design, security, and scalability of our products and services to suit our clients’ evolving needs, our clients may not repurchase our solutions and services, which, in turn, will have a material and adverse impact on our business, financial condition, results of operations, and prospects.
- We utilize local channel partners to market and promote our products and services and generate a considerable portion of revenue from our local channel partners. If we are unable to develop and maintain successful relationships with our local channel partners, our business, operating results, and financial condition could be adversely affected.
- Our business, growth and prospects are significantly affected by the growth in digital channels and usage of SaaS products and targeted marketing in China.

SUMMARY

KEY OPERATING DATA

The following table sets forth certain of our key operating metrics for the periods indicated:

	Year ended/as of December 31,			Six months ended/ as of June 30,	
	2015	2016	2017	2017	2018
SaaS products					
Additions in number of paying merchants	18,599	24,076	25,035	10,998	11,672
Number of paying merchants	23,895	36,344	51,494	43,400	56,313
Attrition rate ⁽¹⁾	59.2%	48.7%	27.2%	10.8%	13.3%
Revenue (<i>RMB in millions</i>)	114.0	175.7	262.6	122.4	155.3
ARPU (<i>RMB</i>)	4,771	4,834	5,100	2,821	2,758
Targeted marketing					
Additions in number of advertisers	–	3,217	16,447	6,152	9,814
Number of advertisers	–	3,217	17,681	7,211	14,189
Repurchase rate (Number of repurchased advertisers ⁽²⁾ /advertisers)	–	34.9%	50.6%	44.9%	48.7%
Gross billing (<i>RMB in millions</i>)	–	173.8	933.0	295.1	966.0
Average spend per advertiser (<i>RMB</i>)	–	54,023	52,767	40,929	68,084

Notes:

- (1) Attrition rate 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 respectively.
- (2) Repurchased advertisers refer to advertisers who used our targeted marketing more than once during the year or period.

SUBSTANTIAL SHAREHOLDERS GROUP

The Substantial Shareholders Group, namely Mr. Sun, Mr. You and Mr. Fang (through themselves and/or their respective holding entities), is a group of individuals acting in concert with each other and is the single largest shareholder group of our Company. See “Relationship with the Substantial Shareholders Group” for further details in respect of the acting in concert confirmation.

As of the Latest Practicable Date, the Substantial Shareholders Group was interested in approximately 28.36% of the total issued share capital of our Company. Immediately upon completion of the Capitalization Issue and the Global Offering, the Substantial Shareholders Group will be interested in approximately 24.11% of the total issued share capital of our Company, comprising (i) Shares representing approximately 15.97% of the share capital of our Company held by Sun SPV, (ii) Shares representing approximately 3.53% of the share capital of our Company held by You SPV, (iii) Shares representing approximately 1.10% of the share capital of our Company held by Fang SPV, and (iv) Shares representing approximately 3.50% of the share capital of our Company held by the Weimob Teamwork under the RSU Plan (of which Mr. Sun is the settlor and the administrator). See “Relationship with the Substantial Shareholders Group” for further details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of the financial information from our combined financial information for the Track Record Period, extracted from the Accountant’s Report set out in Appendix I. The summary of combined financial data set forth below should be read together with, and is qualified in its entirety by reference to, the combined financial statements in this prospectus, including the related notes. Our combined financial information has been prepared in accordance with HKFRS.

SUMMARY

Summary of Combined Statements of Comprehensive Income

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(Unaudited)</i>				
	<i>(RMB in millions)</i>				
Revenue	114.0	189.2	534.0	212.0	332.1
Cost of sales	(15.8)	(22.3)	(189.8)	(45.6)	(101.1)
Gross profit	98.2	166.9	344.2	166.4	231.0
Selling and distribution expenses	(103.8)	(202.4)	(299.2)	(139.6)	(187.8)
General and administrative expenses	(84.0)	(50.7)	(59.7)	(32.5)	(75.1)
Other income	0.6	1.4	14.8	0.2	7.8
Other (loss)/gains, net	(0.2)	(0.4)	2.7	3.5	5.1
Operating (loss)/profit	(89.2)	(85.2)	2.8	(2.1)	(19.0)
Finance costs	–	–	–	–	(0.6)
Finance income	0.2	0.1	0.1	0.0	0.1
Change in fair value of financial liabilities other than from own credit risk	(8.6)	(1.0)	–	–	(600.9)
(Loss)/profit before income tax	(97.6)	(86.1)	2.8	(2.1)	(620.5)
Income tax credit/(expense)	9.1	5.1	(0.2)	2.1	0.9
(Loss)/profit for the year/period	(88.6)	(80.9)	2.6	0.0	(619.5)
Other comprehensive (loss)/income, net of tax – Change in fair value of financial instruments from own credit risk	(0.5)	(0.2)	–	–	(2.6)
Total comprehensive (loss)/income for the year/period	(89.1)	(81.2)	2.6	0.0	(622.2)
Non-HKFRS Measures⁽¹⁾:					
Adjusted EBITDA (unaudited)	(50.5)	(74.0)	23.2	6.8	38.1
Adjusted net (loss)/profit (unaudited)	(50.6)	(76.3)	11.1	(0.4)	28.4

Note:

- (1) We define adjusted EBITDA as EBITDA (which is operating (loss) or profit plus depreciation and amortization expenses) for the period adjusted by adding back share-based compensation and one-off listing expenses. We define adjusted net (loss)/profit as net (loss)/profit for the period adjusted by adding back share-based compensation, one-off listing expenses, change in fair value of financial liabilities other than own credit risk, gain on modification of instruments issued to investors, and tax effects. During the Track Record Period, our one-off listing expenses referred to expenses we incurred in connection with the Global Offering. Adjusted EBITDA and adjusted net (loss)/profit for the periods are not required by, or presented in accordance with, HKFRS. The use of these non-HKFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, an analysis of, our results of operations or financial condition as reported under HKFRS. For details, see “Financial Information – Non-HKFRS Measures: Adjusted EBITDA and Adjusted Net (Loss)/Profit”.

Non-HKFRS Measures

To supplement our combined financial statements, which are presented in accordance with HKFRS, we also use adjusted EBITDA and adjusted net (loss)/profit 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.

SUMMARY

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)/profit for the period and net (loss)/profit for the period:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(Unaudited)</i>				
	<i>(RMB in millions)</i>				
Reconciliation of operating (loss)/profit to EBITDA and adjusted EBITDA:					
Operating (loss)/profit for the period	(89.2)	(85.2)	2.8	(2.1)	(19.0)
Add:					
Depreciation	0.2	1.2	3.1	1.5	1.6
Amortization	0	1.3	5.4	2.1	7.6
EBITDA	(89.0)	(82.7)	11.3	1.5	(9.8)
Add:					
Share-based compensation	38.5	8.7	11.9	5.3	27.8
One-off listing expenses	–	–	–	–	20.1
Adjusted EBITDA	(50.5)	(74.0)	23.2	6.8	38.1

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(Unaudited)</i>				
	<i>(RMB in millions)</i>				
Reconciliation of net (loss)/profit to adjusted net (loss)/profit:					
Net (loss)/profit for the period	(88.6)	(80.9)	2.6	–	(619.5)
Add:					
Share-based compensation	38.5	8.7	11.9	5.3	27.8
One-off listing expenses	–	–	–	–	20.1
Change in fair value of financial liabilities other than from own credit risk	8.6	1.0	–	–	600.9
Gain on modification of instruments issued to investors	–	–	(3.6)	(3.6)	–
Tax effects	(9.1)	(5.1)	0.2	(2.1)	(0.9)
Adjusted net (loss)/profit	(50.6)	(76.3)	11.1	(0.4)	28.4

Business Segments

During the Track Record Period, we generated revenue primarily from the sales of SaaS products and targeted marketing to merchants and advertisers, respectively, in the PRC. The following table sets forth a breakdown of our revenue by business segment for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2015		2016		2017		2017		2018	
Revenue	%		%		%		%		%	
	<i>(Unaudited)</i>									
	<i>(RMB in millions, except percentages)</i>									
SaaS products	114.0	100.0	175.7	92.9	262.6	49.2	122.4	57.7	155.3	46.8
Targeted marketing	–	–	13.5	7.1	271.4	50.8	89.6	42.3	176.8	53.2
Total	114.0	100.0	189.2	100.0	534.0	100.0	212.0	100.0	332.1	100.0

SUMMARY

The following table sets forth a breakdown of our revenue from SaaS products by product for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2015		2016		2017		2017		2018	
Revenue	%		%		%		%		%	
	(Unaudited)									
	(RMB in millions, except percentages)									
Commerce Cloud ⁽¹⁾	74.5	65.3	124.1	70.6	191.4	72.9	88.9	72.6	118.2	76.1
Marketing Cloud ⁽²⁾	39.5	34.7	51.6	29.4	71.2	27.1	33.5	27.4	37.1	23.9
Total	114.0	100.0	175.7	100.0	262.6	100.0	122.4	100.0	155.3	100.0

Notes:

- (1) Commerce Cloud primarily comprises Wei Mall, Ke Lai Dian, and Smart Restaurant. For further information, see “Business – Our Product and Service Offerings – SaaS Products – Commerce Cloud”.
- (2) Marketing Cloud primarily comprises Wei Station (and its predecessors), Marketing Assistant, and Wei Form. For further information, see “Business – Our Product and Service Offerings – SaaS Products – Marketing Cloud”.

Our total revenue increased significantly from RMB114.0 million in 2015 to RMB189.2 million in 2016, and further to RMB534.0 million in 2017, primarily due to the increase in revenue generated from both of our SaaS products and targeted marketing. Our total revenue increased from RMB212.0 million in the six months ended June 30, 2017 to RMB332.1 million in the six months ended June 30, 2018, primarily due to the increase in revenue generated from both SaaS products and targeted marketing. During the Track Record Period, the increase in revenue from our SaaS products and targeted marketing were primarily due to the increased number of paying merchants for our SaaS products and the increased number of advertisers of our targeted marketing, respectively. See “Financial Information” for a detailed analysis of our results of operations during the Track Record Period.

We were loss-making in 2015 and 2016 and recorded a net loss for the six months ended June 30, 2018. In 2015, 2016, and the six months ended June 30, 2018, our net loss was RMB88.6 million, RMB80.9 million, and RMB619.5 million, respectively. In 2015 and 2016, we incurred significant net losses as we were still at an early stage of monetization and incurred significant sales and marketing expenses to expand and sell our SaaS products and targeted marketing. We recorded a net loss for the six months ended June 30, 2018, and also expect to incur a net loss in the year ending December 31, 2018, primarily due to the (i) fair value change of financial instruments issued to Series C and Series D investors, and (ii) listing expenses incurred in relation to the Global Offering.

During the Track Record Period, employee benefits expenses comprised one of our major cost and expense. In 2015, 2016, 2017, and the six months ended June 30, 2018, our employee benefits expenses amounted to RMB60.0 million, RMB125.4 million, RMB200.1 million, and RMB132.4 million, respectively. The general increase in employee benefits expenses was primarily due to the increase in number of our employees and salary levels during the Track Record Period. For further details on our employee benefits expenses, see Note 8 to the Accountant’s Report in Appendix I.

SUMMARY

Summary of Combined Statements of Financial Position

	As of December 31,			As of
	2015	2016	2017	June 30, 2018
	<i>(RMB in millions)</i>			
Current assets	66.3	166.4	286.6	1,939.1
Current liabilities	112.8	468.8	536.4	1,622.9
Net current (liabilities)/assets	(46.4)	(302.4)	(249.8)	316.2
Non-current assets	32.4	134.3	180.1	195.6
Non-current liabilities	45.5	118.4	145.1	2,467.6
Net liabilities	(59.5)	(286.5)	(214.7)	(1,955.9)
Capital and reserves	35.9	(113.5)	(44.2)	(1,164.7)
Accumulated losses	(97.7)	(175.0)	(172.9)	(789.9)
Total equity	(59.5)	(286.5)	(214.8)	(1,955.9)

As of December 31, 2015, 2016, and 2017, we recorded net liability primarily due to our net current liabilities attributable to increases in our contract liabilities and other payables and accruals. As of June 30, 2018, we had net liability primarily because we recorded redeemable and convertible preferred shares in connection with the Pre-IPO Investments as non-current liabilities. Excluding the carrying amounts of these redeemable and convertible preferred shares of RMB2,326.4 million as of June 30, 2018, our adjusted net assets would have been RMB370.5 million. All the redeemable and convertible preferred shares will be converted into ordinary shares of the Company immediately prior to the completion of the Global Offering, and the liabilities of these redeemable and convertible preferred shares would be derecognized and accounted for as an increase in equity upon the Listing and the Global Offering. We expect that our net liability position will turn into a positive equity position upon the Listing.

Assuming an Offer Price of HK\$2.80 per Offer Share, being the low-end of the indicative Offer Price range, and estimated net proceeds for the Global Offering based on an Offer Price of HK\$2.80 per Offer Share, upon the Listing and the Global Offering, our net tangible assets attributable to owners of the Company would be RMB1,019.6 million. Assuming an Offer Price of HK\$3.50 per Offer Share, being the high-end of the indicated Offer Price range, and estimated net proceeds for the Global Offering based on an Offer Price of HK\$3.50 per Offer Share, upon the Listing and the Global Offering, our net tangible assets attributable to owners of the Company would be RMB1,199.2 million. As of June 30, 2018, we had negative capital and reserves of RMB1,164.7 million, which was primarily due to the amount of deemed distribution arising from the purchase of equity interests in Weimob Development in connection with the Corporate Reorganization. For further details, see Note 31 to the Accountant's Report in Appendix I.

Summary of Combined Statements of Cash Flows

	Year ended December 31,			Six months ended June 30,
	2015	2016	2017	2018
	<i>(RMB in millions)</i>			
Net cash generated from/(used in) operating activities.	5.4	7.0	49.4	(136.5)
Net cash used in investing activities	(4.0)	(35.2)	(21.8)	(25.6)
Net cash generated from/(used in) financing activities.	7.2	48.6	(35.0)	997.0
Net increase/(decrease) in cash and cash equivalents	8.6	20.3	(7.4)	834.9
Cash and cash equivalents at beginning of year	–	8.6	29.0	21.5
Effect on exchange rate difference	–	–	–	1.1
Cash and cash equivalents at end of year	8.6	29.0	21.5	857.6

SUMMARY

We had net cash used in operating activities in the six months ended June 30, 2018, primarily because we increased the prepayment to purchase advertising traffic from Tencent significantly in connection with our targeted marketing business during the same period. This was mainly related to our increase in the purchase of advertising traffic from Tencent which was in line with our targeted marketing business growth. We recorded net current assets of RMB316.2 million and RMB238.8 million, and had aggregate cash and cash equivalents of RMB857.6 million and RMB151.3 million as of June 30, 2018 and October 31, 2018, respectively. We incurred a net loss of RMB88.6 million, RMB80.9 million, and RMB619.5 million in 2015, 2016, and the six months ended June 30, 2018, respectively. Excluding the impact of fair value change of financial instruments, share-based compensation, one-off listing expenses, and other adjustments, we had an adjusted net loss of RMB50.6 million in 2015, an adjusted net loss of RMB76.3 million in 2016, and an adjusted net profit of RMB28.4 million in the six months ended June 30, 2018. Our Directors are of the view that, taking into account the net proceeds from the Global Offering and the financial resources available to us, including cash and cash equivalents and bank borrowings, we have sufficient working capital for our present requirements, that is at least 12 months from the date of this prospectus.

The reason for our Group's nil balance in cash and cash equivalents as of January 1, 2015 was due to and in accordance with carve out accounting. The listing business was originally carried out by Weimob Enterprise and then transferred to Weimob Development in September 2016 ("**Business Transfer**"). When applying carve out accounting to present the listing business before the Business Transfer, the cash balance generated from the listing business of Weimob Enterprise as of January 1, 2015 was presented as other receivables, as such cash accounts belonged legally to Weimob Enterprise and was not transferred to Weimob Development during the Business Transfer.

KEY FINANCIAL RATIOS

	Year ended December 31,			Six months ended June 30,
	2015	2016	2017	2018
Total revenue growth	N/A	66.0%	182.2%	56.7%
<i>SaaS products</i>	N/A	54.1%	49.5%	26.9%
<i>Targeted marketing</i>	N/A	N/A	1,910.4%	97.4%
Gross margin ⁽¹⁾	86.1%	88.2%	64.5%	69.5%
<i>SaaS products</i>	86.1%	87.5%	87.0%	84.4%
<i>Targeted marketing</i>	N/A	97.8%	42.6%	56.5%
Adjusted EBITDA margin ⁽²⁾	(44.3)%	(39.1)%	4.3%	11.5%
Net margin ⁽³⁾	(77.7)%	(42.8)%	0.5%	(186.5)%
Adjusted net margin ⁽⁴⁾	(44.3)%	(40.4)%	2.1%	8.6%

Notes:

- (1) Gross margin equals gross profit divided by revenues for the period and multiplied by 100%.
- (2) Adjusted EBITDA margin equals adjusted EBITDA divided by revenues for the period and multiplied by 100%.
- (3) Net margin equals (loss)/profit divided by revenues for the period and multiplied by 100%.
- (4) Adjusted net margin equals adjusted (loss)/profit divided by revenues for the period and multiplied by 100%.

SUMMARY

HISTORICAL NET LOSSES AND NET CURRENT LIABILITIES

As of January 1, 2015, we recorded accumulated losses. We were also loss-making in 2015 and 2016 before we achieved profitability in 2017. We recorded a net loss for the six months ended June 30, 2018. In 2015, 2016, and the six months ended June 30, 2018, our net loss was RMB88.6 million, RMB80.9 million, and RMB619.5 million, respectively, and our net profit in 2017 was RMB2.6 million. Excluding the impact of share-based compensation and other adjustments, we had an adjusted net loss of RMB50.6 million in 2015, an adjusted net loss of RMB76.3 million in 2016, an adjusted net profit of RMB11.1 million in 2017, and an adjusted net profit of RMB28.4 million in the six months ended June 30, 2018. See “Financial Information – Non-HKFRS Measures” for a discussion on reconciliation of our non-HKFRS measures.

In 2015 and 2016, we incurred significant net losses as we were still at an early stage of monetization and incurred significant sales and marketing expenses to expand and sell our SaaS products and targeted marketing. We turned around from loss-making in 2015 and 2016 to profit-making in 2017, mainly because (i) we realized significant increases in the sales of our SaaS products and targeted marketing, especially sales of our targeted marketing business in 2017, and (ii) the improvement of our operational efficiency alongside our business growth, which led to the decrease of our sales and distribution expenses and general and administrative expenses combined as a percentage of our total revenue, from 133.8% in 2016 to 67.2% in 2017. We recorded a net loss in the six months ended June 30, 2018, primarily due to the (i) change in fair value of financial liabilities other than from our own credit risk of RMB(600.9) million, which is related to the fair value change of financial instruments issued to Series C and Series D investors, and (ii) listing expenses incurred in relation to the Global Offering. Our change in fair value of financial liabilities other than from our own credit risk, which relates to financial instruments issued to investors, was RMB(8.6) million, RMB(1.0) million, nil, and RMB(600.9) million in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively. For further details, see Note 26 to the Accountant’s Report in Appendix I.

Further, we had net current liabilities of RMB46.4 million, RMB302.4 million, and RMB249.8 million, respectively, as of December 31, 2015, 2016, and 2017, primarily due to increases in our contract liabilities and other payables and accruals. Our contract liabilities mainly arise from the non-refundable advance payments in relation to SaaS products made by customers while the underlying services are yet to be provided. These contract liabilities do not involve any cash outflow. We recognized contract liabilities (current portion) of RMB77.0 million, RMB141.8 million, RMB192.9 million, and RMB218.0 million as of December 31, 2015, 2016, 2017, and June 30, 2018, respectively. The general increase in our contract liabilities was in line with the growth in our SaaS products business during the Track Record Period. For further information, see “Financial Information – Liquidity and Capital Resources – Cash Flow”.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering, on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue in 2017, being RMB534.0 million (approximately HK\$605.5 million), which is over HK\$500 million, and (ii) our expected market capitalization at the time of our Listing, which, based on the low end of the indicative Offer Price range, exceeds HK\$4 billion.

SUMMARY

DIVIDENDS

As advised by our 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 our Shareholders out of either our profit or our 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 we are 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 our subsidiaries. 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 we pay will be determined at the absolute discretion of our Board, taking into account factors including our 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 our Board deems to be appropriate. Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

During the Track Record Period, we have not declared or paid any dividends. Currently, we do not have a fixed dividend distribution ratio.

RECENT DEVELOPMENTS

On July 20, 2018, we entered into a share purchase agreement to acquire 30% equity interests in Beijing Weimob for a total consideration of RMB18.0 million. The acquisition was completed and was registered with the relevant local Administration for Market Regulation on September 28, 2018, following which Beijing Weimob has become our wholly-owned subsidiary. For further details, see “History, Reorganization and Corporate Structure – Beijing Weimob, a Key Operating Subsidiary of Weimob Development”.

Our total revenue increased by 50.7% from RMB359.5 million for the nine months ended September 30, 2017 to RMB541.6 million for the nine months ended September 30, 2018, primarily attributable to the increase in the revenue for both of our SaaS products and targeted marketing businesses. Our SaaS products revenue increased by 30.3% from RMB189.9 million for the nine months ended September 30, 2017 to RMB247.4 million for the nine months ended September 30, 2018. Our targeted marketing business revenue increased by 73.6% from RMB169.5 million for the nine months ended September 30, 2017 to RMB294.2 million for the nine months ended September 30, 2018. The gross billing of our targeted marketing increased by 224.6% from RMB520.5 million for the nine months ended September 30, 2017 to RMB1,689.5 million for the nine months ended September 30, 2018.

Our financial information for the nine months ended September 30, 2017 and 2018 as set out above have been extracted from our unaudited interim condensed consolidated financial information as of and for the nine months ended September 30, 2018, which has been reviewed by our reporting accountant in accordance with the Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

SUMMARY

We expect to incur a net loss in the year ending December 31, 2018, primarily due to the (i) fair value change of the preferred shares issued to investors in relation to the Pre-IPO Investments, and (ii) listing expenses incurred in relation to the Global Offering.

Our Directors confirm that there have been no material adverse changes to our financial, operational or trading positions or prospects since June 30, 2018, being the end date of our combined financial statements as set out in the Accountant's Report in Appendix I, and up to the date of this prospectus.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that: (i) the Global Offering has been completed and 301,700,000 Shares are issued pursuant to the Global Offering, (ii) the Overallotment Option is not exercised, and (iii) 2,011,355,000 Shares are issued and outstanding following the completion of the Global Offering.

	Based on an Offer Price of HK\$2.52 per Offer Share, after a Downward Offer Price Adjustment of 10%	Based on an Offer Price of HK\$2.80 per Offer Share	Based on an Offer Price of HK\$3.50 per Offer Share
Market capitalization immediately after the Global Offering	HK\$5,068.6 million	HK\$5,631.8 million	HK\$7,039.7 million
Unaudited pro forma adjusted net tangible assets per Share ⁽¹⁾	HK\$0.53	HK\$0.57	HK\$0.68

Note:

- (1) The unaudited pro forma adjusted net tangible assets of the Company attributable to the owners of the Company per Share was calculated after adjustments as specified in "Appendix II – Unaudited Pro Forma Financial Information".

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately HK\$92.9 million (based on the mid-point of the indicative Offer Price range and assuming the Over-allotment Option is not exercised), of which approximately HK\$41.5 million will be directly attributable to the issue of our Shares to the public and will be capitalized and amortized, approximately HK\$30.1 million has been or is expected to be expensed in 2018, and approximately HK\$21.3 million is expected to be expensed in 2019. Our Directors expect such expenses would adversely impact our results of operations in the year ending December 31, 2018.

USE OF PROCEEDS

Assuming an Offer Price of HK\$3.15 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$2.80 and HK\$3.50 per Share), we estimate that we will receive net proceeds of approximately HK\$857.5 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 30.0%, or HK\$257.3 million, for enhancing our research and development capability and improving our technology infrastructure, including:
 - (i) Approximately 25.0%, or HK\$214.4 million, for recruiting more talents in the areas of AI, machine learning and smart hardware with competitive compensation to develop intelligent business algorithm database, enhance our Weimob Cloud platform and develop intelligent business solutions integrating software and hardware;

SUMMARY

- (ii) Approximately 5.0%, or HK\$42.9 million, for investment in a big data center including purchase of IT servers and equipment to set up more server and real-time computing nodes to increase the data storage capacity and enhance real-time computing capability;
- Approximately 25.0%, or HK\$214.4 million, for pursuing strategic cooperation, investments and acquisitions that we believe can expand our products and offerings, allow us to enter new industry verticals, strengthen our technological and research and development capabilities, or investing in other mobile or digital sectors that are complementary to our current businesses. As of the Latest Practicable Date, we had not identified or pursued any acquisition target. See “Business – Our Strategies – Exploring strategic partnerships and acquisition opportunities” for the factors we would consider in selecting strategic partners and acquisition targets;
- Approximately 15.0%, or HK\$128.6 million, for investment in improving sales and marketing capabilities, including:
 - (i) Approximately 5.0%, or HK\$42.9 million, for increasing advertising spending to enhance our brand awareness;
 - (ii) Approximately 5.0%, or HK\$42.9 million, for increasing digital marketing spending on search engines to acquire more clients;
 - (iii) Approximately 3.0%, or HK\$25.7 million, for the establishment of hotline sales centers to enhance our direct sales capabilities and recruit more qualified personnel for such hotline sales centers; and
 - (iv) Approximately 2.0%, or HK\$17.2 million, for recruiting more channel partners with industry expertise and merchant relationships;
- Approximately 10.0%, or HK\$85.8 million, for purchasing social media advertising traffic for targeted marketing business to enhance our cooperation with Tencent and other leading social media platforms in China;
- Approximately 10.0%, or HK\$85.8 million, for expanding our Marketing Cloud and Sales Cloud product offerings, and expanding our sales channel to enlarge the client base of our cloud offerings; and
- Approximately 10.0%, or HK\$85.8 million, for working capital and general corporate use.

We will not receive net proceeds if the Over-allotment Option is exercised. If the Over-allotment Option is exercised in full, the Over-allotment Option Grantor will receive the net proceeds for up to 45,255,000 additional Offer Shares to be sold and transferred upon the exercise of the Over-allotment Option.

For further details, see “Future Plans and Use of Proceeds”.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this prospectus.

“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Applications Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
“Articles” or “Articles of Association”	the amended and restated article of association of our Company, conditionally adopted on December 6, 2018, with effect from the Listing Date, as amended or supplemented from time to time, a summary of which is set out in Appendix III to this prospectus
“Board” or “Board of Directors”	the board of Directors of our Company
“Business day” or “business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“Capitalization Issue”	the issuance of Shares to be made upon the capitalization of certain sums standing to the credit of the share premium account of our Company, as further described in “Statutory and General Information – Further Information about our Company and Subsidiaries – 4. Written Resolutions of the Shareholders of Our Company dated December 6, 2018” in Appendix IV
“Cayman Companies Law” or “Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation

DEFINITIONS

“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Co-Manager”	Sinomax Securities Limited
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding up and Miscellaneous Provisions) Ordinance”	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Weimob Inc., an exempted company incorporated in the Cayman Islands with limited liability on January 30, 2018
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	director(s) of our Company
“Downward Offer Price Adjustment”	an adjustment that has the effect of setting the final Offer Price up to 10% below the bottom end of the indicative Offer Price range
“EIT Law”	Enterprise Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“Exchange Participant(s)”	a person: (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group” or “our Group” or “we” or “us”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)

DEFINITIONS

“Guangzhou Xiangminiao”	Guangzhou Xiangminiao Network Technology Co., Ltd.* (廣州向蜜鳥網絡科技有限公司), a company established under the laws of the PRC on August 2, 2017
“HK\$” or “HK dollars”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standard(s) (including HKASs and Interpretation) issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong Offer Shares”	the 30,170,000 Offer Shares initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in “Structure of the Global Offering”)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to reallocation as described in “Structure of the Global Offering”) at the Offer Price (plus brokerage, SFC transaction levies and Hong Kong Stock Exchange trading fees), on and subject to the terms and conditions described in this prospectus and in the Application Forms as further described in “Structure of the Global Offering – Hong Kong Public Offering”
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Stock Exchange” or “Stock Exchange”	the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting – Hong Kong Underwriters”

DEFINITIONS

“Hong Kong Underwriting Agreement”	the underwriting agreement dated December 28, 2018 relating to the Hong Kong Public Offering and entered into by, among others, our Company and the Hong Kong Underwriters, as further described in “Underwriting – Underwriting Arrangements and Expenses”
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
“International Offer Shares”	the 271,530,000 Shares initially offered by our Company for subscription pursuant to the International Offering together with, where relevant, any additional Shares which may be sold by the Over-allotment Option Grantor pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in “Structure of the Global Offering”)
“International Offering”	the offer of the International Offer Shares by the International Underwriters outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act, as further described in “Structure of the Global Offering”
“International Underwriters”	the group of international underwriters, led by the Joint Global Coordinators, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement expected to be entered into on or around January 8, 2019 by, among others, our Company, the Over-allotment Option Grantor and the International Underwriters in respect of the International Offering, as further described in “Underwriting – The International Offering”
“Joint Bookrunners”	Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Company Limited, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Securities (Hong Kong) Limited, CCB International Capital Limited, BOCI Asia Limited, AMTD Global Markets Limited, Futu Securities International (Hong Kong) Limited and China Industrial Securities International Capital Limited

DEFINITIONS

“Joint Global Coordinators”	Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Company Limited and China International Capital Corporation Hong Kong Securities Limited
“Joint Lead Managers”	Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Company Limited, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Securities (Hong Kong) Limited, CCB International Capital Limited, BOCI Asia Limited, AMTD Global Markets Limited, Futu Securities International (Hong Kong) Limited and China Industrial Securities International Capital Limited
“Joint Sponsors”	Deutsche Securities Asia Limited and Haitong International Capital Limited
“Latest Practicable Date”	December 21, 2018, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or around January 15, 2019, on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“M&A Rules”	the Provisions Regarding Mergers and Acquisitions of Domestic Enterprise by Foreign Investors (關於外國投資者併購境內企業的規定), jointly issued by MOFCOM SASAC, SAT, CSRC, SAIC and SAFE
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Associations”	the amended and restated memorandum of association of our Company, conditionally adopted on December 6, 2018 with effect from the Listing Date, and as amended from time to time, a summary of which is set out in Appendix III to this prospectus

DEFINITIONS

“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“Ministry of Finance”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Fang”	Mr. Fang Tongshu (方桐舒), the co-founder of our Group, an executive Director and Senior Vice President of our Company, and a member of the Substantial Shareholders Group
“Mr. Sun”	Mr. Sun Taoyong (孫濤勇), the founder of our Group, an executive Director and Chairman of the Board and Chief Executive Officer of our Company, and a member of the Substantial Shareholders Group
“Mr. You”	Mr. You Fengchun (游鳳椿), the co-founder of our Group, an executive Director and Senior Vice President of our Company, and a member of the Substantial Shareholders Group
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%), at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined in the manner further described in “Structure of the Global Offering” in this prospectus and subject to any Downward Offer Price Adjustment
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional Shares which may be sold by the Over-allotment Option Grantor pursuant to the exercise of the Over-allotment Option

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by the Over-allotment Option Grantor to the International Underwriters, exercisable by the Joint Global Coordinators pursuant to the International Underwriting Agreement, pursuant to which the Over-allotment Option Grantor may be required to sell up to an aggregate of 45,255,000 additional Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in “Structure of the Global Offering” in this prospectus
“Over-allotment Option Grantor”	Shanghai Mengxiang Enterprise Management Partnership Enterprise (Limited Partnership) (上海盟想企業管理合夥企業(有限合夥)), in the capacity of the grantor of the Over-allotment Option pursuant to the International Underwriting Agreement
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China”	the People’s Republic of China. For the purposes of this document only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“PRC Legal Advisors”	JunHe LLP, the PRC legal advisors of our Company
“Pre-IPO Investments”	the Pre-IPO investments in our Company undertaken by the Pre-IPO Investors, details of which are set out in “History, Reorganization and Corporate Structure” in this prospectus
“Pre-IPO Investors”	has the meaning given to it in “History, Reorganization and Corporate Structure – Information relating to the investors” in this prospectus
“Preferred Investors”	Tencent Mobility, Zhengmu, Mengxiang, Fuhai, V-Capital, Shanyoutao, Bohai, GIC, Crescent, SIG, VisionGain, Seavi Advent, KIP, Strait Capital, Keywise Capital, UOB Venture and UOB Venture (US), being the holders of our series C preferred shares and series D preferred shares
“Price Determination Agreement”	the agreement to be entered into by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around January 8, 2019 (Hong Kong time) on which the Offer Price is determined, or such later time as the Joint Global Coordinators and our Company may agree, but in any event no later than January 11, 2019

DEFINITIONS

“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“QQ”	an instant messaging software service developed by Tencent
“QZone”	a social networking website based in China developed by Tencent
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganization” or “Corporate Reorganization”	the offshore and onshore reorganization as set out in “History, Reorganization and Corporate Structure – Corporate Reorganization and Pre-IPO Investments”
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration of Industry and Commerce of the PRC (中華人民共和國工商管理總局) or the State Administration for Market Regulation (國家市場監督管理局) after the 2018 State Council Reform
“SASAC”	the State Owned Assets Supervision and Administration Commission of the State Council (國務院國有資產管理委員會)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SCNPC”	the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會)
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong

DEFINITIONS

“Share(s)”	ordinary shares in the share capital of our Company with a par value of US\$0.0001
“Shareholder(s)”	holder(s) of our Shares
“SMBs”	small and medium businesses, a category of merchants whose annual revenue is less than RMB20 million
“Stabilizing Manager”	Haitong International Securities Company Limited
“State Council”	State Council of the People’s Republic of China (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement entered into between Shanghai Mengxiang Enterprise Management Partnership Enterprise (Limited Partnership) (上海盟想企業管理合夥企業(有限合夥)) (as the Over-allotment Option Grantor) and the Stabilizing Manager, pursuant to which the Stabilizing Manager may borrow up to an aggregate of 45,255,000 Shares to cover any over-allocations in the International Offering
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Substantial Shareholders Group”	Mr. Sun, Mr. Fang, and Mr. You, a group of individuals acting in concert with each other and the single largest shareholder group of our Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended from time to time)
“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
“Tencent Cloud”	a public platform for corporate and individual users developed by Tencent
“Tencent Mobility”	Tencent Mobility Limited, a limited liability company incorporated in Hong Kong on February 29, 2012 and a subsidiary of Tencent
“Tencent News”	a mobile news application software developed by Tencent
“Tencent Video”	an online video interactive platform developed by Tencent

DEFINITIONS

“Track Record Period”	the three financial years ended December 31, 2015, 2016, and 2017 and six months ended June 30, 2018
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“VAT”	value-added tax
“WeChat”	a multiple-purpose messaging, social media and mobile payment application software developed by Tencent
“WeChat Mini Program”	a light feature within the WeChat interface which connects service providers and WeChat users
“WeChat Moments”	a functionality of WeChat mainly focusing on sharing pictures with captions
“WeChat Official Account”	a type of WeChat account providing WeChat users with information and services through messaging and Web pages
“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
“Weimob Enterprise”	Shanghai Weimob Enterprise Co., Ltd.* (上海微盟企業有限公司), a company established under the laws of the PRC on April 16, 2013, being our predecessor (formerly known as Shanghai Weimob Technology Co., Ltd.* (上海微盟科技股份有限公司) and Shanghai Huishuo Information Technology Co., Ltd.* (上海暉碩信息科技有限公司))
“ WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant’s own name

DEFINITIONS

“ White Form eIPO ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website of White Form eIPO at <u>www.eipo.com.hk</u>
“ White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“ Withdrawal Mechanism ”	a mechanism which requires the Company, among other things, to (a) issue a supplemental prospectus as a result of material changes in the information (such as the offer price) in the prospectus, (b) extend the offer period and to allow potential investors, if they so desire, to confirm their applications using an opt-in approach, for example requiring investors to positively confirm their applications for Shares despite the change
“ YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS

In this prospectus, the terms “associate,” “close associate,” “connected person,” “core connected person,” “connected transaction,” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. The English translation of company names in Chinese which are marked with “” are for identification purposes only.*

GLOSSARY OF TECHNICAL TERMS

“AI”	artificial intelligence
“API”	application programming interface, a set of clearly defined methods of communication between various software components
“APP”	application software designed to run on smartphones and other mobile devices
“ARPU”	average revenue per paying merchant, which equals revenue of SaaS products for the year or period divided by the number of paying merchants as of the end of such year or period
“attrition rate”	attrition rate 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
“average spend per advertiser”	the gross billing for the year or period divided by the number of advertisers for the year or period
“BGP”	border gateway protocol, a standardized exterior gateway protocol designed to exchange routing and reachability information among autonomous systems on the Internet
“BI”	business intelligence, a set of technologies that transform raw data into meaningful and useful information for business purposes
“big data analytics”	the use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences, and other useful information that can help organizations make more informed business decisions
“CAGR”	compound annual growth rate
“CDH”	Cloudera Distribution including Apache Hadoop, an open source platform distribution including Apache Hadoop and built specifically to meet enterprise demands
“CDN”	content delivery network
“Client-Cache”	a local cache synchronized with a remote clustered cache
“cloud-based”	applications, services or resources made available to users on demand via the Internet from a cloud computing provider’s servers with access to shared pools of configurable resources

GLOSSARY OF TECHNICAL TERMS

“conversion rate of registered merchants to paying merchants”	refers to the result of the number of accumulated paying merchants in the given period divided by the total number of registered merchants in the same given period
“CPA”	cost per action, a pricing model where advertising is paid on the basis of each action of the mobile device user such as a download, installation or registration
“CPC”	cost per click, a pricing model where advertising is paid on the basis of each click of the advertisement
“CPM”	cost per mille, a pricing model where advertising is paid on the basis of thousand impressions
“CRM”	customer relationship management, a strategy for managing an organization’s relationships and interactions with customers and potential customers
“CTR”	click-through rate, the ratio of mobile device users who click on the ad to the number of total mobile device users who view the advertisement
“DAU”	daily active user
“DDoS”	distributed denial of service, a technique used by hackers to take an Internet service offline by overloading its servers
“DMP”	data management platform, a technology platform used for collecting and managing data, mainly for digital marketing purposes
“e-commerce”	electronic commerce, a transaction of online buying or selling which draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange, inventory management systems, and automated data collection systems
“ERP”	enterprise resource planning, a business process management software that allows an organization to use a system of integrated applications to manage the business and automate back-office functions relating to technology, services, and human resources
“gross billing”	the total monetary value we charge advertisers or channel partners for targeted marketing

GLOSSARY OF TECHNICAL TERMS

“HTML5” or “H5”	a mark-up language used for structuring and presenting content on the World Wide Web, the fifth and current major version of the HTML standard
“IaaS”	infrastructure as a service, a category of cloud computing that provides virtualized computing resources over the Internet
“industry vertical”	a specific industry in which vendors offer goods and services to group of customers with specialized needs
“IP address”	Internet Protocol address
“ISV”	independent software vendors
“KOLs”	key opinion leaders
“MAU”	monthly active user
“O2O”	online to offline
“OCPA”	optimized cost per action, a model which can automatically optimize online marketing campaign based on the targets of advertisers
“OCR”	optical character recognition, the mechanical or electronic conversion of images of typed, handwritten or printed text into machine-encoded text
“PaaS”	platform as a service, a category of cloud computing services that provides a platform and environment to allow developers to build applications over the Internet
“PC”	personal computer
“POS”	point of sale
“programmatic buying”	the process of automatic purchase of advertising media resources through digital platforms
“React”	a JavaScript library for building user interfaces
“registered merchant(s)”	a registered account of a merchant of our products or services; duplicate registration of accounts by the same merchant is not eliminated from the calculation
“SaaS”	software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted

GLOSSARY OF TECHNICAL TERMS

“SCRM”	social media customer relationship management
“SDK”	software development kit, typically a set of software development tools that allows the creation of applications for a certain software package, software framework, hardware platform, computer system, video game console, operating system, or similar development platform
“Single Page”	single page application, a web application or web site that interacts with the user by dynamically rewriting the current page rather than loading entire new pages from a server
“SLA”	service level agreement
“traffic”	the flow of audience
“UI”	user interface

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- general political and economic conditions, including those related to the PRC;
- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business operations and prospects;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans; and
- various business opportunities that we may pursue.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in “Risk Factors” and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

An investment in our Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition and results of operations. The market price of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We rely on Tencent’s platforms and services to conduct our businesses.

We primarily deliver our SaaS products on WeChat, one of Tencent’s social media platforms. Tencent is also the principal publisher of our targeted marketing services as well as a primary cloud service provider of our cloud-based technology infrastructure. In the worst case scenario, if we lose access to Tencent’s platforms and services, our results of operations and financial conditions would be materially and adversely affected. We generate substantially all of our revenue through sales of our SaaS products and targeted marketing services on Tencent’s social media platforms, including WeChat, QQ, QZone, and Tencent News, among others. We have benefited significantly and expect to continue doing so from Tencent’s extensive user base and strong brand, both of which provide us with credibility and a broad marketing reach. For example, during the Track Record Period, almost all of the merchants using our SaaS products operated on the WeChat platform and we derived substantially all of our targeted marketing revenue from providing targeted marketing services on Tencent’s social networking platforms. From an accounting perspective, Tencent was our largest client in the targeted marketing segment as we recognized a substantial portion of our revenue from our targeted marketing segment on a net basis and as such, our revenue from targeted marketing consisted substantially of rebates granted by Tencent. For details, see “Business – Our Relationship with Tencent”. To the extent we are not able to maintain our business relationship with Tencent in relation to our SaaS products or targeted marketing at reasonable prices or at all, we will have to source new platforms or approaches to deliver our SaaS products as well as new media publishers for our targeted marketing, which could materially and adversely affect our business and results of operations.

In the event Tencent loses its existing leading market position, or WeChat or QQ or other Tencent social networking sites become less attractive as social media platforms to merchants, advertisers or consumers, this may lead to a significant decrease in the user base of each platform and, in turn, affect the reach and popularity of our products and services. Consequently, our business and results of operations may be materially and adversely affected. Further, while there is currently no overlap between our scope of business and Tencent’s, there is no guarantee that Tencent may, in the future, venture into similar business areas as ours, leading to increased competition as a result.

Additionally, any negative publicity associated with Tencent, or any negative development with respect to Tencent’s market position, financial condition, maintenance of its platform infrastructure or compliance with legal or regulatory requirements in China, will likely have an adverse impact on the effectiveness of our solutions and services, as well as our reputation and brand.

RISK FACTORS

Further, our ability to deliver our products and services depends on Tencent's development and maintenance of its platform infrastructure. Other than offering our products and services on Tencent's social media platforms, we also make purchases from Tencent, including cloud data and hosting services, which we use as the backbone of our cloud-based technology infrastructure. Should Tencent's cloud data or hosting service fail to function properly, or at all, and we fail to find alternatives to such services in a timely manner, or at all, this may impact our ability to deliver our products and services and have a material adverse effect on our business, results of operations, and financial condition.

Due to our limited operating history in new and developing markets, our ability to accurately forecast our future operating results and prospects is limited and subject to a number of uncertainties.

We launched our first SaaS product in 2013 and commenced targeted marketing in 2016. While our revenue has grown rapidly in recent years, as a result of our limited operating history, our ability to accurately forecast our future operating results is limited and subject to a number of uncertainties, including our ability to plan for and model our future growth. We face various challenges and uncertainties, including the fact that we operate in new and developing markets and elements of our business strategy are new and subject to ongoing development. As a result, it may not be possible to fully discern the trends that we and our business are subject to.

We have encountered and will continue to encounter risks and challenges in emerging and rapidly evolving industries, including our ability to, among other things, retain and convert paying merchants, attract advertisers, maintain or increase our ARPU and average spend per advertiser, increase our brand awareness, and enhance monetization. If we fail to address any of the foregoing risks and challenges, our business, financial condition, and results of operations may be materially and adversely affected.

If we fail to improve and enhance the functionality, performance, reliability, design, security, and scalability of our products and services to suit our clients' evolving needs, our clients may not repurchase our solutions and services, which, in turn, will have a material and adverse impact on our business, financial condition, results of operations, and prospects.

The markets in which we operate and compete are characterized by constant change and innovation, and we expect these markets to continue evolving rapidly. To date, our success has been based on our ability to identify and anticipate the needs of our clients and design solutions and services that provide our clients with the tools they require to develop their businesses. For further information on the solutions and services we offer, see "Business – Our Product and Service Offerings". Our ability to attract new clients, retain existing clients, increase sales to both new and existing clients and increase cross-sales of our SaaS products and targeted marketing services will depend, to a large extent, on our ability to continue improving and enhancing the functionality, performance, reliability, design, security, and scalability of our solutions and services.

We may experience difficulties with developments in technology that could delay or prevent the development, introduction or implementation of new solutions, services and enhancements. While we invest a significant amount of time in software development through our research and development team, continuous improvement and enhancement of our solutions, and services requires significant investment and we may not have sufficient resources to do so. In addition, our in-house developers may sometimes take months to update, code and test new and upgraded solutions. To the extent we are not able to improve and enhance the functionality, performance, reliability, design, security, and scalability of our solutions and services in a manner that responds to our clients' evolving needs, our existing clients may not repurchase our solutions and services, and our business, financial condition, results of operations, and prospects will be adversely affected.

RISK FACTORS

We utilize local channel partners to market and promote our products and services and generate a considerable portion of revenue from our local channel partners. If we are unable to develop and maintain successful relationships with our local channel partners, our business, operating results, and financial condition could be adversely affected.

To date, we have depended on our channel partners to market and sell our SaaS products and targeted marketing services. As of June 30, 2018, we had 917 channel partners for SaaS products and 810 channel partners for targeted marketing. Revenue contributed by our channel partners for SaaS products accounted for 86.6%, 71.0%, 62.1% and 65.3% of our revenue from SaaS products in 2015, 2016, 2017 and the six months ended June 30, 2018, respectively. The gross billing contributed by our channel partners for targeted marketing accounted for 64.1%, 33.6% and 32.4% of our gross billing of targeted marketing in 2016, 2017 and the six months ended June 30, 2018, respectively. We believe it is important to identify, develop, and maintain stable relationships with our channel partners in order to drive our revenue growth. Our agreements with our existing channel partners for SaaS products are exclusive, meaning our channel partners are not allowed to offer merchants solutions which compete with those we offer.

While we intend to continue dedicating resources to identifying, developing and maintaining stable relationships with our channel partners, we cannot assure you that our existing or prospective channel partners will strictly comply with the exclusivity or other terms of our agreements with them. They may also cease marketing our products with limited or no notice. If we fail to identify additional channel partners in a timely and cost-effective manner, or at all, or are unable to assist our current and future channel partners in independently selling and deploying our products and services, our business, results of operations, and financial condition could be adversely affected. Further, while we currently have comprehensive measures in place to prevent cannibalization among our channel partners, there is no guarantee that such measures are, or can be, entirely effective. For further information regarding our measures, see “Business – Sales Channel – Channel Partners – Management of Channel Partners”.

Additionally, our expansion of clients and client retention rates attributable to clients acquired through our channel partners may differ significantly from clients which we acquire through our direct sales efforts. If our channel partners do not effectively market and sell our solutions and services, or fail to meet the needs of our clients, our reputation among prospective and existing clients and ability to grow our business may also be adversely affected. Further, unpredictable variations in the mix between our revenue attributable to sales by our channel partners and revenue attributable to our direct sales may result in fluctuations in our operating results.

Our business, growth and prospects are significantly affected by the growth in digital channels and usage of SaaS products and targeted marketing in China.

Although SaaS products have been well-developed globally in recent years, SaaS products remain less common and less mature in terms of development in China compared to the United States. As a result, the transition to SaaS products in China may be slower among merchants with heightened data security concerns or demands for highly customizable application software. Whether our merchants accept our SaaS products depends, to a large extent, on their level of awareness of our SaaS product offerings and the widespread, global use of SaaS products. We cannot assure you that the trend of adopting and utilizing such products by merchants will continue to grow in the future.

In addition, marketing through new digital channels such as mobile social media remains less established compared to other conventional means such as search engines. The future growth of our business may be constrained by a combination of the (i) level of acceptance and expansion of emerging targeted marketing channels, and (ii) continued use and growth of existing targeting marketing channels. Even if targeted marketing becomes widely adopted, advertisers may not be familiar with, or be willing to make significant investments in, services such as ours which can assist them in managing their targeted marketing across channels and devices. As a result, we cannot predict with certainty the demand for our solutions and services or the future growth rate and size of the market for our SaaS products and targeted marketing.

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Market expansion for SaaS products and targeted marketing in China depends on a number of factors, including the growth of new digital channels and the cost, as well as performance and perceived value associated with, SaaS products and targeted marketing. If SaaS products and targeted marketing do not achieve widespread acceptance, or there is a reduction in demand for such products or services caused by weakening economic conditions, decreases in corporate spending, technical challenges, data security or privacy concerns, governmental regulation, competing technologies and solutions or services or otherwise, our business, growth prospects and results of operations will be materially and adversely affected.

We face intensive competition in the markets in which we operate and may not be able to compete successfully against our existing and future competitors.

We face competition in various aspects of our business and we expect such competition to continue growing in the future. Many of our competitors have longer operating histories and experience, larger client bases, greater brand recognition, more extensive commercial relationships within China and greater financial, technical, marketing, and other resources than we do. As a result, such competitors may be able to develop products and services better received by merchants or advertisers or may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulations or clients' needs. In terms of our SaaS products, we may also face potential competition from cloud-based services provided by third-party developers using our Weimob Cloud platform. In addition, some of our competitors may be able to leverage a larger existing client base and sales network to adopt more aggressive pricing policies and offer more attractive sales terms. This could cause us to lose potential sales or compel us to sell our solutions and services at lower prices to remain competitive, which may have a material adverse impact on our results of operation and financial condition.

We may be subject to further competition if any of our competitors enter into business partnerships or alliances or raise significant additional capital, or if established companies from other market segments or geographical markets expand into our market segment or geographical market. Any existing or potential competitor may also choose to operate based on a different pricing model or undercut prices in order to increase their market share. If we are unable to compete successfully against our current or potential competitors, our business, results of operations, and financial condition may be negatively impacted.

We have incurred net losses in the past. Although we have turned profit-making in 2017, we may nonetheless incur net losses in the future. We also recorded negative capital and reserve during the Track Record Period. Our gross profit margin may also continue to decrease in the future.

We recorded net losses of RMB88.6 million, RMB80.9 million, and RMB619.5 million in 2015, 2016, and the six months ended June 30, 2018, respectively. While we generated a net profit in 2017, we cannot assure you that we will be able to continue generating profits in the future. For further information, see "Financial Information – Combined Statements of Comprehensive Income". As of June 30, 2018, we had negative capital and reserves of RMB1,164.7 million, which was primarily due to the amount of deemed distribution arising from the purchase of equity interests in Weimob Development in connection with the Corporate Reorganization. For further details, see Note 31 to the Accountant's Report in Appendix I.

Our ability to achieve profitability is affected by various factors, many of which are beyond our control. These include, among others, (i) growth in digital channels and the usage of SaaS products and targeted marketing, (ii) governmental policies, initiatives, and incentives affecting the cloud service and targeted marketing industries, and (iii) changes in the macroeconomic and

RISK FACTORS

regulatory environment. For further information, see “Financial Information – Major Factors Affecting Our Results of Operations”. If we are unable to successfully offset our increased costs and expenses with an appropriate increase in our revenue, our margins, financial condition and results of operations may be materially and adversely affected.

We may also incur losses in the future due to our continued and increased investments in research and development, marketing, human resources, and other aspects of our business and operations, or as a result of changes in competitive dynamics within the markets and our inability to respond to these changes in a timely and effective manner.

Our gross profit margin was 86.1%, 88.2%, 64.5%, and 69.5% in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively. Our gross profit margin decreased from 88.2% in 2016 to 64.5% in 2017, primarily due to an increase in our cost of sales of targeted marketing, as a result of our recognition of certain advertising traffic costs on a gross basis due to the growing proportion of our targeted marketing where we act as principal under our contracts with advertisers. Going forward, we cannot assure you that our gross profit margin will not continue to decrease, as whether we recognize our cost of sales on a gross or net basis for targeted marketing depends on the specific terms of the marketing agreements entered into with advertisers.

Our net current liabilities and negative net cash flows from our operating activities may expose us to certain liquidity risks and may constrain our operational flexibility as well as adversely affect our financial condition and ability to expand our business.

As of December 31, 2015, 2016, and 2017, we had net current liabilities of RMB46.4 million, RMB302.4 million, and RMB249.8 million, respectively, primarily due to increases in our contract liabilities and other payables and accruals. Our net cash used in operating activities were RMB12.6 million and RMB136.5 million for the six months ended June 30, 2017 and 2018, respectively. Our net cash used in operating activities in the six months ended June 30, 2017 primarily reflected increases in (i) advance payments for the purchase of advertising traffic in connection with our targeted marketing business and (ii) our contract acquisition costs in acquiring SaaS products contracts through our channel partners, in line with our SaaS products business growth. This was partially offset by an increase in our contract liabilities during the same period as a result of an increase in orders of SaaS products in excess of revenue recognized during that period. Our net cash used in operating activities in the six months ended June 30, 2018 primarily reflected the advance payment for the purchase of advertising traffic in connection with our targeted marketing. For further information, see “Financial Information – Discussion of Certain Key Balance Sheet Items – Net Current Assets/(Liabilities)” and “Financial Information – Liquidity and Capital Resources – Cash Flow”.

Although we generated positive net cash flow from our operating activities in 2015, 2016 and 2017, we cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we record net operating cash outflows in the future, our working capital may be constrained which may adversely affect our financial condition. We may also continue to record net current liabilities in the future. Significant net current liabilities may constrain our operational flexibility and adversely affect our ability to expand our business. Our future liquidity, payment of trade payables, and bank and other borrowings primarily depend on our ability to maintain adequate cash inflows from our operating activities and adequate external financing. If we are unable to maintain our sources of funding in a timely manner and on reasonable terms, or at all, we may face liquidity issues and our business, financial condition and results of operations may be materially and adversely affected.

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We are subject to credit risk.

Our trade receivables mainly relate to cash rebates we expect to receive from Tencent in connection with our targeted marketing and the cash advances we pay to Tencent on behalf of other advertisers under the gross method in connection with our targeted marketing. We typically settle trade receivables with Tencent once every quarter. Our trade receivables increased from RMB0.4 million as of December 31, 2015 to RMB4.6 million as of December 31, 2016, and RMB28.6 million as of December 31, 2017, and RMB33.3 million as of June 30, 2018, primarily due to the continual increase in revenue generated from our targeted marketing as a result of an increase in rebates earned from media publishers in relation to our targeted marketing. Our trade receivables turnover days increased from five days in 2016 to 11 days in 2017, and further to 17 days as of June 30, 2018, primarily attributable to an increase in the proportion of our targeted marketing revenue. If Tencent delays settlement of trade receivables with us, we may be subject to credit risk in connection with our targeted marketing business, which could, in turn, adversely affect our results of operations and financial conditions.

Our historical growth rates may not be indicative of our future growth, and, if we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

We experienced rapid growth in our revenue during the Track Record Period. Our revenue increased by RMB75.2 million, or 66.0%, from RMB114.0 million in 2015 to RMB189.2 million in 2016, and further increased by RMB344.8 million, or 182.2%, to RMB534.0 million in 2017. Our revenue increased by RMB120.1 million, or 56.7%, from RMB212.0 million in the six months ended June 30, 2017 to RMB332.1 million in the six months ended June 30, 2018. The number of paying merchants of our SaaS products was 23,895, 36,344, 51,494, and 56,313 as of December 31, 2015, 2016, 2017, and June 30, 2018, respectively. The number of advertisers of our targeted marketing was 3,217, 17,681, and 14,189 in 2016, 2017, and the six months ended June 30, 2018, respectively.

While our business has grown in the past, we cannot assure you that we are able to sustain our historical growth rate for various reasons, including uncertainty of our continuous launch of new products and services and intensified competition within the SaaS products and targeted marketing industries in China. Our revenue, expenses and operating results may vary from period to period due to factors beyond our control. As a result of these, and other factors, we cannot assure you that our future revenues will increase or that we will continue to be profitable. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance.

In addition, our anticipated expansion and investment in new products and services may place a significant strain on our managerial, operational, financial and human resources. Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or implement all such systems, procedures and control measures successfully. If we are not able to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

RISK FACTORS

Systems disruptions, distributed denial of service attacks, or other hacking and phishing attacks on our systems and security breaches may delay or interrupt services to our merchants and their customers, harm our reputation and subject us to significant liability, which, in turn, may adversely affect our business, results of operations, and financial results.

In the past, we have been subject to system disruptions and distributed denial of service (DDoS) attacks, a technique used by hackers to take an Internet service offline by overloading its servers. Our infrastructure may be subject to such attacks and breaches in the future and we cannot assure you that any applicable recovery system, security protocol, network protection mechanisms or other defense procedures are, or will be, adequate to prevent such network or service interruptions, system failures or data losses. Additionally, our infrastructure and systems may also be breached if any vulnerabilities therein are exploited by unauthorized third parties.

Since techniques used to obtain unauthorized access change frequently and the scale of DDoS attacks, hacking, and phishing attacks are increasing, we may not be able to implement sufficient preventative measures or stop the attacks while they are occurring. A DDoS attack, other hacking and phishing attacks or security breaches could delay or interrupt our services to our merchants and their customers. This, in turn, may deter consumers from visiting our merchants' storefronts, hence affecting their overall customer experience. Any actual or perceived attacks or security breaches may also damage our reputation and brand, expose us to risks of potential litigation and liabilities, and require us to expend significant capital and other resources to alleviate problems caused by such attacks or security breaches. Should a high-profile or highly publicized security breach occur with respect to another SaaS product or targeted marketing services provider, clients may lose confidence in the security of our cloud-based commerce and marketing service model as a whole, which would have a material adverse impact on our ability to retain existing clients and attract new ones.

We store personal information belonging to our merchants and their customers in relation to our SaaS products on our systems. If our security is compromised, or such information is otherwise accessed without authorization, our reputation may be harmed, and we may be exposed to potential liability and significant loss of business.

We store personally identifiable information, credit card information, and other confidential information relating to our merchants and their customers, and are subject to PRC laws and regulations regarding privacy and the protection of data. For further information, see “– Regulatory, legislative or self-regulatory developments for online businesses, including privacy and data protection regimes, are expansive, not clearly defined and rapidly evolving. These laws and regulations could create unexpected costs, subject us to enforcement actions for compliance failures, or restrict portions of our business or cause us to change our technology platform or business model” and “Regulatory Environment – Relevant PRC Laws and Regulations – Regulations and Policies on Computer Software and Internet – Regulations on Information Security and Privacy Protection”.

We do not regularly monitor or review content uploaded and stored by our merchants, as our specialized team only reviews such content if our software makes a report after having filtered it for purposes of legality. Therefore, we do not control the substance of the content on our servers, which may include personal information. We cannot assure you that third parties will not succeed in their attempts to obtain unauthorized access to any personally identifiable information relating to our merchants and their customers. Such information may also be otherwise exposed through human error or other malfeasance. Any unauthorized access or compromise of such personally identifiable information could have an adverse effect on our business, financial condition and results of operations.

RISK FACTORS

Loss of any media publishers and changes in our contract terms with any of our media publishers may materially and adversely affect our business and results of operations.

We commenced targeted marketing in 2016. Our continued access to attractive content distribution opportunities and premium media resources remains crucial to our targeted marketing business. We currently rely on a concentrated group of content distribution channels, which primarily includes online and mobile media publishers and major search engines, including those owned or operated by Tencent and Baidu. Our total purchase of advertising traffic amounted to RMB173.8 million, RMB933.0 million and RMB966.0 million in 2016, 2017, and the six months ended June 30, 2018, respectively. Our purchase of advertising traffic on Tencent's social media platforms in 2016, 2017, and the six months ended June 30, 2018 accounted for 96.0%, 96.6%, and 96.9% of our total purchase of advertising traffic, respectively.

As of the Latest Practicable Date, we had not owned or controlled any content distribution channel in China. In addition, our contracts with content distribution channels are generally for a period of one year, and do not impose any long-term obligation requiring them to make their content distribution opportunities available to us on acceptable terms, or at all. Although there is no material change in our relationship with our content distribution channels, we cannot assure you that we are able to maintain regular access to our existing content distribution opportunities. Loss of access to any one of our content distribution channels, or the ability to source any alternative content distribution channels in a timely manner, or at all, may negatively impact our capacity to help advertisers reach their target audience and may, in turn, affect our business, brand and results of operations.

If our machine learning and analytics algorithms for assessing and predicting potential target audiences with our targeted marketing content are or become flawed or ineffective, or if our products and services fail to improve the marketing results for our advertisers, our reputation and market share may be materially and adversely affected.

Our ability to attract advertisers to, and build trust in, our products and services depends significantly on our ability to effectively assess and predict audience interest in relevant marketing content. We utilize our proprietary algorithms and data engines to track, process, and analyze social media user data, forecast probability and the nature of social media users' potential engagement with a given marketing message, create and tailor the marketing message to specific user interest, and execute marketing campaigns based on parameters specified by our advertisers. Our proprietary algorithms and data engines take into account multiple sources of data, including customers' basic profile, behavioral data, and transaction data from various channels and under various scenarios. For further information, see "Business – Our Technology and Infrastructure".

The data we collect may not be relevant to all industries, and, for certain industries, we may not have sufficient user data to ensure that our algorithms and data engines would work effectively. Further, we do not generally verify the data we gather, which may be subject to fraud or otherwise inaccurate. Even if such data were accurate, they may become irrelevant or outdated and, as a result, may not reflect a user's genuine interest or accurately predict his or her interaction with a given marketing message. For example, following the date on which we obtain the relevant data, a user's interest and behavioral pattern may change or he or she may have already completed a transaction and no longer be interested in the specific marketing message.

In addition, we anticipate significant growth in the amount of data we process as we continue to develop new solutions, services and features to meet evolving and growing demands from advertisers. As the amount of data and variables we process increases, our algorithms and data engines process increasingly complex calculations, and, as a result, the likelihood of defect and

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errors increases. To the extent our proprietary algorithms and data engines fail to accurately assess or predict a user's interest in and interaction with relevant marketing content, or experience significant errors or defects, advertisers may not achieve their marketing goals in a cost-effective manner or at all, which could make our platform less attractive to them, result in damages to our reputation and a decline in our market share, and adversely affect our business and results of operations.

If our products and solutions contain serious errors or defects, we may lose our sources of revenue and our clients may lose confidence in our products and services. In addition, we may incur significant costs defending or settling claims with our clients as a result of such serious errors or defects.

Products and solutions within the industry, such as those we develop, often contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our platform may contain serious errors or defects, security vulnerabilities or software issues which we are unable to successfully correct in a timely manner or at all, which could result in revenue loss, significant expenditures of capital, a delay or loss in market acceptance and damage to our reputation and brand, any of which could have an adverse effect on our business, reputation, financial condition, and results of operations.

Further, our platform is a multi-tenant cloud-based system which allows us to deploy new versions and enhancements to all of our merchants simultaneously. To the extent we deploy new versions or enhancements that contain errors, defects, security vulnerabilities or software issues concurrently to all of our merchants, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of merchants.

Given that many of our clients use our products and services in processes that are critical to their businesses, any error, defect, security vulnerability, service interruption or software issue in our platform could result in losses to our clients. Our clients may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Further, our clients may share information about their negative experiences on social media, which could damage our reputation and result in a loss of future sales. We cannot assure you that provisions limiting our exposure to claims, which we typically include in agreements with our clients, would be enforceable, adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if unsuccessful, a claim brought against us by any of our clients would likely be time-consuming, costly to defend and may have a material adverse impact on our reputation and brand, making it harder for us to sell our products and services.

We may be unable to achieve or maintain adequate data transmission capacity as required by our merchants.

Our merchants often draw significant numbers of consumers to their social media storefronts over short periods of time, including from events such as new product releases, holiday shopping seasons, and flash sales, which significantly increases the traffic on our servers and volume of transactions processed on our platform. While we are generally able to maintain adequate data transmission capacity to handle such traffic and process orders in a timely manner, we cannot assure you that we are able to continue achieving, or maintaining, this in the future, particularly when we encounter an unexpectedly significant increase in traffic. If we are unable to achieve or maintain adequate data transmission capacity, this may significantly reduce our merchants' demand for our solutions. In the future, we may have to allocate resources and incur a substantial amount of expenses to build, purchase or lease additional data centers and equipment and upgrade our technology and network infrastructure in order to handle the increased load.

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Additionally, our ability to deliver our solutions and services also depends on the development and maintenance of Internet infrastructure by third-parties, including the maintenance of reliable networks with the necessary speed, data capacity and bandwidth. If one of these third-parties suffers from capacity constraints, our business may be adversely affected. See also “– Any interruptions or delays in services from third-parties, including data center hosting facilities and cloud computing server providers and other hardware and software vendors, or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business and results of operations”.

If we are unable to successfully adapt our SaaS products to our merchants’ requirements or emerging industry standards, our business, prospects and financial results may be materially and adversely affected.

In recent years and within key Chinese markets in which we operate, mobile devices, such as mobile phones, tablets, wearable devices and other Internet-enabled mobile devices, have gained increasing popularity and surpassed personal computers as the primary means of access to the Internet. We expect this trend to continue as 4G and more advanced mobile communications technologies are broadly implemented. As we make our services available across a variety of mobile operating systems and devices, we depend on the interoperability of our services with popular mobile devices and mobile operating systems that we do not control, such as Android and iOS. Any changes in such mobile operating systems or devices which degrade the functionality of our solutions and services, such as being incompatible with our solutions and services, preventing customers from accessing our merchants’ storefronts, or giving preferential treatment to competitive services, could materially and adversely affect usage of our services. Any changes to technologies used in our solutions and services to existing features that we rely on, or to operating systems which make it difficult for our merchants to access our solutions or services or customers to access our merchants’ storefronts, may make it more difficult for us to maintain or increase our revenues. This, in turn, may have a material and adverse impact on our business and prospects.

Further, our costs and expenses may increase if the number of platforms on which we develop our services increases, which is typically seen in a dynamic and fragmented mobile services market such as China. In order to deliver high quality services, it is important that our services work well across a range of mobile operating systems, networks, mobile devices and standards that we do not control. For our business to be successful, we will need to design, develop, promote and operate new products and services which are compatible with such devices. As new devices are released or updated, we may encounter problems in developing and upgrading our products and services for use on mobile devices. We may need to devote significant resources to the creation, support and maintenance of such products for mobile devices, and we cannot assure you that we will be successful in doing so.

If we are unable to maintain a consistently high level of customer service, this may materially and adversely impact our brand, business and financial results.

We believe our focus on customer service and support is critical to onboarding new clients, retaining our existing clients and growing our business. As a result, we have invested heavily in the quality and training of our support team along with the tools they use to provide this service. If we are unable to maintain a consistently high level of customer service, we may lose our existing clients.

In addition, our ability to attract new clients is highly dependent on our reputation and on positive recommendations from our existing clients. Therefore, any failure to maintain a consistently high level of customer service, any market perception that we do not do so, could adversely affect our reputation and the number of positive client referrals that we receive.

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Any interruptions or delays in services from third-parties, including data center hosting facilities and cloud computing server providers and other hardware and software vendors, or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business and results of operations.

We rely on third-party data center hosting facilities and cloud computing platform providers located in China. We also rely on computer hardware purchased from, software licensed from, and cloud computing platforms provided by, third parties in order to offer our services. Any damage to, or a failure of, our systems generally, including systems of our third-party platform providers, could result in interruptions in our services. In the past, we have experienced interruptions in our services, and such interruptions may occur in the future. Interruptions in our services may cause us to issue credits or pay penalties to our clients, cause our clients to make warranty or other claims against us. Any of this would create a material and adverse effect on our attrition rates and our ability to attract new clients, all of which would reduce our revenue. Our business and reputation may also be harmed if our clients, or potential clients, believe that our products and services are unreliable.

We do not control the operation of any of these facilities provided by third-party providers, which may be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, and similar events. These facilities may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct, as well as local administrative actions, changes to legal or regulatory requirements and litigious proceedings to stop, limit or delay operations. Despite precautions taken by our third-party providers at these facilities, such as disaster recovery and business continuity arrangements, the occurrence of an act of terrorism or natural disaster, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in our services.

Additionally, these hardware, software, data and cloud computing platforms may not continue to be available to us at reasonable prices, on commercially reasonable terms, or at all. If we lose our right to use any of these hardware, software or cloud computing platforms, this could significantly increase our expenses or otherwise result in delays in the provisioning of our services until equivalent technology is either developed by us, or, if available, is identified, obtained through purchase or license and integrated into our services. If the performance of such third parties proves unsatisfactory, or if any of them violates its contractual obligations to us, we may need to replace such third-party and/or take other remedial action, which could result in additional costs and materially and adversely affect the products and services we provide to our clients. Further, the financial condition of our third-party providers may deteriorate over the course of our contract term with them, which may also impact the ability of such third-party to provide the agreed services, and have a material adverse effect on the services we provide our clients, and our results of operations.

We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third-parties from any unauthorized use of our technologies.

Our trade secrets, trademarks, copyrights, patents, and other intellectual property rights are critical to our success. We rely on, and expect to continue to rely on, a combination of confidentiality and non-compete, invention assignment and license agreements with our employees, and third parties with whom we have relationships, as well as our trademark, domain name, copyrights, trade secrets, patent rights, and other intellectual property rights to protect our brand. However, events beyond our control may pose a threat to our intellectual property rights, as well as to our products and services. Effective protection of trademarks, copyrights, domain names, patent rights, and other intellectual property rights is expensive and difficult to maintain, both in terms of application and costs, as well as the costs of defending and enforcing those rights. While

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we have taken measures to protect our intellectual property rights, we cannot assure you that such efforts are either sufficient or effective. As a result, our intellectual property rights may be infringed, misappropriated, or challenged, which could result in them being narrowed in scope or declared invalid or unenforceable.

Similarly, our reliance on unpatented proprietary information and technology, such as trade secrets and confidential information, depends in part on our agreements with employees and third parties which contain restrictions on the use and disclosure of such intellectual property. These agreements may be insufficient or may be breached, either of which could potentially result in the unauthorized use or unauthorized disclosure of our trade secrets and other intellectual property, including to our competitors. As a result, we could lose our crucial competitive advantage derived from such intellectual property. Significant impairments to our intellectual property rights, and limitations on our ability to assert our intellectual property rights against others, may result in a material and adverse effect on our business.

We may be subject to claims by third-parties for intellectual property infringement.

We depend to a large extent on our ability to effectively develop and maintain intellectual property rights relating to our business. However, we cannot assure you that third-parties will not put forward claims that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights which they hold, whether such claims are valid or otherwise. We may face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. Our cloud-based commerce and marketing solutions and targeted marketing services may become involved in litigious proceedings relating to allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and violations of rights of third parties. The validity, enforceability and scope of protection of intellectual property rights, particularly within China, are still evolving. As we face increasing competition and as litigation becomes a more commonly pursued method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

Defending against intellectual property claims is costly and can impose a significant burden on our management and resources. Further, there is no guarantee that we can obtain favorable final outcomes in all cases. Such intellectual property claims may harm our brand and reputation, even if they are vexatious or do not result in liability. Any resulting liability or expenses, or changes required to our products or services to reduce the risk of future liability, may have a material adverse effect on our business, results of operations, and prospects.

We rely on search engines and social media platforms to attract our clients. If we are not able to generate traffic to our website through Internet search engines and social media platforms, our ability to attract new clients may be impaired.

Many of our clients locate our website through Internet search engines, such as Baidu, and advertisements on social media platforms, such as WeChat. The prominence of our website in response to Internet searches is a critical factor in attracting potential clients to our platform. If we are listed less prominently or fail to appear in search results for any reason, visits to our website could decline significantly, and we may not be able to replace this traffic. Further, Internet search engines revise their algorithms from time to time to optimize their search results. As a result, our website may appear less prominently or not at all in search results, which could result in reduced traffic to our website.

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Additionally, if the price of marketing our solutions and services over search engines or social networking platforms increases, we may incur additional marketing expenses or be required to allocate a larger portion of our marketing spend to search engine marketing, which could affect our business and operating results. Competitors may, in the future, bid on specific search terms that we use to drive traffic to our website. Such actions could increase our marketing costs and result in decreased traffic to our website. In addition, search engines or social media platforms may change their advertising policies from time to time. If any change to these policies delays or prevents us from advertising through these channels, this could result in reduced traffic to our website and sales of our products. Further, new search engines or social media platforms may develop that reduce traffic on existing search engines and social media platforms, and if we are not able to achieve prominence through advertising or otherwise, we may not achieve significant traffic to our website through these new platforms, and our business and operating results could be adversely affected.

Our efforts to expand our services to a PaaS platform, and develop and integrate our existing services in order to keep pace with technological developments, may not succeed and may reduce our revenue growth rate, which may materially and adversely affect our business, financial condition, and results of operations.

We derive a significant portion of our revenue from sales of our SaaS products, and we expect this to continue for the foreseeable future. We launched Weimob Cloud, our PaaS platform in October 2017 to enrich our offerings to merchants and lay the foundation to establish our Weimob ecosystem. Our efforts to expand our services to the PaaS platform may not succeed, and may reduce our revenue growth rate. The markets for certain of our offerings remain relatively new, and it is uncertain whether our efforts, and related investments, will ever result in significant revenue for us. Further, the introduction of significant technology changes and upgrades and introduction of a PaaS platform may not be successful, and early stage interest and adoption of such new services may not result in long-term success or significant revenue for us.

Additionally, if we are unable to develop enhancements to, and new features for, our existing or new solutions and services in order to keep pace with rapid technological developments, our business could be adversely affected. The success of enhancements, new features, solutions, and services depends on several factors, including the timely completion, introduction, and market acceptance of the feature, service or enhancement by merchants, administrators and developers, as well as our ability to seamlessly integrate all of our service offerings. Failure in this regard may significantly impair our revenue growth as well as negatively impact our operating results if the additional costs are not offset by additional revenues. In addition, because our services are designed to operate over various network technologies and across a variety of mobile devices, operating systems, and computer hardware and software platforms using a standard browser, we will need to continuously modify and enhance our services to keep pace with changes in Internet-related hardware, software, communication, browser, application software development platform and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely manner. Further, uncertainties regarding the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development or service delivery expenses. Any failure of our services to operate effectively with future network platforms and technologies could reduce the demand for our services, result in client dissatisfaction, and adversely affect our business.

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Our brand and brand name are integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing our Weimob brand and brand name is critical to expanding our business. Maintaining and enhancing our brand and brand name depends largely on our ability to continue to provide high-quality, well-designed, useful, reliable, and innovative products and services, which we cannot assure you we will do successfully.

Errors, defects, disruptions or other performance issues with our infrastructure may harm our reputation and brand, and we may introduce new solutions or terms of service which might be poorly received by our clients and their customers. Additionally, if our clients or their customers have a negative experience using our solutions or service, such an encounter may affect our brand and reputation within the industry. Our Weimob Cloud enables third-party developers to offer their services to merchants who engage them directly. Our reputation may be harmed if any of the services provided by these third parties does not meet our clients' expectations.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful solutions and services at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We market our platform primarily through advertisements on search engines and social networking sites, and also through our direct sales force, channels partners, and a number of free traffic sources, including client referrals and word-of-mouth. Our efforts to market our brand have involved significant costs and expenses, which we intend to increase going forward. We cannot assure you, however, that our marketing spends will lead to increased paying merchants or advertisers or increased revenue, and even if so, such increases in revenue may not be sufficient to offset expenses we incur in building and maintaining our reputation and brand name.

We are dependent on the continued services and performance of our senior management and other key employees, the loss of any of whom could adversely affect our business, operating results and financial condition.

Our future performance depends on the continued services and contributions of our senior management, including our co-founders, Chief Executive Officer, Chief Technology Officer, Chief Financial Officer, Chief Human Resources Officer, and other key employees, to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our senior management or other key employees can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our senior management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them within our business also requires significant amounts of time, training and resources, and may impact our existing corporate culture.

If we are unable to attract, retain and motivate qualified personnel, our business may be adversely affected.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel specializing in mobile Internet, cloud computing and marketing. The inability to attract or retain qualified personnel, or delays in hiring required personnel, may cause significant harm to our business, financial condition and operating results. Our ability to continue to attract and retain highly skilled personnel, specifically employees with technical and engineering skills and employees with high levels of experience in designing and developing software and Internet-related services, will be critical to our future success. If we lose the services of any member of management

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or key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth, therefore materially and adversely affecting our business, financial condition, results of operations and prospects.

Meanwhile, the size and scope of our business may require us to hire and retain a wide range of effective and experienced personnel who can adapt to a dynamic, competitive and challenging business environment. Competition for talent and qualified personnel in the PRC SaaS and targeted marketing industries is intense, and the availability of suitable and qualified candidates in the PRC is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. In addition, even if we were to offer higher compensation and other benefits, we cannot assure you that these individuals would choose to join, or continue working for, us. If we fail to attract and retain personnel with suitable managerial or other expertise, or to maintain an adequate labor force on a continuous and sustained basis, our financial position and results of operations could be materially and adversely affected.

Activities of merchants or the content of their social media storefronts could damage our brand, subject us to liability and harm our business and financial results.

Our terms of service prohibit our clients from using our solutions or services to engage in illegal activities, and our terms of service permit us to curb these merchants, report such illegal use to relevant authorities and close the merchants' accounts if we become aware of such illegal use. Merchants may nonetheless engage in prohibited or illegal activities or upload content in violation of applicable laws, which could subject us to liability. Further, our brand may be negatively impacted by the actions of merchants that are deemed to be hostile, offensive, inappropriate or illegal. We do not proactively monitor or review the appropriateness of the content of our merchants' storefronts and we do not have control over merchant activities. The safeguards we have in place may not be sufficient for us to avoid liability or avoid harm to our brand, especially if such hostile, offensive, inappropriate or illegal use is high-profile, which could adversely affect our business and financial results.

Our operating results are subject to seasonal fluctuations.

We have experienced, and expect to continue to experience, seasonal fluctuations in our revenues and results of operations. We have historically generated lower revenue in our first quarter than in other quarters, mainly due to slower and postponed spending or purchase by our clients (for both our SaaS products and targeted marketing) as a result of holidays such as Chinese New Year in the first quarter. For example, a significant number of our advertisers for targeted marketing are SMBs, whose businesses are typically slower in the first quarter, as many of their employees are away during the holiday period. As a result, our revenues may vary from quarter to quarter, and our quarterly results may not be comparable to the corresponding periods of prior years, and you may not be able to predict our annual results of operations based on a quarter-to-quarter comparison of our results of operations. While we believe that this seasonality will continue to affect our quarterly results, our rapid growth has largely masked seasonal trends to date on an annualized basis. As a result of the continued growth of our solutions and services offerings, we believe that our business may become more seasonal in the future, and that historical patterns in our business may not be a reliable indicator of our future sales activity or performance, and any quarterly fluctuations in our revenues and results of operations could result in volatility and cause the price of our shares to fall. As our revenues grow, these seasonal fluctuations may become more pronounced as a result.

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Our risk management and internal control systems may not be adequate or effective in all respects, which may materially and adversely affect our business and results of operations.

We seek to establish risk management and internal control systems consisting of an organizational framework, policies, procedures and risk management methods that are appropriate for our business operations, and seek to continue to improve these systems. For further information, see “Business – Risk Management and Internal Control”. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

Our risk management and internal controls also depend on their effective implementation by our employees. Due to the significant size of our operations, we cannot assure you that such implementation will not involve any human errors or mistakes, which may materially and adversely affect our business and results of operations. As we are likely to offer a broader and more diverse range of services and solutions in the future, the diversification of our service offerings will require us to continue to enhance our risk management capabilities. If we fail to timely adapt our risk management policies and procedures to our changing business, our business, results of operations and financial condition could be materially and adversely affected.

Regulatory, legislative or self-regulatory developments for online businesses, including privacy and data protection regimes, are expansive, not clearly defined and rapidly evolving. These laws and regulations could create unexpected costs, subject us to enforcement actions for compliance failures, or restrict portions of our business or cause us to change our technology platform or business model.

Governments across the world, including the PRC and Hong Kong governments, have enacted, or are considering enacting, legislation relating to online businesses. There may be an increase in legislation and regulation related to online marketing, the use of geo-location data to inform marketing, the collection and use of anonymous Internet user data and unique device identifiers, such as IP address or mobile unique device identifiers, and other data protection and privacy regulation. These laws and regulations could adversely affect the demand for or effectiveness and value of our products, force us to incur substantial costs, or require us to change our business practices in a manner that could adversely affect our business and results of operations, or compromise our ability to effectively pursue our growth strategies.

In recent years, the PRC government has enacted legislation relating to Internet use to protect personal information from any unauthorized disclosure. For example, the Several Provisions on Regulating the Market Order of Internet Information Services, promulgated by the MIIT, stipulate that Internet information service providers must not, without a user’s consent, collect the user’s personal information that can reveal the identity of the user whether by itself or when used in combination with other information, and must not provide any such information to third parties without prior consent from the user. In addition, Internet information service providers shall inform their users about their service scope and shall not use users’ information beyond such scope or collect any other information that is irrelevant to the services they provide. In Hong Kong, the Hong Kong Personal Data Ordinance prohibits an Internet company from collecting information about its users, analyzing the information for a profile of a user’s interests or selling or transmitting the profiles to third parties for direct marketing purposes unless it has obtained the user’s consent.

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We strive to comply with all applicable laws and regulations relating to privacy and data collection, processing, use, and disclosure. These laws and regulations are continually evolving, are not always clear, and are not always consistent across the jurisdictions in which we do business, and the measures we take to comply with these laws, regulations and industry standards may not always be effective. We may be subject to litigation or enforcement action or reduced demand for our solutions or services if we or our clients fail to abide by applicable privacy laws, or to provide adequate notice and/or obtain consent from end users. In addition, some of our content distribution channels require us to indemnify and hold them harmless from the costs or consequences of litigation resulting from using their networks. Any proceeding or perception of concerns relating to our collection, use, disclosure, and retention of data, including our security measures applicable to the data we collect, whether or not valid, could adversely affect our reputation, force us to spend significant amounts on defense of these proceedings, distract our management, increase our costs of doing business and inhibit the use of our products, which could materially and adversely affect our business, results of operations and prospects.

Our strategy of making strategic acquisitions and investments may fail and may result in material and adverse impact on our financial condition and results of operations.

As part of our business growth strategy, we may, in the future, acquire businesses or platforms that we believe can expand and strengthen our product and client coverage, as well as our technological capacities. Our ability to implement our acquisition strategy will depend on our ability to identify suitable targets, our ability to reach agreements with them on commercially reasonable terms, and within a desired timeframe, and the availability of financing to complete acquisitions, as well as our ability to obtain any required shareholder or government approvals. Our strategic acquisitions and investments could subject us to uncertainties and risks, including high acquisition and financing costs, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve our intended objectives, benefits or revenue-enhancing opportunities, uncertainty of entering into markets in which we have limited or no experience, and in which competitors have stronger market positions, costs associated with, and difficulties in, integrating acquired businesses and managing a larger business, and diversion of our resources and management attention. Our failure to address these uncertainties and risks may have a material adverse effect on our liquidity, financial condition and results of operations. Even if we are able to successfully acquire or invest in suitable businesses, we cannot assure you that we will achieve our expected returns on such acquisitions or investments. As of the Latest Practicable Date, excluding the acquisition of equity interests in Guangzhou Xiangminiao, we had not identified or pursued any acquisition target. If we fail to identify or acquire suitable projects or achieve our expected returns on such acquisitions or investments in the future, our business, financial conditions, results of operations and prospects may be materially and adversely affected.

Acquisitions also pose the risk that we may be exposed to successor liability relating to the actions by an acquired company and its management before and after the acquisition. The due diligence that we conduct in connection with an acquisition or investment may not be sufficient to discover unknown liabilities, and any contractual guarantees or indemnities that we receive from the sellers of the acquired companies or investment target companies and/or their shareholders may not be sufficient to protect us from, or compensate us for, actual liabilities. A material liability associated with an acquisition or investment could adversely affect our reputation and reduce the benefits of the acquisition or investment. In addition, if the management team or key employees of an acquired company fail to perform as expected, this may affect the business performance of such acquired company and, in turn, have a material adverse effect on our business, financial conditions and results of operations.

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We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. Further, insurance companies in China do not currently offer as extensive an array of insurance products as insurance companies in other more developed economies. As of the Latest Practicable Date, we had not had any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurances on commercially reasonable terms render these insurances, is impractical for our business and purposes. However, any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations. We also make social insurance and housing provident fund contributions for our employees. During the Track Record Period, our certain PRC subsidiaries had not contributed towards a social insurance and housing provident fund based on employees' average monthly salary of the previous year. If the relevant authorities determine that we have to make supplemental social insurance and housing provident fund contributions, and that we are subject to administrative fines, our business and financial condition and results of operations may be adversely affected.

Any discontinuation, reduction or delay of any preferential tax treatments or government grants that may be available to us in the future could materially and adversely affect our business, financial condition and results of operations.

We have benefited from preferential tax treatments from the PRC government. Weimob Enterprise qualifies as a high and new technology enterprise and, accordingly, is entitled to a preferential income tax rate of 15%. Furthermore, Weimob Development obtained the relevant qualification on June 29, 2017 for VAT refunds for the software industry. We have received the refunds of a 3% excess of VAT calculated with reference to the revenue generated from our sales of SaaS products registered with the relevant tax authorities since 2017. Our VAT refunds amounted to RMB11.2 million and RMB7.3 million for 2017 and the six months ended June 30, 2018, respectively. For further information, see “Financial Information – Description of Major Components of Our Results of Operations – Income Tax Credit/(Expense)” and “Financial Information – Description of Major Components of Our Results of Operations – Other Income”. Weimob Development obtained the high and new technology enterprise accreditation on November 23, 2017 with a term of three years, subject to renewal by the relevant authorities upon our application for such renewal. The policies regarding the VAT refunds is subject to change and termination. The government agencies may decide to reduce, eliminate or cancel our tax preferences at any time. Therefore, we cannot assure you of the continued availability of such tax preference which we currently enjoy. The discontinuation, reduction or delay of the preferential tax treatment could adversely affect our financial condition and results of operations. We also receive government grants primarily in the form of non-recurring financial assistance from the local government in Shanghai, China. See “Financial Information – Description of Major Components of Our Results of Operations – Other Income”. As these grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefitting from them in the future.

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We may face risk regarding the recoverability of deferred income tax assets.

As of December 31, 2015, 2016, 2017, and June 30, 2018, our deferred income tax assets were RMB14.3 million, RMB59.9 million, RMB59.7 million, and RMB60.6 million, respectively. Deferred income tax assets relating to certain temporary differences and tax losses are recognized when we consider it probable that the future taxable profit will be available against which the temporary differences or tax losses can be utilized. However, the outcome of their actual utilization may be different. While the deferred income tax assets may enable us to reduce future tax payments, our deferred income tax assets may also pose a risk to us as their recoverability depends on our ability to generate future taxable profit. We cannot assure you that our deferred income tax assets can be recovered in the future. In the case that the value of our deferred income tax assets is changed, we may have to write-down the deferred income tax assets, which may materially and adversely affect our financial condition and results of operations.

Legal defects regarding some of our leased properties may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, the lessor of our leased office space in Tianjin with an aggregate gross floor area of 3,156.6 square meters had not provided us with valid title certificates or relevant authorization documents evidencing the right to lease the property to us. As a result, the lease may not be valid, and we may not be able to continue to use such property if the lessor's right to lease such property is challenged by any third party. For further information, see "Business – Properties". Further, we cannot assure you that we are able to renew our lease on commercially acceptable terms upon expiry, or at all. If the title of any of our leased properties is controversial or the validity of the relevant lease is challenged by any third party, or if we fail to renew our lease upon expiry, we may be compelled to relocate from the affected premises. Such relocation may result in additional expenses or business interruption, which could, in turn, have an adverse effect on our business, financial condition and results of operations.

As of the Latest Practicable Date, 15 of our leased properties had not been registered with the competent PRC government authorities as required by applicable PRC laws and regulations. Although we will take all practicable and reasonable steps to request the lessors of such properties to cooperate with us to complete the registration in a timely manner, we cannot assure you that such lessors will do so. Our PRC Legal Advisors have advised us that the lack of registration of the lease agreements will not affect the validity of the lease agreements under PRC laws, but we may have a maximum penalty of RMB10,000 imposed on us for each non-registered lease if we fail to complete the lease registration after we are requested to do so by the competent PRC government authorities. For details, see "Business – Properties".

The impact of worldwide economic conditions, including the resulting effect on spending by SMBs, may adversely affect our business, operating results and financial condition.

Currently, a majority of the merchants that use our solutions and services are SMBs. Our performance is subject to worldwide economic conditions and their impact on levels of spending by SMBs and their customers. SMBs and entrepreneurs may be disproportionately affected by economic downturns. SMBs and entrepreneurs frequently have limited budgets, and may choose to allocate their spending to items other than our platform, especially in times of economic uncertainty or recessions.

RISK FACTORS

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases in the PRC may materially and adversely affect our business, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, H1N1 influenza or Ebola virus, may materially and adversely affect our business, financial condition and results of operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business. Moreover, the PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in the PRC may materially and adversely affect its economy and therefore our business. We cannot assure you that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, H1N1 influenza or other epidemics, or the measures taken by the PRC government or other countries in response to such contagious diseases, will not seriously disrupt our operations or those of our clients, which may materially and adversely affect our business, financial condition and results of operations.

We may be unable to obtain any additional capital required in a timely manner or on acceptable terms, or at all. Further, our future capital needs may require us to sell additional equity or debt securities that may dilute our shareholders' shareholdings or introduce covenants that may restrict our operations or our ability to pay dividends.

To grow our business and remain competitive, we may require additional capital from time to time for our daily operations. Our ability to obtain additional capital is subject to a variety of uncertainties, including:

- our market position and competitiveness in the industries in which we operate;
- our future profitability, overall financial condition, results of operations and cash flows;
- general market conditions for capital-raising activities by our competitors or other SaaS products and targeted marketing services providers in China; and
- economic, political and other conditions in China and internationally.

We may be unable to obtain additional capital in a timely manner or on acceptable terms, or at all. In addition, our future capital or other business needs could require us to sell additional equity or debt securities, or to obtain a credit facility. The sale of additional equity or equity-linked securities could dilute our shareholders' shareholdings. Any incurrence of indebtedness will also lead to increased debt service obligations, and could result in operating and financing covenants that may restrict our operations or our ability to pay dividends to our shareholders.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

Adverse changes in the economic, political and social conditions, as well as policies of the PRC government, could have a material adverse effect on our business and prospects.

All of our revenue is derived from our businesses in the PRC. Accordingly, our financial condition, results of operations and prospects are, to a material extent, subject to economic, political, and legal developments in the PRC. The PRC economy differs from the economies of developed countries in many respects, including, among other things, the degree of government involvement, control of investment, level of economic development, growth rate, foreign exchange controls, and resource allocation.

RISK FACTORS

Although the PRC economy has been transitioning from a planned economy to a more market-oriented economy for the past four decades, a substantial portion of productive assets in the PRC is still owned by the PRC government. The PRC government also exercises significant control over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance practices in business enterprises. Some of these measures benefit the overall PRC economy, but may adversely affect us. For example, our financial condition and results of operations may be adversely affected by government policies on the Internet service industry in China or changes in tax regulations applicable to us. If the business environment in the PRC deteriorates, our business in the PRC may also be materially and adversely affected.

The legal system of the PRC is not fully developed, and inherent uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to our business and our shareholders.

The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. Our PRC subsidiaries are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new, and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform, and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Further, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China, could materially and adversely affect our business and impede our ability to continue our operations, and may further affect the legal remedies and protections available to investors, which may, in turn, adversely affect the value of your investment.

PRC laws and regulations concerning the Internet service industry are developing and evolving. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations, and to avoid conducting any non-compliant activities under the applicable laws and regulations, the PRC government authorities may promulgate new laws and regulations regulating the Internet service industry in the future. We cannot assure you that our practice would not be deemed to violate any new PRC laws or regulations relating to Internet service. Moreover, developments in the Internet service industry may lead to changes in PRC laws, regulations and policies, or in the interpretation and application of existing laws, regulations and policies that may limit or restrict Internet service platforms like ours, which could materially and adversely affect our business and operations.

RISK FACTORS

The successful operations of our business and our growth depend upon the Internet infrastructure and telecommunication network in the PRC.

Our business depends on the performance and reliability of the Internet infrastructure in China. Almost all access to the Internet is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology of China. In addition, the national networks in China are connected to the Internet through state-owned international gateways, which are the only channels through which a domestic user can connect to the Internet outside of China. We may not have access to alternative networks in the event of disruptions, failures or other problems with China's Internet infrastructure. In addition, the Internet infrastructure in China may not support the demands associated with continued growth in Internet usage.

The failure of telecommunications network operators to provide us with the requisite bandwidth could also interfere with the speed and availability of our websites. We have no control over the costs of the services provided by the national telecommunications operators. If the prices that we pay for telecommunications and Internet services rise significantly, our gross margins could be adversely affected. In addition, if Internet access fees or other charges to Internet users increase, our user traffic may decrease, which in turn may significantly decrease our revenues.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other established regulations and rules concerning mergers and acquisitions, as well as additional procedures and requirements, could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements, in some instances, that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the MOFCOM shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns, and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns, are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our shareholders, and have a material adverse effect on our results of operations and the value of your investment.

Under the EIT Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise, and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial

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control over, and overall management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the SAT issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those that are not controlled by PRC enterprises or PRC enterprise groups like us, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China, and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC, (ii) decisions relating to the enterprise’s financial and human resource matters are made, or are subject to approval by organizations or personnel in the PRC, (iii) the enterprise’s primary assets, accounting books, and records, company seals, and board and shareholder resolutions are located or maintained in the PRC, and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

However, the tax-resident status of an enterprise is subject to determination by the PRC tax authorities, and uncertainties remain with respect to the interpretation of the term “de facto management body”. As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply in our case. If the PRC tax authorities determine that our Company, or any of our subsidiaries outside of China, is a PRC resident enterprise for PRC enterprise income tax purposes, then our Company or such subsidiary could be subject to PRC tax at a rate of 25% on its world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Further, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The value of the RMB against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government’s policies, and depends, to a large extent, on domestic and international economic and political developments, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the People’s Bank of China regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates, and to achieve policy goals. We are subject to the risk of volatility in future exchange rates and to the PRC government’s controls on currency conversion.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the RMB against the Hong Kong dollar may result in a decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the RMB may adversely affect the value of, and any dividends payable on, our Shares in a foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable

RISK FACTORS

costs. Further, we are also currently required to obtain the SAFE's approval before converting significant sums of foreign currencies into RMB. All of these factors could materially and adversely affect our business, financial condition, and results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our net revenue in RMB. Under our current corporate structure, our Company in the Cayman Islands relies on dividend payments, indirectly from our PRC subsidiaries, to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE by complying with certain procedures under PRC foreign exchange regulation. However, approval from, or registration with, appropriate governmental authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies.

In light of the flood of capital outflows from China in 2016 due to the weakening of RMB, the PRC government has imposed more restrictive foreign exchange policies, and stepped up scrutiny of major outbound capital movement. More restrictions and a substantial vetting process are in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC government may, at its discretion, further restrict access to foreign currencies in the future for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

PRC regulation of loans to, and direct investments in, PRC entities by offshore holding companies may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity, and our ability to fund and expand our business.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan, or as an increase in registered capital, are subject to approval by, filing with, or registration with, relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the approval of, or filing with, the MOFCOM or its local branch, and registration with other governmental authorities in China. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local branches, and (ii) each of our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount. Any medium-or long-term loan to be provided by us to our PRC subsidiaries must be recorded and registered by the National Development and Reform Committee and the SAFE or its local branches. We may not be able to complete such filing or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such filing or registration, our ability to use the proceeds of this offering, and to capitalize our PRC operations, may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

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On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19. SAFE Circular 19 took effect as of June 1, 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises, which allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using the RMB fund converted from their foreign exchange capitals for expenditures beyond their business scopes. On June 9, 2016, the SAFE promulgated the Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange, or SAFE Circular 16. SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capitals for expenditure beyond their business scope, investment in securities or investments other than banks' principal-secured products, providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use, except for real estate enterprises. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to, and use in, China the net proceeds from this offering, which may adversely affect our business, financial condition and results of operations.

There is uncertainty with respect to the indirect transfers of equity interests in our PRC resident enterprises through transfers made by our Shareholders or our non-PRC holding companies.

On February 3, 2015, the SAT promulgated the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (“**Circular 7**”), which replaces certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on Equity Transfers of Non-resident Enterprises (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知) (“**Circular 698**”). Circular 7 provides comprehensive guidelines relating to, and has also heightened the Chinese tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a Chinese resident enterprise (the “**Chinese Taxable Assets**”). For example, Circular 7 states that where a non-resident enterprise transfers Chinese Taxable Assets indirectly, by disposing of equity interests in an overseas holding company directly or indirectly holding such Chinese Taxable Assets, and such transfer is deemed to be, for the purpose of avoiding EIT payment obligations, and without any other bona fide commercial purpose, the transfer may be reclassified by the Chinese tax authorities as a direct transfer of Chinese Taxable Assets. On October 17, 2017, the SAT promulgated the Announcement on Matters Concerning Withholding and Payment of Income Tax of Non-resident Enterprises from Source (國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告) (“**SAT Circular 37**”), which came into force and replaced SAT Circular 698 and certain other rules or regulations on December 1, 2017. SAT Circular 37, among other things, simplifies the procedures of withholding and payment of income tax levied on non-resident enterprises.

Although Circular 7 contains certain exemptions, it is unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares, such as purchasing our Shares in the open market, and selling them in a private transaction, or *vice versa*, or to any future acquisition by us outside of China involving Chinese Taxable Assets, or whether the Chinese tax authorities classify such transactions by applying Circular 7. Therefore, the Chinese tax authorities may deem any transfer of our Shares by those of our Shareholders that are non-resident enterprises, or any future acquisitions by us outside of China involving Chinese Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to additional Chinese tax reporting obligations or tax liabilities. And, if we fail to comply with Circular 7 and SAT Circular 37, the Chinese tax authorities may take action, including requesting us to provide assistance in their investigation, or may impose a penalty on us, which could have a negative impact on our business operations.

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We may be subject to penalties, including restriction on our ability to inject capital into our PRC subsidiaries, and on our PRC subsidiaries' ability to distribute profits to us, if our PRC resident shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with, and obtain approval from, local branches of the SAFE in connection with their direct or indirect offshore investment activities. The Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, was promulgated by the SAFE in July 2014, requiring PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our shareholders who are PRC residents, and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies, are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local branch of the SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as a change of PRC shareholders, the name of a company, terms of operation, an increase or decrease in capital, transfer or swap of shares, merger or division. If any PRC shareholder fails to make the required registration or to update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing its profits, and the proceeds from any reduction in capital, share transfer or liquidation to its offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by the SAFE to return the foreign exchange remitted overseas or into PRC within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into PRC and deemed to have been evasive or illegal, and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We are committed to complying with, and to ensuring that our Shareholders who are subject to the regulations will comply with, the relevant SAFE rules and regulations. However, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be able to compel them to comply with SAFE Circular 37 or other related regulations. We cannot assure you that the SAFE or its local branches will release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such Shareholders to comply with SAFE Circular 37 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas, or our cross-border investment activities, limit our subsidiaries' ability to make distributions, pay dividends or make other payments to us, or affect our ownership structure, which could adversely affect our business and prospects. As of the Latest Practicable Date, Mr. Sun, Mr. Fang, Mr. You and Mr. Li Shunfeng, who are our indirect shareholders and PRC citizens, have completed their registration under the SAFE Circular 37. However, we may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC residents, and we cannot assure you that all of our shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update, any applicable registrations, or comply with other requirements under SAFE Circular 37 or other related rules in a timely manner.

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As there is uncertainty concerning the reconciliation of these foreign exchange regulations with other approval requirements, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant governmental authorities. We cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we, or the owners of such company, as the case may be, will be able to obtain the necessary approvals, or complete the necessary filings and registrations, required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy, and could adversely affect our business and prospects.

Any requirement to obtain approval from the MOFCOM or the CSRC could delay the Global Offering, and any failure to obtain such approval, if required, could materially and adversely affect our business, operating results, and reputation, as well as the trading price of our Shares.

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “M&A Rules”) jointly issued by the MOFCOM, the SASAC, the SAT, the CSRC, SAIC, and the SAFE on 8 August 2006, effective on 8 September 2006 and amended on 22 June 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise, (ii) subscribes for the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise, (iii) establishes a foreign-invested enterprise to purchase the assets of a domestic enterprise and operate those assets, or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. Where a domestic company or enterprise, or a domestic natural person, through an offshore entity established or controlled by it or him, acquires a domestic company which is related to or connected with it or him, approval from MOFCOM is required. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of, or equity in, the PRC companies in exchange for the shares of offshore companies. Our PRC Legal Advisors are of the opinion that the M&A Rules are not applicable because Weimob Development was a foreign-invested company when Weimob HK acquired equity interests in Weimob Development from Weimob Enterprise and subscribed for equity interests in Weimob Development. Accordingly, our PRC Legal Advisors are of the opinion that prior MOFCOM and CSRC approval under the M&A Rules for this Listing is not required. However, we cannot assure you that the relevant PRC government agency, including the MOFCOM and CSRC, would reach the same conclusion as our PRC Legal Advisors. If the MOFCOM, the CSRC or other PRC regulatory agencies subsequently determine that we need to obtain necessary approval for this offering, or if MOFCOM, CSRC or any other PRC government authorities promulgates interpretation or implementing rules before our listing that would require any necessary governmental approvals for this offering, we may face sanctions by the MOFCOM, the CSRC or other PRC regulatory agencies. In such event, these regulatory agencies may impose fines and penalties on our operations in China, limit our operating privileges in China, delay or restrict the repatriation of proceeds from this offering into the PRC, or take other actions that could have a material adverse effect on our business, financial condition, results of operations, and prospects, as well as the trading price of our Shares. The MOFCOM, the CSRC or other PRC regulatory agencies may also take actions requiring us to halt this offering before settlement and delivery of the Shares offered by this prospectus.

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Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

SAFE Circular 37 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly-listed special purpose company may register with SAFE or its local branches before they exercise the share options. We and our PRC employees who have been granted restricted shares are subject to SAFE Circular 37. Failure of our PRC restricted shareholders to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiary's ability to distribute dividends to us, or otherwise materially adversely affect our business.

The SAT has also issued relevant rules and regulations concerning employee share incentives. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon exercise of the share options or grant of the restricted shares. Our PRC subsidiaries have obligations to file documents with respect to the granted share options or restricted shares with relevant tax authorities and to withhold individual income taxes for their employees upon exercise of the share options or grant of the restricted shares. If our employees fail to pay, or we fail to withhold, their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by the competent governmental authorities.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are an exempted company incorporated in the Cayman Islands, and substantially all of our current operations are conducted in China. In addition, a majority of our current Directors and officers are nationals and residents of China. As a result, it may be difficult or impossible for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. In addition, as there are no clear statutory and judicial interpretations or guidance on a PRC court's jurisdiction over cases brought under foreign securities laws, it may be difficult for you to bring an original action against us or our PRC resident officers and directors in a PRC court based on the liability provisions of non-PRC securities laws. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our Directors and officers.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares and the liquidity and market price of our Shares may be volatile.

Prior to completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations among our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering. Further, our Substantial Shareholders Group, other existing Shareholders, and the Cornerstone Investors (as defined below) have each agreed to be subject to a six-month lock-up agreement and these lock-up agreements will restrict these Shareholders from selling their Shares and therefore, reduce the available public float for our Shares during the lock-up period. As a result, the absence of any sale of Shares by such persons during the lock-up period may cause, or at least contribute to, limited liquidity in the market for our Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares. See "History, Reorganization and Corporate Structure – Public Float and Lock Up".

RISK FACTORS

The trading price of the Shares may be volatile, which could result in substantial losses to you.

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility of the price of, and trading volumes for our Shares. A number of PRC-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their offerings. The trading performances of the securities of these companies at the time of, or after, their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong, and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

Possible setting of the Offer Price after making a Downward Offer Price Adjustment.

We have the flexibility to make a Downward Offer Price Adjustment to set the final Offer Price at up to 10% below the bottom end of the indicative Offer Price range per Offer Share. It is therefore possible that the final Offer Price will be set at HK\$2.52 per Offer Share upon the making of a full Downward Offer Price Adjustment. In such a situation, the Global Offering will proceed and the Withdrawal Mechanism will not apply. If the final Offer Price is set at HK\$2.52 per Offer Share, the net proceeds we will receive from the Global Offering will be reduced to HK\$674.2 million and such reduced proceeds will be used as described in “Future Plans and Use of Proceeds – Use of Proceeds”.

You will incur immediate dilution and may experience further dilution in the future.

As the Offer Price of our Shares is higher than the combined net tangible assets per share immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma adjusted combined net tangible assets. Our existing Shareholders will receive an increase in the pro forma adjusted combined net tangible asset value per share of their shares. In addition, holders of our Shares may experience further dilution of their interest if we issue additional shares in the future to raise additional capital.

We have granted restricted stock units (RSUs) pursuant to our RSU Plan, which will entitle participants to receive Shares under certain circumstances. For further information, see “Appendix IV – Statutory and General Information – RSU Plan”. Any newly granted RSUs under the RSU Plan, options, or any other share-based compensations that we may grant from time to time may result in an increase in our issued share capital, which in turn may result in a dilution of our shareholders’ shareholding interest in our Company and a reduction in earnings per Share.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers, Substantial Shareholders Group and Pre-IPO Investors, could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers, Substantial Shareholders Group and Pre-IPO Investors, or the perception or anticipation of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

RISK FACTORS

The Shares held by our Substantial Shareholders Group and certain Shares held by the Pre-IPO Investors are subject to certain lock-up periods. For further details, see “History, Reorganization and Corporate Structure – Public Float and Lock Up”. While we are currently not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

We cannot assure you of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly the sections headed “Business” and “Industry Overview,” contains information and statistics relating to the SaaS products and targeted marketing markets. Such information and statistics have been derived from a third-party report commissioned by us and publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager, the Underwriters or any other party involved in the Global Offering, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this document being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. You should consider carefully the importance placed on such information or statistics.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this document, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since our principal business operations are primarily located, managed and conducted in the PRC and will continue to be based in the PRC, our executive Directors and senior management members are and will continue to be based in the PRC. At present, none of our executive Directors is ordinarily resident in Hong Kong. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) We have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Sun Taoyong, an executive Director and the Chairman of the Board, and Ms. Ng Sau Mei, one of our joint company secretaries. See “Directors and Senior Management” for more information about our authorized representatives. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email. Our Company will provide contact details of the two authorized representatives to the Stock Exchange and will inform the Stock Exchange as soon as practicable in respect of any changes in our Company’s authorized representatives. All of them have confirmed that they possess valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required;
- (b) Our authorized representatives have means of contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Stock Exchange, the authorized representatives and our Directors, our Company will implement a policy to provide the up-to-date contact details of each Director (such as office phone numbers, mobile phone numbers, email addresses and fax numbers) to the authorized representatives and to the Stock Exchange;
- (c) Our Company will ensure that each Director who is not ordinarily resident in Hong Kong has valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within a reasonable period;
- (d) Our Company has, in accordance with Rule 3A.19 of the Listing Rules, also appointed Haitong International Capital Limited as our compliance advisor, who will act as an additional channel of communication with the Stock Exchange in addition to the authorized representatives of our Company. The compliance advisor will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong for a period commencing on the Listing Date at least until the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company’s financial results for the first full financial year after the Listing Date; and

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (e) Meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or our Company's compliance advisor, or directly with our Directors within a reasonable period. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives, the Directors and/or the compliance advisor of our Company in accordance with the Listing Rules.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, Companies Ordinance, Companies (Winding up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

We have appointed Mr. Cao Yi, and Ms. Ng Sau Mei, as the joint company secretaries of our Company. Mr. Cao Yi is currently the Chief Financial Officer of our Company. He has extensive experience in financial and business management and corporate governance matters, as well as a thorough understanding of the daily operations, internal administration and financial management of our Group. Mr. Cao Yi, by virtue of his knowledge and operational and financial management experience, should be capable of discharging his functions as a company secretary of our Company. However, Mr. Cao Yi does not possess the qualifications under Rule 3.28 of the Listing Rules, and may not be able to fulfill the requirements of the Listing Rules on his own. Therefore, our Company has appointed Ms. Ng Sau Mei, an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom, who is qualified under Rule 3.28 of the Listing Rules to act as the other joint company secretary and to work closely with and provide assistance to Mr. Cao Yi. The term of the appointment of Mr. Cao Yi and Ms. Ng Sau Mei as the joint company secretaries is three years commencing from the Listing Date.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the basis of the proposed arrangements below:

- (a) The waiver is valid for an initial period of three years from the Listing Date. The waiver is granted on condition that we engage Ms. Ng Sau Mei, who possesses all the requisite qualifications required under Rule 3.28 of the Listing Rules, as a joint company secretary, to assist Mr. Cao Yi in the discharge of his duties as a company secretary and in gaining the “relevant experience” as required under Rule 3.28 of the Listing Rules;
- (b) Our Company undertakes to re-apply to the Stock Exchange for a waiver from strict compliance with the company secretary qualification requirements under Rules 3.28 and 8.17 of the Listing Rules if Ms. Ng Sau Mei ceases to meet the requirements under Rule 3.28 of the Listing Rules or otherwise ceases to serve as the joint company secretary of our Company;
- (c) Mr. Cao Yi will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will endeavor to attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules which will be organized by our Company’s Hong Kong legal advisors on an invitation basis and seminars organized by the Stock Exchange for listed issuers from time to time; and
- (d) Upon expiry of the initial period of three years, Mr. Cao Yi’s qualifications and experience will be re-evaluated to determine whether the requirements as stipulated in Rule 3.28 of the Listing Rules can be satisfied.

For further details about Mr. Cao Yi and Ms. Ng Sau Mei’s qualifications and experience, see “Directors and Senior Management”.

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, see “Connected Transactions”.

WAIVER FROM STRICT COMPLIANCE WITH RULES 4.04(2) AND 4.04(4) OF THE LISTING RULES

Pursuant to Rules 4.04(2) and 4.04(4) of the Listing Rules, the issuer shall include in its accountant’s report the results and balance sheet of any subsidiaries and/or businesses acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

On May 16, 2018, Weimob Development entered into a share transfer and capital injection agreement with, among others, Guangzhou Xiangminiao, Wang Liang (王亮) and Lin Xun (林迅), the founders and shareholders of Guangzhou Xiangminiao, and other shareholders of Guangzhou Xiangminiao, each of whom is an Independent Third Party. Pursuant to the agreement, Weimob Development agreed to acquire certain existing equity interest from the shareholders of Guangzhou Xiangminiao for RMB6,000,000 and make a capital injection into Guangzhou Xiangminiao for RMB11,000,000 (“**Post-TRP Acquisition**”). As of the Latest Practicable Date, Weimob Development has acquired 42.75% of the existing equity interest in Guangzhou Xiangminiao, which was registered with the relevant local Administration of Market Regulation in July 2018. Our Company currently expects to complete the capital injection of Guangzhou Xiangminiao in March 2019 and immediately after the capital injection, the equity interest held by Weimob Development will be increased to 51.50% and Guangzhou Xiangminiao will become a subsidiary of Weimob Development. According to the unaudited financial figures of Guangzhou Xiangminiao, its total assets amounted to approximately RMB447,848 as of December 31, 2017, its total revenue amounted to approximately RMB36,772 for the year ended December 31, 2017, and its loss before taxation amounted to approximately RMB543,711 for the year ended December 31, 2017. As our reporting accountants have not audited or reviewed the financial statements of Guangzhou Xiangminiao, prospective investors should be aware that adjustments may arise if these financial statements had been audited or reviewed by our reporting accountants. For further details, see “History, Reorganization and Corporate Structure – Investment in Guangzhou Xiangminiao”.

Reasons and benefit for the Post-TRP Acquisition

By leveraging the industry experience of Wang Liang (王亮) and Lin Xun (林迅) (who are expected to continue to operate the business of Guangzhou Xiangminiao as remaining shareholders), the acquisition of 51.50% of the equity interests in Guangzhou Xiangminiao forms part of our strategy to expand into the new industry verticals such as hotel and hospitality, and is expected to support the Smart Hotel, our most recent vertical solution launched in July 2018. See “Business – Our Strategies” for further details. Our Directors believe that the terms of the Post-TRP Acquisition are fair and reasonable and in the interests of our shareholders as a whole.

Based on the following reasons, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules:

- (a) **Immateriality of the Post-TRP Acquisition:** The scale of the businesses operated by Guangzhou Xiangminiao as compared to that of our Group is not material. For illustration purposes only, applying the relevant size tests under Rule 14.04(9) of the Listing Rules by using the 2017 unaudited financial figures of Guangzhou Xiangminiao and the audited financial figures of our Group, all applicable percentage ratios are less than 5%. The assets ratio and revenue ratio is approximately 0.096% and 0.007% respectively.

In addition, notwithstanding that Guangzhou Xiangminiao represents a suitable strategic acquisition target of our Group, our Company is of the view that Guangzhou Xiangminiao, as and if completed, would not significantly affect the financial position of our Group as a whole. Furthermore, it is expected that Guangzhou Xiangminiao will be an insignificant subsidiary of our Company (as defined under Chapter 14A of the Listing Rules), even if the relevant acquisition is completed or materialized.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (b) **Undue burden to obtain and prepare historical financial information of the target companies to be acquired:** The Post-TRP Acquisition has not been completed as at the date of this submission, and our Company was not previously involved in the day-to-day management of Guangzhou Xiangminiao, therefore, it will require considerable time and resources for our Company and our reporting accountant to be fully familiarized with the accounting policies of Guangzhou Xiangminiao and to gather and compile the necessary financial information and supporting documents for disclosure in this prospectus. As such, it would be impracticable within the tight timeframe between the completion of the Post-TRP Acquisition and the Listing for our Company to disclose the financial information of Guangzhou Xiangminiao for each of the three financial years immediately preceding the issue of this prospectus.

Therefore, having considered the immateriality of Guangzhou Xiangminiao as well as the time and resources required to obtain, compile and audit such historical information in conformity with our Company's accounting policies, it would be unduly burdensome for our Company to prepare and include the financial information of Guangzhou Xiangminiao in this prospectus.

- (c) **Disclosure of necessary information in the listing document:** With a view of allowing the potential investors to understand the Post-TRP Acquisition in greater details, our Company will include in this prospectus the following information in relation to Guangzhou Xiangminiao, which is comparable to the information that is required to be included in the announcement of a discloseable transaction under Chapter 14 of the Listing Rules, including (a) general description of the scope of principal business activities of the target companies, (b) the consideration of the Post-TRP Acquisition; (c) the basis on which the consideration is determined; (d) how the consideration will be satisfied and the payment terms; (e) reasons for and benefits of the acquisition; (f) key financial information of Guangzhou Xiangminiao and (g) any other material terms of the share transfer and capital injection agreement in relation to the Post-TRP Acquisition.

CONSENT PURSUANT TO PARAGRAPH 5(2) OF APPENDIX 6 TO THE LISTING RULES

Beyond Science, a close associate of Tencent Mobility, an existing shareholder of the Company who currently holds approximately 3.43% of the Shares of the Company has entered into a cornerstone investment agreement with us, pursuant to which Beyond Science has agreed to, subject to certain conditions, acquire at the Offer Price certain number of our Shares.

Paragraph 5(2) of Appendix 6 to the Listing Rules prohibits allocation of shares in a global offering to existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions in Rules 10.03 and 10.04 of the Listing Rules are fulfilled or prior written consent of the Stock Exchange has been obtained.

Paragraph 2.2 of Guidance Letter HKEx-GL85-16 states that existing shareholders or their close associate are permitted to participate as cornerstone investors in initial public offerings subject to certain conditions set out therein.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

We have applied for and the Stock Exchange has granted consent pursuant to paragraph 5(2) of Appendix 6 to the Listing Rules, subject to following conditions set out in paragraph 4.20 of the Guidance Letter HKEx-GL85-16:

- (a) the Shares to be subscribed by and allocated to Beyond Science under the Global Offering will be at the same Offer Price and on substantially the same terms as other cornerstone investors (including being subject to a lock-up period of six months following the Listing);
- (b) details of the placing arrangement, including the identity and background of Beyond Science, will be disclosed in the final prospectus of the Company;
- (c) no direct or indirect benefits have been offered to Beyond Science for the allocation of Shares under the Global Offering;
- (d) the allocation of Shares to Beyond Science will not affect the Company's ability to satisfy the public float requirements under Rule 8.08(1) of the Listing Rules and the Company will ensure that at least 25% of its total issued Shares are held by the public upon completion of the Global Offering;
- (e) each of our Company, the Joint Bookrunners and the Joint Sponsors has provided the Stock Exchange written confirmations in accordance with the Guidance Letter HKEx-GL85-16 issued by the Stock Exchange; and
- (f) details of the allocation to Beyond Science will be disclosed in the Company's allotment results announcement.

For further information, please refer to the section headed "Our Cornerstone Investors" in this prospectus.

ALLOCATION OF SHARES TO CERTAIN CORNERSTONE INVESTORS WHO ARE CONNECTED WITH ONE OF THE UNDERWRITERS

Paragraph 5(1) of Appendix 6 to the Listing Rules provides that, without the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to "connected clients" of the lead broker or of any distributors.

Paragraph 13(7) of the Appendix 6 to the Listing Rules states that "connected client" in relation to an exchange participant means any client which is a member of the same group of companies as such exchange participant.

Paragraph 2.2 of Guidance Letter HKEx-GL85-16 states that "connected clients" are permitted to participate as cornerstone investors in initial public offerings subject to certain conditions set out therein.

Connected Clients

As part of the Global Offering, Shanghai Beyond Science Co., Ltd. (上海丙晟科技有限公司) ("**Beyond Science**") and Shanghai Wentang Enterprise Management Center LLP (上海文棠企業企業管理中心(有限合夥)) ("**Shanghai Wentang**"), as the cornerstone investors, have entered into cornerstone investment agreements to subscribe for certain number of the Shares ("**Investor Shares**"), details of which are set out in the section headed "Our Cornerstone Investors" of the Prospectus.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Each of Beyond Science and Shanghai Wentang has decided to invest in the Investor Shares through qualified domestic institutional investor (“**QDII**”) funds set up and maintained by Shanghai Guotai Junan Securities Asset Management Co., Ltd. (上海國泰君安證券資產管理有限公司) (“**GTJASH**”).

Guotai Junan Securities (Hong Kong) Limited (“**GTJAHK**”) is one of the Underwriters of the Global Offering. Each of GTJASH and GTJAHK is subsidiary of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司). Therefore, GTJASH is considered as a “connected client” of GTJAHK under paragraph 13(7) of the Placing Guidelines.

Application and the Stock Exchange’s consent under paragraph 5(1) of Appendix 6 to the Listing Rules

We have applied to the Stock Exchange for, and the Stock Exchange has granted, its consent under paragraph 5(1) of Appendix 6 to the Listing Rules to permit each of Beyond Science and Shanghai Wentang to participate in the Global Offering as a cornerstone investor subject to the following conditions set out in paragraph 4.9 of the Guidance Letter HKEx-GL85-16:

1. the Shares to be subscribed by, and placed to, GTJASH for the QDII fund accounts managed by GTJASH will not be for GTJASH’s proprietary account(s) and will be held by GTJASH on behalf of Beyond Science and Shanghai Wentang, which are independent third parties and the cornerstone investors of the Company;
2. the respective cornerstone investment agreements entered with each of Beyond Science and Shanghai Wentang will not contain any material terms which are more favourable to Beyond Science or Shanghai Wentang than those in other cornerstone investment agreements;
3. other than the preferential treatment of assured entitlement under a cornerstone investment following the principles as set out in HKEx-GL51-13, no preferential treatment has been, nor will be, given to GTJASH by virtue of its relationship with GTJAHK in any allocation in the placing tranche;
4. each of the Joint Sponsors, the Company, the Joint Bookrunners and GTJASH has provided the Stock Exchange a written confirmation in accordance with HKEx-GL85-16; and
5. details of the allocation will be disclosed in the prospectus and the Company’s allotment results announcement.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager and any of the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined among the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

Neither the delivery of this prospectus nor any subscription made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

See "Underwriting" for further information about the Underwriters and the underwriting arrangements.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DOWNWARD OFFER PRICE ADJUSTMENT

We have reserved the right to make a Downward Offer Price Adjustment to provide flexibility in pricing the Offer Shares. The ability to make a Downward Offer Price Adjustment does not affect our obligation to issue a supplemental prospectus and to offer investors a right to withdraw their applications if there is a material change in circumstances not disclosed in the prospectus.

If it is intended to set the final Offer Price at more than 10% below the bottom end of the indicative Offer Price range, the Withdrawal Mechanism will be applied if the Global Offering is to proceed.

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be determined among the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around January 8, 2019 and, in any event, not later than January 11, 2019 (unless otherwise determined among the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company. If, for whatever reason, the Offer Price is not agreed among the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on or before January 11, 2019, the Global Offering will not become unconditional and will lapse immediately.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in “How to Apply for Hong Kong Offer Shares” and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in “Structure of the Global Offering”.

SELLING RESTRICTIONS ON OFFERS AND SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this prospectus and on the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering including any Shares which may be sold pursuant to the exercise of the Over-allotment Option.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Dealings in the Shares on the Stock Exchange are expected to commence on January 15, 2019. No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

All necessary arrangements have been made to enable the securities to be admitted into CCASS.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out in “Structure of the Global Offering”. Assuming that the Over-allotment Option is exercised in full, the Over-allotment Option Grantor may be required to sell up to an aggregate of 45,255,000 Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

SHARE REGISTER AND HONG KONG STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands by our principal registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong register will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Hong Kong register of members of our Company in Hong Kong. Dealings in the Shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, holding and dealing in the Shares or exercising any rights attached to them. It is emphasized that none of us, the Over-allotment Option Grantor, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager, the Underwriters, any of our/their respective affiliates, directors, supervisors, employees, agents or advisors or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the Renminbi amounts could actually be converted into another currency at the rates indicated, or at all. Unless otherwise indicated, (i) the translation between Renminbi and Hong Kong dollars was made at the rate of RMB0.88198 to HK\$1.00, the exchange rate prevailing on December 4, 2018 published by the PBOC for foreign exchange transactions; (ii) the translation between U.S. dollars and Hong Kong dollars were made at the rate of HK\$7.8244 to US\$1.00, being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on November 30, 2018; and (iii) the translation between U.S. dollars and Renminbi were made at the rate of US\$1.00 to RMB6.9558, being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on November 30, 2018.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in this English prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING

Any discrepancies in any table in this prospectus between total and sum of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

For further information on our Directors, please refer to the section headed “Directors and Senior Management” of this prospectus.

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
Mr. SUN Taoyong (孫濤勇)	Room 302, No. 61, Lane 1088, Guoquan North Road, Yangpu District, Shanghai, PRC	Chinese
Mr. FANG Tongshu (方桐舒)	Room 401, No. 9, Lane 150, Hongya Road, Pudong District, Shanghai, PRC	Chinese
Mr. YOU Fengchun (游鳳椿)	No. 110, Lane 538, Zhenghe Road, Yangpu District, Shanghai, PRC	Chinese
Mr. HUANG Junwei (黃駿偉)	Room 602, No. 48, Lane 999, Zhenghe Road, Yangpu District, Shanghai, PRC	Chinese
<i>Independent Non-executive Directors</i>		
Mr. SUN Mingchun (孫明春)	Flat B, 16/F, Block 2, Tam Towers, 25 Sha Wan Drive, Pokfulam, Hong Kong	Chinese
Mr. LI Xufu (李緒富)	Room 1001, 10/F, No. 14, Lane 625, Tai Xing Road, Shanghai, PRC	Chinese
Mr. TANG Wei (唐偉)	Room 501, Unit 6, Building No. 1, Nanli Zone 1, Donghua, Chongwen District, Beijing, PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

Deutsche Securities Asia Limited
52/F, International Commerce Center
1 Austin Road West
Kowloon
Hong Kong

Haitong International Capital Limited
8/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Joint Global Coordinators

Deutsche Bank AG, Hong Kong Branch
52/F, International Commerce Center
1 Austin Road West
Kowloon
Hong Kong

Haitong International Securities Company Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

**China International Capital Corporation
Hong Kong Securities Limited**
29th Floor, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Joint Bookrunners

Deutsche Bank AG, Hong Kong Branch
52/F, International Commerce Center
1 Austin Road West
Kowloon
Hong Kong

Haitong International Securities Company Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

**China International Capital Corporation
Hong Kong Securities Limited**
29th Floor, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**Guotai Junan Securities (Hong Kong)
Limited**

27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

CCB International Capital Limited

12/F., CCB Tower, 3 Connaught Road Central
Central
Hong Kong

BOCI Asia Limited

26th Floor
Bank of China Tower
1 Garden Road
Hong Kong

AMTD Global Markets Limited

23/F – 25/F, Nexxus Building
41 Connaught Road Central
Hong Kong

**Futu Securities International (Hong Kong)
Limited**

11/F, Bangkok Bank Building
18 Bonham Strand West
Sheung Wan
Hong Kong

**China Industrial Securities International
Capital Limited**

7/F, Three Exchange Square
8 Connaught Place Central
Central
Hong Kong

Joint Lead Managers

Deutsche Bank AG, Hong Kong Branch

52/F, International Commerce Center
1 Austin Road West
Kowloon
Hong Kong

**Haitong International Securities Company
Limited**

22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**China International Capital Corporation
Hong Kong Securities Limited**
29th Floor, One International Finance Centre
1 Harbour View Street, Central
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**Guotai Junan Securities (Hong Kong)
Limited**
27/F, Low Block, Grand Millennium Plaza
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CCB International Capital Limited
12/F., CCB Tower, 3 Connaught Road Central
Central
Hong Kong

BOCI Asia Limited
26th Floor
Bank of China Tower
1 Garden Road
Hong Kong

AMTD Global Markets Limited
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41 Connaught Road Central
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**Futu Securities International (Hong Kong)
Limited**
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18 Bonham Strand West
Sheung Wan
Hong Kong

**China Industrial Securities International
Capital Limited**
7/F, Three Exchange Square, 8 Connaught
Place Central
Central
Hong Kong

Co-Manager

Sinomax Securities Limited
Room 2705-6, 27/F
Tower One Lippo Centre
89 Queensway
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Reporting Accountant

PricewaterhouseCoopers
Certified Public Accountants
22/F Prince's Building
Central
Hong Kong

Legal Advisors to the Company

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

As to PRC law:

JunHe LLP
26/F HKRI Center One
HKRI Taikoo Hui
288 Shimen Road (No. 1)
Shanghai
PRC

As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP
53/F, The Center
99 Queen's Road Central
Hong Kong

**Legal Advisors to the Joint Sponsors and
the Underwriters**

As to Hong Kong and U.S. laws:

Paul Hastings
21-22/F, Bank of China Tower
1 Garden Road
Hong Kong

As to PRC law:

Jingtian & Gongcheng
45/F, K.Wah Centre, 1010 Huaihai Road (M)
Xuhui District
Shanghai
PRC

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Industry Consultant

**Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.**
1018, Tower B
Greenland Hui Center
500 Yunjin Road
Shanghai
PRC

Receiving Bank

**Standard Chartered Bank (Hong Kong)
Limited**
15/F Standard Chartered Tower
388 Kwun Tong Road
Kwun Tong
Hong Kong

CORPORATE INFORMATION

Registered Office	P. O. Box 309, Uglan House Grand Cayman, KY1-1104 Cayman Islands
Head Office and Principal Place of Business in PRC	Weimob Building No. 258, Changjiang Road Baoshan District Shanghai PRC
Principal Place of Business in Hong Kong	5301, 53/F The Center 99 Queen's Road Central Hong Kong
Company's Website	<u>www.weimob.com</u> <i>(The information on the website does not form part of this prospectus)</i>
Joint Company Secretaries	Mr. CAO Yi Room 1307, Building No. 4 Alley 1910, Xinzha Road Jingan District Shanghai PRC Ms. NG Sau Mei <i>(associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom)</i> 31/F, Tower Two, Time Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	Mr. SUN Taoyong Room 302, No. 61, Lane 1088 Guoquan North Road Yangpu District Shanghai PRC Ms. NG Sau Mei 31/F, Tower Two, Time Square 1 Matheson Street Causeway Bay Hong Kong

CORPORATE INFORMATION

Audit Committee	Mr. TANG Wei (Chairman) Dr. SUN Mingchun Dr. LI Xufu
Remuneration Committee	Dr. SUN Mingchun (Chairman) Dr. LI Xufu Mr. SUN Taoyong
Nomination Committee	Mr. SUN Taoyong (Chairman) Dr. SUN Mingchun Dr. LI Xufu
Compliance Advisor	Haitong International Capital Limited 8/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Cayman Islands Principal Share Registrar and Transfer Agent	Maples Fund Services (Cayman) Limited P. O. Box 1093 Boundary Hall, Cricket Square Grand Cayman, KY1-1102 Cayman Islands
Principal Bankers	Bank of Shanghai Co., Ltd. Pilot Free Trade Zone Branch 1/F, China Aluminium High Building No. 53 Changqing North Road Pudong District Shanghai PRC China Construction Bank Corporation Shanghai Zhangmiao Branch No.1768 Changjiang West Road Baoshan District Shanghai PRC

INDUSTRY OVERVIEW

Certain information and statistics set out in this section and elsewhere in this prospectus are derived from various government and other publicly available sources, and from the market research report prepared by Frost & Sullivan, an independent industry consultant, that we commissioned (the “Frost & Sullivan Report”). The information extracted from the Frost & Sullivan Report should not be considered as a basis for investments in the Offer Shares or as an opinion of Frost & Sullivan with respect to the value of any securities or the advisability of investing in our Company. We believe that the sources of this information and statistics are appropriate for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading in any material respect. The information has not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager, the Underwriters or any of our or their respective directors, officers or representatives, nor is any representation given as to the accuracy or completeness of such information and statistics. Accordingly, you should not place undue reliance on such information and statistics. For discussions of risks relating to our industries, see “Risk Factors – Risks Relating to Our Business and Industry”.

SOURCES OF INFORMATION

In connection with the Global Offering, we have engaged Frost & Sullivan, an independent market research consulting firm, to conduct a detailed analysis and prepare an industry report on the market in China for (i) cloud-based commerce and marketing services and (ii) targeted marketing. Frost & Sullivan is an independent global consulting firm founded in the United States in 1961. It is principally engaged in the provision of market research consultancy services, conducting industry research, and providing market and enterprise strategies and consultancy services across various industries. We incurred a total of RMB500,000 in fees and expenses in connection with the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent on our successful Global Offering or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the Global Offering.

We have extracted certain information from the Frost & Sullivan Report in this section and elsewhere in this prospectus to provide a comprehensive presentation of the markets in which we operate. We believe such information facilitates an understanding of such markets for potential investors. Our Directors confirm that, after taking reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an adverse impact on such information.

During the preparation of the Frost & Sullivan Report, Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information, and industry insights on industry trends of the target research markets. Primary research involved interviewing industry insiders such as leading market players, suppliers, customers, and recognized third-party industry associations. Secondary research involved reviewing company reports, independent research reports, and data based on Frost & Sullivan’s own research database. Frost & Sullivan has independently verified the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan’s research may be affected by the accuracy of assumptions used and the choice of primary and secondary sources.

The Frost & Sullivan Report was compiled based on the following assumptions: that (a) the social, economic and political environment in China will remain stable during the forecast period and (b) the growth of cloud-based commerce and marketing services and targeted marketing markets in China remains healthy.

ONLINE RETAIL AND NEW RETAIL IN CHINA

China’s online retail market has experienced rapid growth in recent years, driven by increasing per capita disposable income, rising smartphone penetration, and enhanced mobile technologies. According to Frost & Sullivan, the size of the online retail market in China has grown at a CAGR of 39.5% from RMB1.9 trillion in 2013 to RMB7.2 trillion in 2017, and is expected to further grow at a CAGR of 20.5% to RMB18.3 trillion in 2022. Mobile retail comprises a substantial share of online retail as smartphone adoption has become widespread. According to Frost & Sullivan, mobile retail sales has increased from RMB0.3 trillion in 2013 to RMB5.8 trillion in 2017 at a CAGR of 109.7%, and is expected to further grow at a CAGR of 24.1% to RMB17.1 trillion in 2022.

INDUSTRY OVERVIEW

New retail complements the growth in online retail. It has emerged to further drive consumer spending by improving overall shopping experience. New retail represents the trend of merging online retail with offline retail to provide a seamless and personalized shopping experience, by leveraging digital technologies including mobile Internet and AI, as well as smart supply chain and logistics. Merchants aiming to sell seamlessly across channels will require technology solutions to help optimize their business operations, as well as identify, track and engage customers across multiple devices and offline retail points, thereby driving the demands for advanced commerce and marketing software tools.

GROWTH OF SMBS IN CHINA AND RISE OF SOCIAL E-COMMERCE

SMBs and Their Challenges

SMBs are key to driving economic growth in China. According to Frost & Sullivan, SMBs accounted for approximately 94% of all registered enterprises, more than 80% of total employment, and more than 60% of the GDP in China in 2017. However, due to limited budgets and a lack of technology know-how, SMBs are currently at a very early stage of digitization and face significant challenges managing and growing their businesses in the new retail era. In particular, SMBs in China generally do not have access to easily deployable, cost-effective business software that can optimize store operations and manage customer relationships, making it difficult for SMBs to scale their businesses online and offline.

As a response to the challenges above, SaaS products are well-suited to provide SMBs with one-stop business solutions, including online store setup, digital payment, inventory management, reporting and analytics, and customer marketing. By purchasing SaaS business products, SMBs can optimize their business operations while avoiding large upfront capital expenditures. Similarly, recent enhancements in mobile technology and big data analytics have made digital marketing services more popular and effective, allowing SMBs to reach target audiences more easily. According to Frost & Sullivan, SMBs are expected to continue to drive the SaaS and targeting marketing markets in China.

Social E-commerce Background and Landscape in China

Today, social media in China permeates the consumption cycle as consumers use social media to discover brands and products, validate product quality through reviews and comments, submit feedback, benefit from promotional offers, and share their shopping experiences with their social networks. According to Frost & Sullivan, social media platforms have emerged as highly effective selling channels as recommendations by friends and other social media contacts and KOLs can provide higher customer conversion rates. As a result, social e-commerce has developed rapidly in China.

Social e-commerce in China is often conducted through decentralized social networking services, the most popular of which is WeChat. The decentralized social e-commerce model offers unique advantages for SMBs to expand their businesses compared to traditional e-commerce marketplaces. In a traditional e-commerce marketplace, user traffic is aggregated on a centralized platform where transactions and communication between merchants and customers are not direct, which allows the marketplace, instead of the merchants, to maintain significant control over the traffic flow, transaction data, and customer relationships. In contrast, under the decentralized model, merchants utilize their own WeChat Official Accounts or WeChat Mini Programs to establish their brand name, directly market to targeted audiences, and acquire customers. Through transactions via their respective WeChat Official Accounts or WeChat Mini Programs, merchants acquire, accumulate, and maintain control over contacts information, transaction data and customer relationships of consumers, while retaining their unique brand identity.

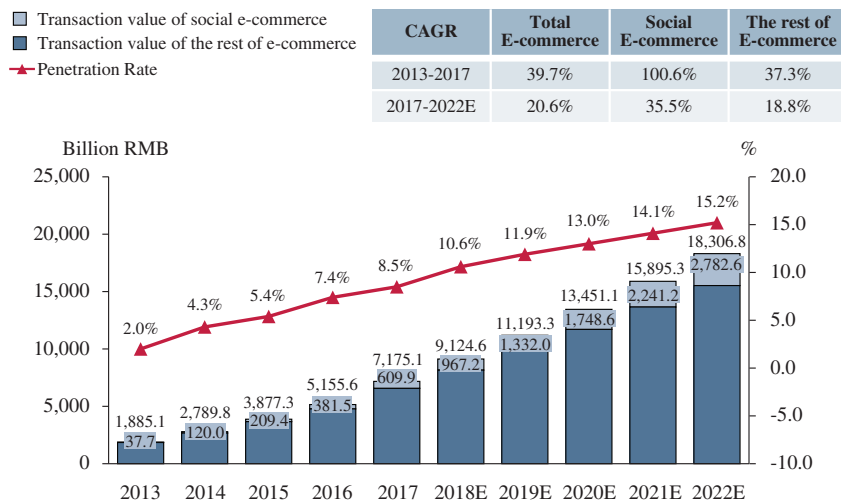
Since 2013, social e-commerce in China has experienced rapid growth. According to Frost & Sullivan, the transaction value of social e-commerce in China increased from RMB37.7 billion in 2013 to RMB609.9 billion in 2017, representing a CAGR of 100.6%, and is expected to further grow at a CAGR of 35.5% to RMB2,782.6 billion in 2022.

With the increasing popularity of innovative social networking technologies such as WeChat Mini Programs and consumers' continued embrace of online social purchasing, the penetration rate of social e-commerce market in China is expected to further increase from 8.5% in 2017 to 15.2% in 2022, according to Frost & Sullivan.

INDUSTRY OVERVIEW

The following chart illustrates the historical and projected size of the social e-commerce market in China measured by transaction value, and the penetration rate of the social e-commerce market in China:

Social E-commerce Market and Penetration Rate in China, 2013-2022E



Source: Frost & Sullivan Report

Note: Penetration rate of social e-commerce refers to the transaction value of social e-commerce divided by the transaction value of total e-commerce.

Role of WeChat in Social E-commerce

WeChat, with over one billion MAUs as of June 30, 2018, is the leading mobile social platform in China and has evolved from an instant messaging tool into a one-stop lifestyle companion. WeChat's MAUs is expected to continue growing at a CAGR of 6.9% from 989 million in 2017 to 1,379 million in 2022, according to Frost & Sullivan. The functions of WeChat used in social e-commerce include WeChat instant messaging, WeChat Moments, WeChat Official Accounts, and WeChat Mini Programs.

As an open platform and ecosystem, WeChat offers large and sticky user traffic flow, a digital payment system, gateways to various online-to-offline services, and a variety of enhanced cloud technologies such as WeChat Mini Programs. WeChat has revolutionized and disrupted the traditional e-commerce model through decentralization, allowing SMBs to rapidly scale their operations and expand their user base while directly controlling their customer data and customer relationships.

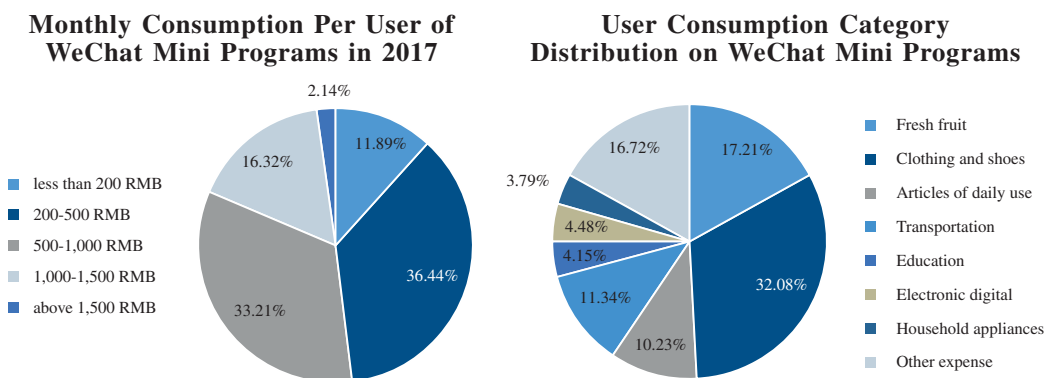
We have chosen to develop our SaaS products and offer targeted marketing services mainly for the WeChat ecosystem due to WeChat's dominant position. However, our cloud-based commerce and marketing solutions can also be deployed on other social and digital media platforms.

WeChat Mini Programs

WeChat Mini Program was released in January 2017, and has since been widely adopted by various brands and merchants, as well as users. As of January 2018, WeChat Mini Program has 170 million daily active users worldwide. WeChat Mini Programs offer many benefits over native APPs due to its lightweight and embedded social networking functionalities. For businesses, it offers lower development costs, higher user conversion rates, and more social-enabled sales. For users, it offers great convenience from not having to download and install separate APPs, faster processing speeds, and location-based WeChat Mini Program recommendations. According to Frost & Sullivan, as the variety of WeChat Mini Program's functionalities continues to grow, it could become an attractive alternative to iOS or Android application softwares for brands and merchants.

INDUSTRY OVERVIEW

The following charts illustrate the average monthly consumption per user on WeChat Mini Programs, and WeChat Mini Program's user consumption category distribution in China in 2017:



Source: Frost & Sullivan Report

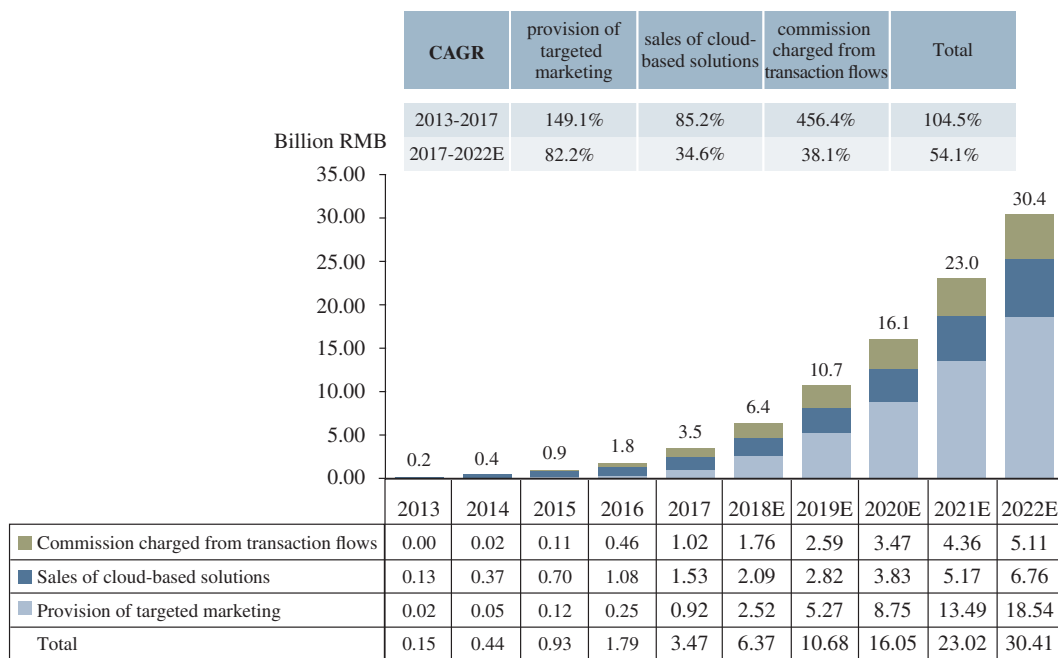
WeChat-based Third-party Service Market

As WeChat's user base has grown, so has the vibrancy of its open ecosystem. In this context, a large number of WeChat third-party service platforms have emerged to cater to the demands of SMBs and large brands.

WeChat-based third-party service providers generate their revenue mainly from (i) sales of business productivity-related cloud-based solutions, (ii) provision of targeted marketing, and (iii) commission charges from transaction flows. According to Frost & Sullivan, the size of the WeChat-based third-party service market for SMBs in China, as measured by revenue, increased at a CAGR of 104.5% from RMB0.2 billion in 2013 to RMB3.5 billion in 2017. As more merchants from an increasing array of verticals expand their operations through WeChat, it is expected that this market will continue to grow rapidly.

The following chart illustrates the historical and projected size of the WeChat-based third-party service market for SMBs in China, as measured by revenue:

WeChat-based Third-party Service Market for SMBs (China), 2013-2022E

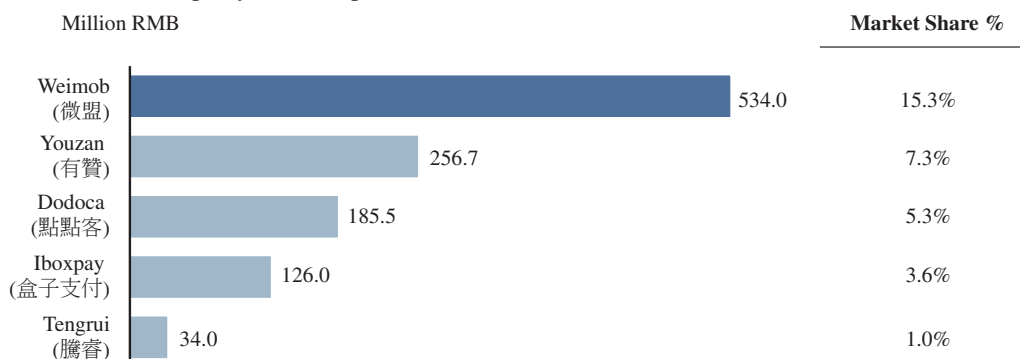


Source: Frost & Sullivan Report

INDUSTRY OVERVIEW

Competitive Landscape

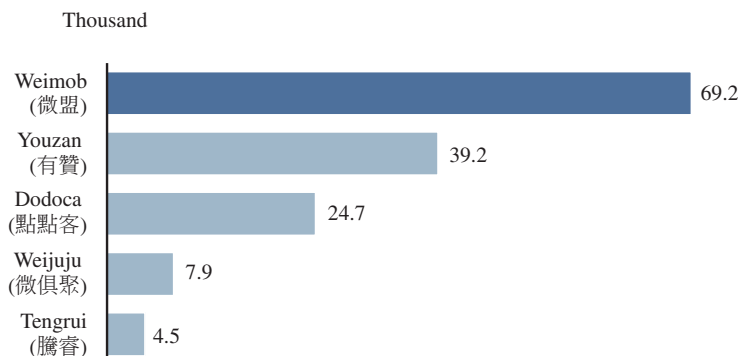
We are the leading WeChat-based third-party service provider for SMBs, as measured by revenue and number of paying merchants in 2017. The following chart illustrates the top five WeChat-based third-party service providers for SMBs in China in terms of revenue in 2017:



Source: Frost & Sullivan Report

According to Frost & Sullivan, Youzan (code: HK8083) (<https://www.youzan.com/>) is a mobile Internet technology company involved in the research and development, operation, and management of mobile e-commerce platforms. Dodoca (<http://www.dodoca.com/>) is a mobile e-commerce and mobile advertising services provider. Iboxpay (<https://www.iboxpay.com/>) is a payment outsourcing company providing services such as aggregation payment, smart management, finance technology, SaaS, and other integrated services. Tengrui (<http://www.bubugao365.com/>) is a third-party service provider of Tencent social advertising.

The following chart illustrates the top five WeChat-based third-party service providers for SMBs in China in terms of number of paying users in 2017:



Source: Frost & Sullivan Report

Note: Paying users include those who purchase SaaS products and targeted marketing services with duplication.

According to Frost & Sullivan, Weijuju (<http://www.weijuju.com/>) is a third-party platform providing marketing promotion services for WeChat Official Accounts.

Future Trends of China's WeChat-based Third-party Service Market

- **Higher Market Concentration.** Hundreds of companies are currently engaged in the WeChat-based third-party service market in China, most of which are small workshop-style companies. However, companies without strong and unique technology capabilities are expected to exit gradually, with the industry further concentrating on companies with a large user base, as well as technological and capital advantages.
- **Focusing on Offline Functions.** WeChat-based third-party service providers will increase their efforts on the development of offline and O2O functions, to develop the market for traditional offline merchants to facilitate the integration of online and offline channels.

INDUSTRY OVERVIEW

- *Dedication to Vertical Markets.* Existing WeChat-based third-party service providers in China are employing vertical marketing tactics by developing products and marketing services intended for specific industry verticals, such as healthcare, finance or catering.
- *Development of Internet Finance Business.* Third-party service providers are seeking to provide Internet financial services by analyzing business scenarios and the capital flow of their customers. WeChat-based third-party service providers can drive customer retention and loyalty through combining other businesses with the Internet finance business, thereby creating a service ecosystem.

CHINA'S CLOUD-BASED COMMERCE AND MARKETING SERVICE MARKET

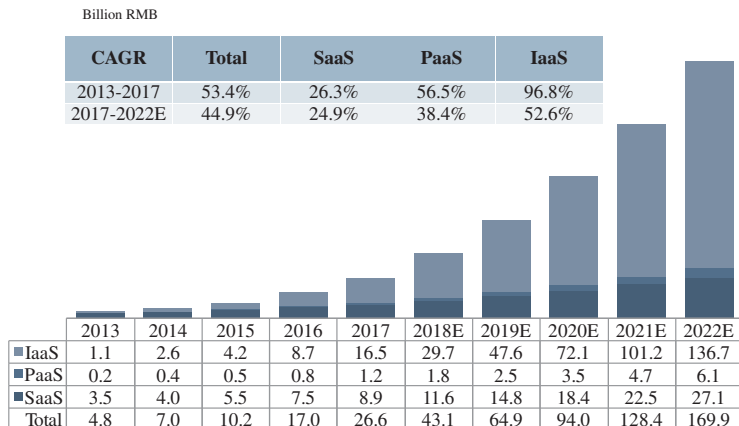
Cloud Services

Cloud services are categorized according to a three-tier architecture, namely SaaS, PaaS, and IaaS, all delivered through the Internet as third-party managed services. SaaS refers to the end applications and content directly consumed by users, typically through a software licensing and delivery model. PaaS refers to the software development environment, with tools and middleware that are used by developers to create, test, and deploy web and mobile applications. IaaS refers to raw computing and storage resources, over which users can deploy and run user-created or third-party software and applications.

In recent years, China has emerged as a key cloud service market. According to Frost & Sullivan, China's cloud service market is expected to grow and reach an overall market size of RMB169.9 billion in 2022, from RMB26.6 billion in 2017 at a CAGR of 44.9%. Such growth is supported by the rapid growth of e-commerce, digital media, and other Internet markets in China, as well as the PRC government's promotion of and investment in cloud technologies.

The following chart illustrates the historical and projected size of the public cloud service market in China:

Market Size of Public Cloud Service Market (China), 2013-2022E



Source: Frost & Sullivan Report

Cloud-based Commerce and Marketing Service Market

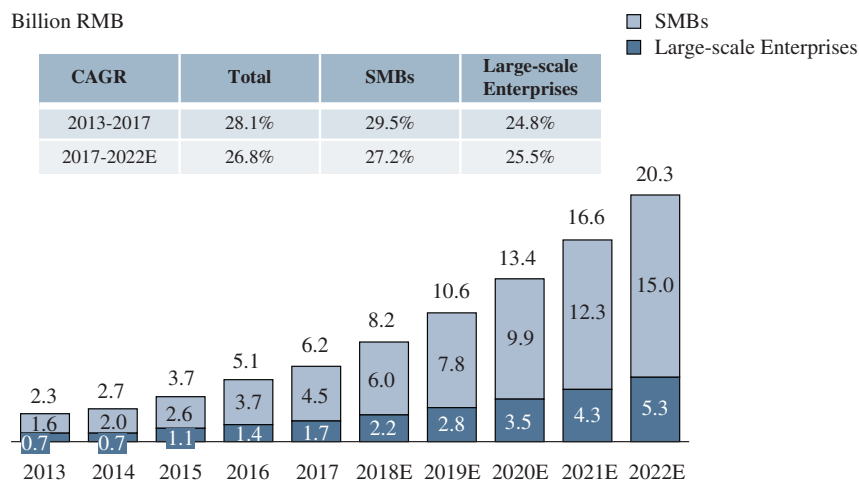
The cloud-based commerce and marketing service market caters to the demands of SMBs by providing them with comprehensive, easily deployable, and intelligent SaaS business solutions, including online store setup and management, digital marketing, salesforce optimization, business analytics and reporting, among others. Such SaaS solutions allow SMBs to adopt advanced software technologies and avoid purchasing, building and maintaining infrastructure, as well as avoid having to maintain a large IT team.

According to Frost & Sullivan, the size of China's cloud-based commerce and marketing service market, as measured by the revenue of service providers, increased from RMB2.3 billion in 2013 to RMB6.2 billion in 2017 at a CAGR of 28.1%. This rapid growth was mainly due to strong demands from companies in recent years to digitalize their commerce and marketing functions and improve their business efficiency. Such trend is expected to continue and the market expected to grow from RMB6.2 billion in 2017 to RMB20.3 billion in 2022 at a CAGR of 26.8%, according to Frost & Sullivan.

INDUSTRY OVERVIEW

The following chart illustrates the historical and projected size of the cloud-based commerce and marketing service market in China:

Market Size of Cloud-based Commerce and Marketing Service Market (China), 2013-2022E

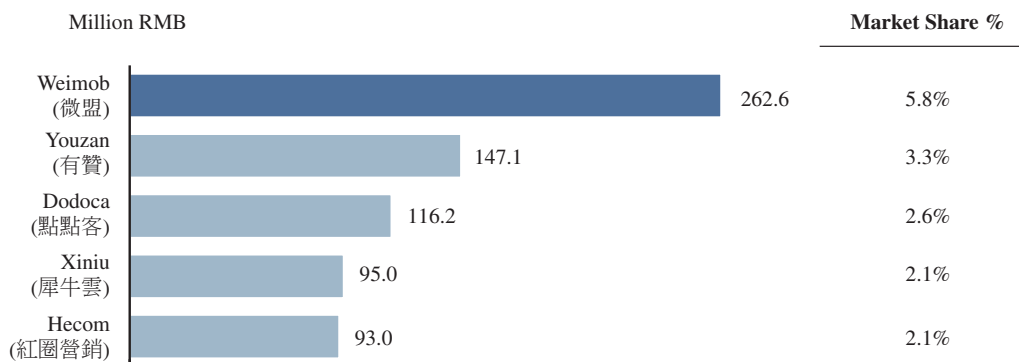


Source: Frost & Sullivan Report

According to Frost & Sullivan, the size of the cloud-based commerce and marketing service market for SMBs in China increased from RMB1.6 billion in 2013 to RMB4.5 billion in 2017 at a CAGR of 29.5%. The SMB segment grew faster than the large-scale enterprises segment, primarily because SMBs respond more quickly to new market trends. According to Frost & Sullivan, such growth is expected to continue, and the cloud-based commerce and marketing service market for SMBs expected to grow from RMB4.5 billion in 2017 to RMB15.0 billion in 2022 at a CAGR of 27.2%.

Among the cloud-based commerce and marketing service providers for SMBs in China, we held the leading position as measured by revenue in 2017. In the same year, our revenue generated from providing cloud-based commerce and marketing services for SMBs was RMB262.6 million.

The following chart illustrates the top five cloud-based commerce and marketing service providers for SMBs in China in terms of revenue in 2017:



Source: Frost & Sullivan Report

Note: Total market size in 2017 was RMB4.5 billion

According to Frost & Sullivan, Xiniu (<https://www.xiniu.com/>) is a commerce and marketing cloud service provider in China. Hecom (<http://www.hecom.cn/>) is a high-technology enterprise committed to providing mobile sales management cloud services in China. Hecom (code: 834218) has been listed on NEEQ since 2015.

INDUSTRY OVERVIEW

Market Drivers of China's Cloud-based Commerce and Marketing Service Market

- *Increased Use of Smart Phones for Business-related Tasks.* The increasing number of businesses using mobile phones to conduct marketing activities and communicate with customers has been bolstered by the emergence of products such as the WeChat Mini Program, which are more suitable for intelligent operations for SMBs. The need to conduct business operations on mobile devices has driven demand for enterprise applications considerably, transforming the need for on-demand commerce and marketing service on cloud models.
- *The Maturity of Internet-based Businesses.* E-commerce platforms now provide new sales channels for SMBs, greatly reducing channel costs while enabling them to reach significantly more users. Social marketing and search keyword marketing have also become the choice of many SMBs.
- *Rapid Development of IaaS.* The flexible expansion capabilities of IaaS enable SaaS companies to rapidly expand their businesses without reconfiguring their IT infrastructure, thereby effectively reducing the threshold for SaaS start-ups while promoting the development of SaaS services.

Future Trends of China's Cloud-based Commerce and Marketing Service Market

- *Emergence of Vertical-specific Cloud Service Providers.* As generic enterprise software are often unable to accommodate the needs of all customers, specialization in cloud verticals such as catering, O2O, and e-commerce is emerging as a trend for cloud service providers. Businesses in such industries look for solutions that can easily be configured to meet their specific requirements.
- *Availability of PaaS.* The development of PaaS will likely introduce into the SaaS market an increasing number of inexpensive SaaS solutions for a wide range of verticals, lines-of-business, and niche applications. SaaS players are currently expanding into PaaS in response to customer demands.
- *AI.* Cloud and AI will become more integrated, as cloud providers are expected to develop more advanced services relating to AI and data management to provide more intelligent and personalized shopping experiences for consumers. The market for cloud and AI integration will be applicable to industry verticals such as retail, healthcare, finance, and e-commerce.

CHINA'S TARGETED MARKETING MARKET

Mobile targeted marketing experienced significant growth from 2013 to 2017 as a result of the rapid rise in penetration of mobile social media services, the explosion in digital content, and increasing time spent online by mobile users. According to Frost & Sullivan, the market size surged from RMB8.4 billion in 2013 to RMB167.1 billion in 2017, representing a CAGR of 111.2%. With the increasing advertising spend allocated to mobile marketing, the size of mobile targeted advertising market in China is expected to grow from RMB167.1 billion in 2017 to RMB660.9 billion in 2022 at a CAGR of 31.7%, according to Frost & Sullivan.

The following chart illustrates the historical and projected size of the mobile targeted marketing market in China:

Mobile Targeted Marketing Market (China), 2013 – 2022E



Source: Frost & Sullivan Report

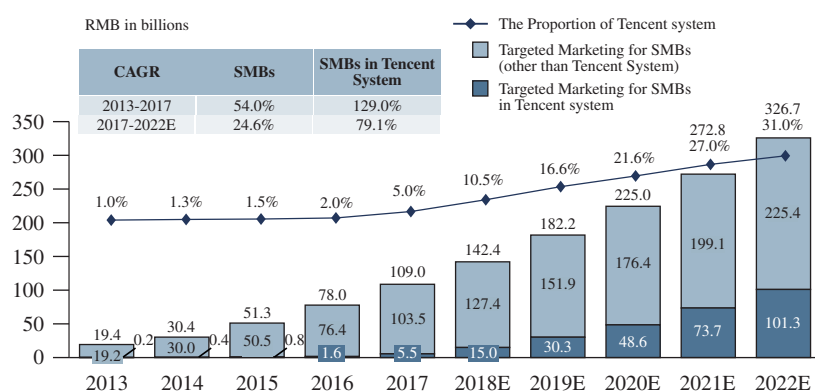
Note: Market size refers to the total advertising expenditures of all types of marketers, agencies and advertisers, but having eliminated double counting of the same expenditures which is charged by advertisers/marketers through agencies.

INDUSTRY OVERVIEW

According to Frost & Sullivan, the size of the targeted marketing market for SMBs in China increased from RMB19.4 billion in 2013 to RMB109.0 billion in 2017, representing a CAGR of 54.0%, and is expected to further grow at a CAGR of 24.6% to reach RMB326.7 billion in 2022. As the leading social networking service provider in China and a dominant digital media content provider, Tencent offers premium mobile advertising properties and plays an important role in the targeted marketing market for SMBs in China. According to Frost & Sullivan, the size of the targeted advertising market for SMBs in the Tencent system increased sharply from RMB0.2 billion in 2013 to RMB5.5 billion in 2017 at a CAGR of 129.0%, and is expected to reach RMB101.3 billion in 2022, representing a CAGR of 79.1%. Tencent's share of the targeted marketing market for SMBs is expected to grow from 5.0% in 2017 to 31.0% in 2022, according to Frost & Sullivan.

The following chart illustrates the historical and projected size of targeted marketing market for SMBs in China, and the historical and projected size of targeted marketing market for SMBs in the Tencent system in China, as measured by gross billing:

Market Size of Targeted Marketing for SMBs (China), 2013 – 2022E

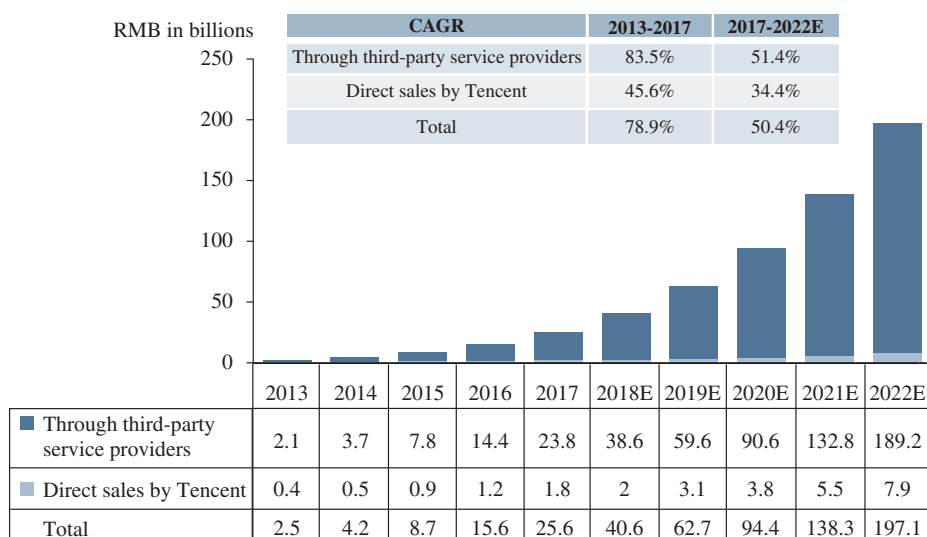


Source: Frost & Sullivan Report

Note: Market size refers to the total marketing expenditures of all types of marketers, agencies and advertisers, but having eliminated double counting of the same expenditures which is charged by advertisers/marketers through agencies.

The following chart illustrates the market size of targeted marketing in Tencent system by sales channel, as measured by revenue:

Market Size of Targeted Marketing in Tencent System by Sales Channel, 2013-2022E

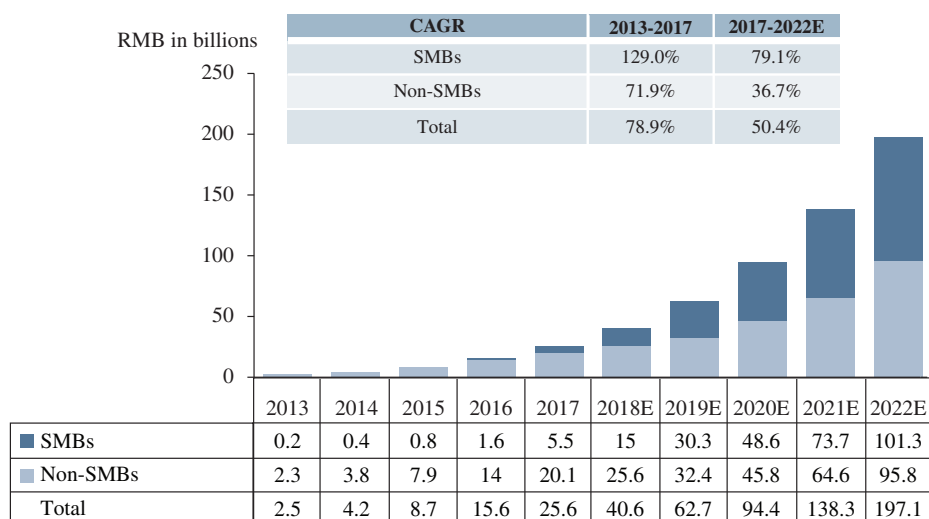


Source: Frost & Sullivan Report

INDUSTRY OVERVIEW

The following chart illustrates the market size of targeted marketing in Tencent system by types of advertisers, as measured by revenue:

Market Size of Targeted Marketing in Tencent System by Advertiser Type, 2013-2022E



Source: Frost & Sullivan Report

We were the top targeted marketing provider for SMBs on Tencent's social networking service platforms in 2016 and 2017. The following chart illustrates the top five targeted marketing providers for SMBs on Tencent's social networking service platforms in terms of gross billing in 2016 and 2017:

Players	Gross Billing in 2016 (RMB in millions)	Market Share in 2016	Gross Billing in 2017 (RMB in millions)	Market Share in 2017
Weimob (微盟)	174	11.2%	933	17.0%
Guanglianxianfeng (廣聯先鋒)	70	4.5%	410	7.5%
Adsky Marketing (凱美廣告)	60	3.8%	360	6.5%
Tengrui (騰睿)	40	2.6%	340	6.2%
Dexuan (德詢)	40	2.6%	300	5.5%
Total Gross Billing of Targeted Marketing Providers for SMBs on Tencent Platforms	1,560	100%	5,500	100%

Source: Frost & Sullivan Report

According to Frost & Sullivan, Guanglianxianfeng is an Internet marketing services provider. Adsky Marketing is an Internet marketing company. Dexuan is a network marketing service company.

INDUSTRY OVERVIEW

Market Drivers of China's Mobile Targeted Marketing Market

- *Programmatic Buying Technology.* As innovative technologies such as programmatic buying and real-time bidding evolve in the mobile targeted marketing market, the effectiveness and capability of online marketing service providers are likely to improve significantly.
- *Enlarging Number of Internet and Mobile Internet Users.* In recent years, the number of Internet users and mobile users in China have increased significantly, comprising nearly half the total population, forming a solid customer base to bring about great growth potential and opportunities to the online marketing market.
- *Changing Lifestyle and Consumption Habits.* In recent years, people have increasingly spent more time on the Internet, especially on social and entertainment media. As various media channels increasingly capture users' leisure time and data, online marketing is consequently able to reach target audiences and convert data traffic into economic benefits.

Future Trends of China's Mobile Targeted Marketing Market

- *Integration of Media Resources.* Online marketing technology companies will help advertisers deliver marketing content more effectively and directly, by tracking target audiences across various devices such as PC, mobile phones, and smart devices, and building more complete user profiles.
- *Rise of Mobile Online Marketing.* Compared to marketing through PC and other more traditional outlets, mobile online marketing has notable advantages in terms of accessibility and portability. Mobile online marketing is expected to expand further, driven by a growing base of mobile users and continuous innovation of mobile technologies.
- *Rapid Development of Advanced Online Marketing Data Technologies.* With the help of innovative technologies, advertisers are able to collect, monitor, and analyze data gathered from audience groups to obtain valuable insights and evaluate the performance of marketing campaigns. This allows them to adjust and implement marketing strategies more accurately.
- *Enrichment, Diversification and Personalization of Marketing Content.* In order to capture target audiences' attention and meet their constantly evolving preferences, enrichment and diversification of marketing content will become one of the most critical factors for online marketing companies to succeed.

REGULATORY ENVIRONMENT

RELEVANT PRC LAWS AND REGULATIONS

Information disclosed in this section is relevant PRC laws, regulations and regulatory documents in effect which have a significant impact on our operations in the PRC as of the date of this prospectus (hereinafter referred to as “PRC Laws”), which are subject to change in the future, but it does not serve as all PRC laws applicable to our operations in the PRC.

I. Regulations and Policies on Computer Software and Internet

(I) Regulations on Computer Software

In accordance with the Regulations on the Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on 4 June 1991 and last amended on 1 March 2013, Chinese citizens, legal persons or other entities own the copyright in software developed by them, including the right of publication, right of authorship, right of modification, right of reproduction, distribution right, rental right, right of network communication, translation right and other rights that software copyright owners shall have, regardless of whether such software has been published.

In accordance with the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated by the National Copyright Administration on 6 April 1992 and last amended on 20 February 2002, software copyrights, exclusive licensing contracts for software copyrights and software copyright transfer contracts shall be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and designates the Copyright Protection Center of China as a software registration authority. The Copyright Protection Center of China shall grant a registration certification to a computer software copyright applicant who complies with regulations.

(II) Regulations on Information Security and Privacy Protection

In accordance with the Decision on Preserving Computer Network Security (關於維護互聯網安全的決定) which was promulgated by the SCNPC on 28 December 2000 and last amended on 27 August 2009, any person who commits any of the following violations which constitutes a crime will be held criminally liable: (1) intrusion into a computer or system which is strategically important; (2) spreading politically harmful information; (3) disclosure of state secrets; (4) dissemination of false business information or (5) infringement on intellectual property rights of others. In accordance with the Measures for Security Protection Administration of the International Networking of Computer Information Networks (計算機信息網絡國際聯網安全保護管理辦法) which was promulgated by the Ministry of Public Security on 16 December 1997 and last amended by the State Council on 8 January 2011, it is forbidden to divulge state secrets or spread any information which may disturb the social order through Internet; the Ministry of Public Security has the authority to carry out supervision and inspection, and local public security bureaus may exercise their jurisdiction.

In accordance with the Cybersecurity Law of the People’s Republic of China (中華人民共和國網絡安全法) which was promulgated by SCNPC on 7 November 2016 and came into effect on 1 June 2017, the state takes measures to maintain the security and order of cyberspace and cracks down on cyber illegal activities and crimes by law; any network operator shall perform its obligation to protect network security and enhance network information management. The Measures for the Security Review of Network Products and Services (for Trial Implementation) (網絡產品和服務安全審查辦法(試行)) which was promulgated by the Cyberspace Administration Office of China on 2 May 2017 and came into effect on 1 June 2017 specifies more detailed rules as to cyber security review requirements.

REGULATORY ENVIRONMENT

In accordance with the Regulations on Technological Measures for Internet Security Protection (互聯網安全保護技術措施規定) which was promulgated by the Ministry of Public Security on 13 December 2005 and came into effect on 1 March 2006, any network user organization shall properly take anti-virus, data backup and other relevant measures, and keep for at least sixty days, information such as user registration information, login and logout time, Internet address, contents of a post and posting time, and shall stop the transmission of illegal information found, and keep relevant records. Any network user organization shall not, without consent of a user, disclose or divulge user information to any third party, unless otherwise specified by laws and regulations. Any network user organization shall, by law, use technical measures for Internet security protection, but shall not use such measures to infringe on the freedom of users to communicate and their communication secrets.

In accordance with the Decision of the Standing Committee of the National People's Congress on Strengthening Network Information Protection (全國人民代表大會常務委員會關於加強網絡信息保護的決定) which was promulgated by SCNPC on 28 December 2012 and came into effect on the same date, network service providers and other enterprises and public institutions shall collect and use electronic personal information of citizens in business activities, legally, legitimately, to the extent necessary and subject to indication of purposes, methods and scope of collection and use of the information, and subject to consent of the information owner, and shall not collect or use information in violation of laws, regulations and agreements between both parties. Network service providers and other enterprises and public institutions shall take technical and other necessary measures to ensure information security and prevent the divulging, damage and loss of electronic personal information of citizens collected in business activities. Remedial measures shall be taken immediately if information is or may be divulged, damaged or lost; electronic personal information of citizens collected in business activities shall be strictly kept confidential and shall not be divulged, tampered, damaged, sold or illegally provided to other persons.

In accordance with the Several Provisions on Regulating the Market Order of Internet Information Services (規範互聯網信息服務市場秩序若干規定) which was promulgated by the Ministry of Industry and Information Technology of the People's Republic of China on 29 December 2011 and came into effect on 15 March 2012, Internet information service providers shall not, without consent of the user, collect or provide any third party with any personal information of the user, and shall notify the user of the methods, contents and purposes of the collection and processing of personal information of the user, and shall collect relevant information only to the extent necessary for provision of services. In accordance with the Provisions on the Protection of Personal Information of Telecommunications and Internet Users (電信和互聯網用戶個人信息保護規定) (the "Circular 24") which was promulgated by the MIIT on 16 July 2013 and came into effect on 1 September 2013, personal information of a user shall be collected and used legally, legitimately, to the extent necessary and subject to consent of the user, the purposes, methods and scope as specified.

In accordance with the Criminal Law of the People's Republic of China (中華人民共和國刑法) which was promulgated by the National People's Congress on 1 July 1979 and last amended on 4 November 2017, a network service provider is subject to criminal liability if such network service provider fails to perform such obligation to manage information network security as specified by laws and administrative regulations, and refuses to make corrections when is ordered by a supervisory authority to do so, and involves any of the specified serious cases.

REGULATORY ENVIRONMENT

(III) National Plan for Development of Strategic Emerging Industries

The 13th Five-Year Plan for Development of Strategic Emerging Industries in China (GF [2016] No. 67) (“十三五” 國家戰略性新興產業發展規劃) which was promulgated by the State Council on 29 November 2016 and came into effect on the same date requires that “efforts shall be made to promote the leapfrog development of the information technology industry and explore new space for cybereconomy” and “efforts shall be made to encourage the use of information network technologies for promoting the change in production, management and marketing models, rebuilding the industrial chain, the supply chain and the value chain, and accelerating formation of new production, circulation and exchange models.”

(IV) Outline of National Medium and Long-Term Plan for Scientific and Technological Development

In accordance with the Outline of National Medium and Long-Term Plan for Scientific and Technological Development 2006-2020 (國家中長期科學和技術發展規劃綱要(2006-2020年)) which was promulgated by the State Council on 26 December 2005 and came into effect on the same date, “information support technologies for the modern service industries and large application software” are listed as a key field and priority, including “high-reliability network software platform necessary for the development of financial, logistics, online education, media, medical treatment, tourist, e-government affair, e-commerce and other modern service industries; and large application support software, middleware, embedded software, grid computing platform and infrastructure, and software system integration and other key technologies, and provision of comprehensive solution.”

(V) Guiding Catalog of Industrial Structure Adjustment

In accordance with the Guiding Catalog of Industrial Structure Adjustment (2011) (產業結構調整指導目錄(2011年本)) which was promulgated by the NDRC on 16 February 2013 and came into effect on 1 May 2013, system development and application service of e-commerce and e-government affair fall into the “encouraged” category.

(VI) Outline of 13th Five-Year Plan for the National Economic and Social Development

The Outline of 13th Five-Year Plan for the National Economic and Social Development of the People’s Republic of China (中華人民共和國國民經濟和社會發展第十三個五年規劃綱要) which was promulgated by the National People’s Congress on 16 March 2016 and came into effect on the same date, pointed out that “efforts shall be made to accelerate integrated development of Internet in multiple fields” and adoption of Internet-based business and management models, and cultivate a “Internet +” ecosystem.

(VII) Policies on the Software Industry

The Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries (進一步鼓勵軟件產業和集成電路產業發展的若干政策) which was promulgated by the State Council on 8 January 2011 and came into effect on the same date specifies a series of policies on tax preference, promotion of investment and scientific research and talent support for the software industry. The National Informatization Development Strategy 2006-2020 (2006-2020年國家信息化發展戰略) which was promulgated by the General Office of the State Council and the General Office of the Central Committee of the Communist Party of China on 19 March 2006 and came into effect on the same date specifies that putting efforts to promote informatization is a strategic measure covering the overall modernization of China.

REGULATORY ENVIRONMENT

The Several Policies on Encouraging the Development of the Software and Integrated Circuit Industries (鼓勵軟件產業和集成電路產業發展的若干政策) which was promulgated by the State Council on 24 June 2000 and came into effect on the same date requires that efforts shall be made to promote the development of the software and integrated circuit industries, enhance the innovation capability and the international competitiveness in the information industry, drive the transformation of traditional industries and product upgrade, and further promote continuous, rapid and healthy development of the national economy.

II. Regulations on Advertising Businesses

The Advertising Law of the People's Republic of China (中華人民共和國廣告法) which was promulgated by SCNPC on 27 October 1994 and last amended on 1 September 2015 requires that advertisers, advertisement operators and advertisement publishers shall ensure that contents of advertisements produced or spread by them are true and totally comply with applicable laws and regulations, and contents of advertisements shall not include, *inter alia*, information which (1) damages the national dignity or interest, or involves state secrets; (2) contains such words as “national”, “highest level” and “the best”; and (3) involves ethnic, racial, religious and gender discrimination. In addition, advertisements with certain special contents shall be subject to government review prior to publication, and advertisers, advertisement operators and advertisement publishers shall confirm that such review has been sufficiently implemented and relevant approvals have been obtained. Violation of the aforesaid requirements may lead to penalties, confiscation of advertising revenues, or being ordered to stop spreading the advertisement or to publish an advertisement for correcting any misleading information. If such case is serious, the industrial and commercial administration authority may order termination of advertising operation or cancelation of the business license.

The Interim Measures for the Administration of Internet Advertising (互聯網廣告管理暫行辦法) which was promulgated by the SAIC on 4 July 2016 and came into effect on 1 September 2016 governs all advertisements published on the Internet, including but not limited to advertisements in the form of text, image, audio and video which are published through website, web page and application. Internet advertisement operators and publishers shall not design, produce, provide agency services for or publish any false advertisement they know or should have known; shall establish a review and file management system to inspect and verify relevant supporting documents, and check contents of advertisements; and shall not design, produce, provide agency services for or publish any advertisement whose contents are untrue or without sufficient supporting documents.

III. Regulations on Intellectual Property Rights

(I) Trademark

In accordance with the Trademark Law of the People's Republic of China (中華人民共和國商標法) (hereinafter referred to as the “Trademark Law”) which was promulgated by SCNPC on 23 August 1982, came into effect on 1 March 1983 and was last amended on 30 August 2013, and the Regulations for the Implementation of the Trademark Law of the People's Republic of China (中華人民共和國商標法實施條例) (hereinafter referred to as the “Regulations for the Implementation of the Trademark Law”) which was promulgated by the State Council on 3 August 2002, came into effect on 15 September 2002 and was last amended on 29 April 2014, any trademark which is registered with the approval of the Trademark Office is a registered trademark, including commodity trademark, service trademark, collective trademark, certification trademark, and the trademark registrant has the exclusive right to use a registered trademark and such right is protected by law. A registered trademark is valid for a period of 10 years commencing from the date on which the registration is approved. Use of a trademark that is identical with or similar to a registered trademark, for the same kind of or similar commodities, without authorization of the trademark registrant, constitutes infringement of the exclusive right to use a registered trademark.

REGULATORY ENVIRONMENT

(II) Domain Name

In accordance with the Measures for the Administration of Internet Domain Names (互聯網域名管理辦法) which was promulgated by the MIIT on 24 August 2017 and came into effect on 1 November 2017, the Implementing Rules of China Internet Network Information Center on Domain Name Registration (中國互聯網絡信息中心域名註冊實施細則) which was promulgated by China Internet Network Information Center on 29 May 2012 and came into effect on the same day, and the Measures of the China Internet Network Information Center on Domain Name Dispute Resolution (中國互聯網絡信息中心域名爭議解決辦法) which was promulgated by China Internet Network Information Center on 1 September 2014 and came into effect on the same date, domain name registrations are handled through domain name service agencies established under relevant regulations, and the applicant becomes a domain name holder upon successful registration, and domain name disputes shall be submitted to an organization authorized by China Internet Network Information Center, for resolution.

In accordance with the Notice from the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (工業和信息化部關於規範互聯網信息服務使用域名的通知) which was promulgated by the Ministry of Industry and Information Technology of the People's Republic of China on 27 November 2017 and came into effect on 1 January 2018, Internet access service providers shall verify the identity of each Internet information service provider, and shall not provide services to any Internet information service provider who fails to provide real identity information.

(III) Copyright

In accordance with the Copyright Law of the People's Republic China (中華人民共和國著作權法) which was promulgated by SCNPC on 7 September 1990 and last amended on 1 April 2010, Chinese citizens, legal persons or other entities own the copyright in their works whether published or not, including written works; oral works; music, comedy, arts of talking and singing, dance and acrobatics; work of art and architecture work; photographic works; cinematographic work and work created by the method similar to the film production method; engineering design drawing, product design drawing, map, sketch and other graphic works and model works; computer software and other works specified by laws and administrative regulations. The rights a copyright owner has include but not limited to the following rights of the person and property rights: the right of publication, right of authorship, right of modification, right of integrity, right of reproduction, distribution right, rental right, right of network communication, translation right and right of compilation.

In accordance with the Regulations on the Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on 4 June 1991 and last amended on January 30, 2013, Chinese citizens, legal persons or other entities own the copyright, including the right of publication, right of authorship, right of modification, right of reproduction, distribution right, rental right, right of network communication, translation right and other rights software copyright owners shall have in software developed by them, regardless of whether it has been published. In accordance with the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated by the National Copyright Administration on 6 April 1992 and last amended on 20 February 2002, software copyrights, exclusive licensing contracts for software copyrights and software copyright transfer contracts shall be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and designates the Copyright Protection Center of China as a software registration authority. The Copyright Protection Center of China shall grant a registration certification to a computer software copyright applicant who complies with regulations.

REGULATORY ENVIRONMENT

IV. Regulations in Relation to Tax

(I) Enterprise Income Tax

In accordance with the Enterprise Income Tax Law (中華人民共和國企業所得稅法) which was promulgated by the National People's Congress on 16 March 2007, came into effect on 1 January 2008 and was last amended on 24 February 2017 and the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法實施條例) (hereinafter referred to as the "Regulations on the Implementation of the EIT Law") which was promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008, if an enterprise is established in China by law, or is established under laws of a foreign country (region) but has a de facto management body located in China, such enterprise is subject to corporate income tax at a rate of 25%. High and new technology enterprises the state needs to support are subject to corporate income tax at a reduced rate of 15%.

In accordance with the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) and other applicable PRC laws, any Hong Kong resident enterprise which satisfies relevant conditions and requirements is subject to withholding tax at a rate reduced from 10% to 5%, on the dividend obtained from a PRC resident enterprise. However, in accordance with the Announcement on Issues Concerning Beneficial Owner in Tax Treaties (關於稅收協議中受益所有人有關問題的公告) which was promulgated by the SAT on 3 February 2018 and came into effect on 1 April 2018, any applicant whose operations do not constitute actual operations may not be recognized as a "beneficial owner", thus the aforesaid reduce tax rate of 5% is not applicable.

In accordance with the Notice on Revision, Printing and Distribution of "the Administrative Measures for Identification of High and New Technology Enterprises" (關於修訂印發<高新技術企業認定管理辦法>的通知) (hereinafter referred to as the "Administrative Measures") which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the SAT on 29 January 2016 and the Administrative Measures for Identification of High and New Technology Enterprises (高新技術企業認定管理辦法) came into effect on 1 January 2016, high and new technology enterprise means a resident enterprise which is registered in Mainland China (excluding Hong Kong, Macau and Taiwan), who continuously carries out research, development and transformation of technological achievements to create its core proprietary intellectual property rights and conducts business activities on this basis, in the fields specified by High and New Technology Fields Supported by the State (國家重點支持的高新技術領域). A high and new technology enterprise which is identified in accordance with the aforesaid conditions may apply for tax preference in accordance with the EIT Law and the Regulations on the Implementation of the EIT Law, the Law of the People's Republic of China on the Administration of Tax Collection (中華人民共和國稅收徵收管理法) promulgated on September 4, 1992 and came into effect on January 1, 1993 with the latest amendment made on April 24, 2015 (hereinafter referred to as the "Tax Collection Administration Law") and the Detailed Rules for the Implementation of the Law of the People's Republic of China on the Administration of Tax Collection (中華人民共和國稅收徵收管理法實施細則) promulgated on August 4, 1993 with the latest amendment made on February 6, 2016 (hereinafter referred to as the "Detailed Rules for the Implementation of the Tax Collection Administration Law"). An enterprise which is recognized as a high and new technology enterprise is entitled to tax preference from the year in which the high and new technology enterprise certificate is granted, and may go through the tax preference procedure with the competent tax authority in accordance with Article 4 of the Administrative Measures. The qualification of a high and new technology enterprise is valid for three years from the date on which the certificate is granted.

REGULATORY ENVIRONMENT

(II) Value-added Tax

In accordance with the Provisional Regulations of the People's Republic of China on Value-added Tax (中華人民共和國增值稅暫行條例) (hereinafter referred to as the "Provisional Regulations on Value-added Tax") which was promulgated by the State Council on December 13, 1993, came into effect on January 1, 1994 and was last amended November 19, 2017 and the Detailed Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax (中華人民共和國增值稅暫行條例實施細則) (hereinafter referred to as the "Detailed Rules for the Implementation of Provisional Regulations on Value-added Tax") which was promulgated by the Ministry of Finance and the SAT on 15 December 2008, came into effect on 1 January 2009 and was last amended on 28 October 2011, entities and individuals selling goods, services and intangible assets in the People's Republic of China are VAT taxpayers and shall pay value-added tax. In accordance with the Notice on Adjusting Value-added Tax Rates (關於調整增值稅稅率的通知) which was promulgated by the Ministry of Finance and the SAT on 4 April 2018 and came into effect on 1 May 2018, if a taxpayer is engaged in sale subject to VAT at the previously applicable rate of 17%, the tax rate is reduced to 16%.

In accordance with the Notice from the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products (財政部國家稅務總局關於軟件產品增值稅政策的通知) which was promulgated by the Ministry of Finance and the SAT on 13 October 2011 and came into effect on 1 January 2011, if VAT at the rate of 17% has been levied on software products which are independently developed and produced and which are imported and localized, the excess of the actual tax over 3% shall be refunded instantly upon levy, from 1 January 2011.

(III) Urban Maintenance and Construction Tax

In accordance with the Provisional Regulations of the People's Republic of China on Urban Maintenance and Construction Tax (中華人民共和國城市維護建設稅暫行條例) which was promulgated by the State Council on 8 February 1985, came into effect on the same date and was last amended on 8 January 2011 and the Notice from the State Council on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Payable by Domestic and Foreign-invested Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) which was promulgated by the State Council on 18 October 2010 and came into effect on 1 December 2010, entities and individuals which are subject to consumption tax, VAT and business tax shall pay urban maintenance and construction tax. The tax rate is 7% for a taxpayer who is domiciled in a downtown area, and 5% for a taxpayer who is domiciled in a county or town, and 1% for a taxpayer who is domiciled outside a downtown area, county or town.

V. Regulations on Labor

(I) Labor Relations

The Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) (hereinafter referred to as the "Labor Contract Law") which was promulgated by SCNPC on 29 June 2007, came into effect on 1 January 2008 and was last amended on 28 December 2012 governs establishment of labor relations, execution, performance, change, rescission or termination of labor contracts by and between enterprises, individual economic organizations, private unincorporated organizations, other organizations and workers in the PRC and specifies relevant detailed requirements on terms and contents of labor contracts signed between the parties. In addition, the Labor Contract Law specifies the maximum working hours each day and week and the minimum wage.

REGULATORY ENVIRONMENT

(II) Social Insurance and Housing Provident Fund

In accordance with the Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法) which was promulgated by SCNPC on 28 October 2010 and came into effect on 1 July 2011, all employees shall participate in the basic endowment insurance, basic medical insurance and unemployment insurance schemes, with contribution by employers and employees; all employees shall participate in employment injury insurance and maternity insurance schemes, with contribution by employers. An employer shall complete registration with the local social insurance authority and make contribution to the social insurance fund in full and on time. If an employer fails to make contribution to the social insurance fund in full and on time, the social insurance contribution collection agency shall order such employer to make contribution or make up the balance within a specified period, and impose an overdue fine at the rate of 0.05% on a daily basis from the overdue date; if the employer fails to make payment within the specified period, the relevant administrative department may impose a fine of one to three times the overdue amount.

In accordance with the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例) which was promulgated by the State Council on 3 April 1999, came into effect on the same date and was last amended on 24 March 2002, an employer shall register with the competent housing provident fund management center and open a housing provident fund account for the employees. In addition, the employer shall make contribution to the housing provident fund for its employees on time. If an employer fails to register contributions to the housing provident fund or go through the procedure for opening a housing provident fund account for its employees, the housing provident fund management center shall order such employer to complete such registration and account opening within a specified period. Failure by the employer to complete such registration and account opening within the specified period will lead to a fine between RMB10,000 and RMB50,000. If an employer fails to make contribution to the housing provident fund on time or in full, the housing provident fund management center shall order the employer to make contribution within a specified period; if the employer fails to make contribution within the specified period, an application may be submitted to the people's court for enforcement.

VI. Regulations on Foreign Exchange Administration

(I) General Foreign Exchange Administration

The Regulations on Foreign Exchange Administration of the People's Republic of China (中華人民共和國外匯管理條例) (hereinafter referred to as the "Regulations on Foreign Exchange Administration") which was promulgated by the State Council on 29 January 1996, came into effect on 1 April 1996 and was last amended on 5 August 2008 is an important legal basis for foreign exchange supervision and regulation by relevant authorities in China. In accordance with the Regulations on Foreign Exchange Administration, RMB may be freely converted for payment for current account items (such as foreign exchange transactions in relation to commodity, trade and service, and dividend distribution), based on real and lawful transactions; but RMB cannot be freely converted for payment for capital account items (such as share capital transfer, direct investment, securities investment, derivatives or loan) without prior approval of the SAFE.

REGULATORY ENVIRONMENT

In accordance with the Notice from the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) (hereinafter referred to as “Circular 59”) which was promulgated by the SAFE on 19 November 2012, came into effect on 17 December 2012 and was last amended on 4 May 2015, opening a foreign exchange account under direct investment and transfer of foreign exchange in China which is accounted for as direct investment shall be subject to approval. Circular 59 also simplifies the capital verification procedure for foreign-invested entities; the overseas capital and foreign exchange registration procedure necessary for foreign investors to acquire equity interests; the foreign exchange registration procedure necessary for foreign investors to acquire equity interests of Chinese entities; and further improves foreign exchange settlement management of foreign exchange capitals of foreign-invested entities.

The Notice from the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (hereinafter referred to as “Circular 13”) which was promulgated by the SAFE on 13 February 2015 and came into effect on 1 June 2015 specifies that for further deepening the reform of foreign exchange administration of capital items, promoting and facilitating operation of cross-border investment funds of enterprises, standardizing foreign exchange administration of direct investment and enhancing the administration efficiency, banks may directly handle the foreign exchange registration under domestic and foreign direct investment, while the SAFE and its local counterpart indirectly supervise the foreign exchange registration of direct investment through banks.

The Notice from the State Administration of Foreign Exchange on Reforming the Administration Method of Settlement of Foreign Exchange Capitals of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (hereinafter referred to as “Circular 19”) was promulgated by the SAFE on 30 March 2015, came into effect on 1 June 2015 and superseded the Notice from the State Administration of Foreign Exchange on Reforming the Administration Method of Settlement of Foreign Exchange Capitals of Foreign-invested Enterprises (hereinafter referred to as “Circular 142”) from the effective date. Circular 19 specifies that foreign exchange settlement by foreign-invested enterprise is subject to supervision under foreign exchange settlement policies, and cancels certain foreign exchange restrictions under Circular 142. However, Circular 19 restates that foreign exchange settlement is only applicable to all purposes within the business scope of a foreign-invested enterprise.

In accordance with the Notice from the State Administration of Foreign Exchange on Reforming and Regulating the Policies of Administration of Foreign Exchange Settlement for Capital Items (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (hereinafter referred to as “Circular 16”) which was promulgated by the SAFE on 9 June 2016 and came into effect on the same date, an enterprise registered in China may, at its sole discretion, convert its foreign debts in a foreign currency to RMB. Circular 16 provides a unified standard for foreign exchange under capital items (including but not limited to foreign currency capital and foreign debt) which may be convertible at the sole discretion of the enterprise. Such standard is applicable to all enterprises registered in the PRC. In addition, Circular 16 restates that, unless otherwise specified, an enterprise shall not directly or indirectly use RMB funds obtained as a result of conversion of foreign currency funds, for purposes outside the business scope, or for wealth management investments other than securities investment or capital protected products of banks in China. Moreover, except within the business scope, RMB funds obtained as a result of conversion shall not be used as loans to related companies; save for investment in a real estate enterprise, RMB funds obtained as a result of conversion shall not be used for construction or purchase of real estate which will not be used by the enterprise.

REGULATORY ENVIRONMENT

(II) Foreign Exchange Registration for Overseas Investments by PRC Residents

The Notice on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (hereinafter referred to as “Circular 37”) which was promulgated by the SAFE on 4 July 2014 and came into effect on the same date supersedes “Circular 75 of the State Administration of Foreign Exchange” promulgated by the SAFE on 21 October 2005. Circular 37 specifies that if a PRC resident directly establishes an enterprise in a foreign country or indirectly controls a foreign enterprise, with its legally owned assets or equity interests in domestic enterprises or offshore assets or interests, for the purposes of investment and financing, such PRC resident shall register with the SAFE or its local counterpart. Circular 37 further specifies that change in basic information such as individual PRC resident shareholder, name and duration of a registered overseas special purpose vehicle, or major changes such as capital contribution increase, decrease, equity transfer or exchange by individual PRC resident shareholders, merger or division of a registered overseas special purpose vehicle shall be registered with the foreign exchange administration in a timely manner under the foreign exchange change registration procedure for overseas investment.

(III) Equity Incentive Plan

In accordance with the Notice from the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Domestic Individuals’ Participation in Equity Incentive Plans of Overseas Listed Companies (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) which was promulgated by the SAFE on 15 February 2012 and came into effect on the same date, a PRC citizen who participates in the equity incentive plan of an overseas listed company or an individual who participates in such plan and has resided in China for a consecutive period of not less than one year, shall go through relevant procedures with the SAFE or its local counterpart, through a qualified PRC agent (which could be a PRC subsidiary of the overseas listed company), save for a few exceptions. A signing participant shall appoint an overseas trustee to handle matters in relation to their exercise of share options, purchase and sale of corresponding shares or interests, and transfer of funds. In addition, in case of any major change of the equity incentive plan, the PRC agent or overseas trustee or other major changes, the PRC agent shall register the change with the SAFE in respect of the equity incentive plan. The PRC agent shall, on behalf of a PRC resident who has the right to exercise the employee share option, apply to the SAFE or its local counterpart for an annual quota for foreign exchange payment with respect to foreign currency payment in relation to exercise by the PRC resident of the employee share option. Foreign exchange earnings obtained by a PRC resident from sale of shares according to the equity incentive plan and the dividend distributed by an overseas listed company shall be remitted to a bank account opened by the PRC agent in China prior to distribution to the PRC resident. In addition, in accordance with Circular 37, a PRC resident who participates in the equity incentive plan of an overseas non-listed company may apply to the SAFE or its local counterpart for foreign exchange registration of an overseas special purpose vehicle.

REGULATORY ENVIRONMENT

(IV) Dividend Distribution

In accordance with the Company Law of the People's Republic of China (中華人民共和國公司法) last amended on 1 March 2014, the Foreign-invested Enterprise Law of the People's Republic of China (中華人民共和國外資企業法) last amended on 1 October 2016, the Detailed Rules for the Implementation of the Foreign-invested Enterprise Law (外資企業法實施細則) last amended on 1 March 2014, the Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures (中華人民共和國中外合資經營企業法) last amended on 1 October 2016, the Regulations for the Implementation of the Law on Chinese-Foreign Equity Joint Ventures (中外合資經營企業法實施條例) amended on 19 February 2014, the Sino-Foreign Cooperative Enterprise Law of the People's Republic of China (中華人民共和國中外合作經營企業法) and the Detailed Rules for the Implementation of the Sino-Foreign Cooperative Enterprise Law (中外合作經營企業法實施細則) last amended on 17 November 2017, a foreign-invested enterprise shall pay dividends only out of accumulated profits (if any) determined according to PRC accounting standards and regulations. Unless otherwise specified by laws on foreign investment, a Chinese company shall set aside at least 10% of its after-tax profits as statutory reserve until the statutory reserve reaches 50% of its registered capital. The aforesaid capital reserve shall not be distributed as cash dividend. A wholly foreign-owned enterprise may, at its sole discretion, allocate a portion of after-tax profits as employee benefits, but shall not distribute profits prior to making up the losses for previous accounting years. Retained profits for the previous financial year may be distributed together with distributable profits for the current financial year.

VII. Regulations on Establishment of Companies and Foreign Investment

The Foreign-invested Enterprise Law of the People's Republic of China (中華人民共和國外資企業法) promulgated on April 12, 1986 and last amended on 3 September 2016 and the Detailed Rules for the Implementation of the Foreign-invested Enterprise Law (中華人民共和國外資企業法實施細則) last amended on 19 February 2014 specify relevant matters such as the procedure of establishment of a wholly foreign-owned enterprise, registered capital requirements, foreign exchange, accounting practice, taxation and labor. The Decision of the Standing Committee of the National People's Congress on Amending Four Laws including the Foreign-invested Enterprise Law of the People's Republic of China (全國人民代表大會常務委員會關於修改〈中華人民共和國外資企業法〉等四部法律的決定) which was promulgated by SCNPC on 3 September 2016 and came into effect on 1 October 2016 amends the procedure of foreign investment in China, such that, for foreign investments which are not subject to the measures for special administration of access in the commercial field, registration is required without application for approval under existing regulations. In accordance with the notice promulgated by the NDRC and the MOFCOM on 8 October 2016, the measures for special administration of access shall be implemented by reference to regulations in the Catalog of Industries for Guiding Foreign Investment (外商投資產業指導目錄) (last amended in 2017) as to industries in which foreign investment is restricted, prohibited and encouraged. In accordance with the Interim Administration Measures for Registration of Establishment and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法) amended by the MOFCOM on 30 July 2017, establishment and change of a foreign-invested enterprise which are not subject to the special administrative measures for access specified by the state are not subject to approval but shall be registered with a relevant authority of commerce.

REGULATORY ENVIRONMENT

In accordance with the Provisions on Guiding the Orientation of Foreign Investment (指導外商投資方向的規定) which was promulgated by the State Council on 11 February 2002 and came into effect on 1 April 2002 and the Catalog of Industries for Guiding Foreign Investment (2017 Revision) (外商投資產業指導目錄) (2017年版) which was promulgated by the NDRC and the MOFCOM on 28 June 2017 and came into effect on 28 July 2017, any foreign investment in China is subject to supervision. Foreign investment projects are classified into four categories, namely encouraged, permitted, restricted and prohibited. Encouraged, restricted and prohibited foreign investment projects are listed in the Catalog of Industries for Guiding Foreign Investment. Foreign investment projects which do not fall into the categories of encouraged, restricted and prohibited foreign investment projects are permitted foreign investment projects, which are excluded from the Catalog of Industries for Guiding Foreign Investment. Moreover, the Special Administrative Measures for Foreign Investment Access (2018) (外商投資准入特別管理措施) (2018年版) which was promulgated by the NDRC and the MOFCOM on 28 June 2018 and came into effect on 28 July 2018 reduces such scope of industries in which foreign investments are restricted or prohibited as specified in the Catalog of Industries for Guiding Foreign Investment.

VIII. Regulations on Merger and Acquisition by Foreign Investors

In accordance with the Regulations on Merger and Acquisition of Chinese Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) which was jointly adopted by six PRC regulatory authorities, including China Securities Regulatory Commission, on 8 August 2006 and last amended on 22 June 2009, a foreign investor shall comply with merger and acquisition regulations, in purchase of equity interests in a Chinese enterprise or subscription to the capital increase in a Chinese enterprise, thus changing the Chinese enterprise into a foreign-invested enterprise; or establishment of a foreign-invested enterprise in China, purchase of assets of a Chinese enterprise and operation of relevant assets; or purchase of assets of a Chinese enterprise, or establishment of a foreign-invested enterprise through asset injection, and operation of relevant assets.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

Our business commenced in April 2013 when our predecessor, Shanghai Weimob Enterprise Co., Ltd. (上海微盟企業有限公司) (“**Weimob Enterprise**”), was established. Prior to September 2016, our business was mainly carried out by Weimob Enterprise and certain of its subsidiaries in the PRC. Since then, we have become China’s leading cloud-based commerce and marketing solutions provider for SMBs in the PRC and China’s leading targeted marketing provider for SMBs on Tencent’s social networking service platforms, according to Frost & Sullivan.

Weimob Development was established in September 2014. In September 2016, Weimob Enterprise transferred all of its “B2B Business”, being the offering of a wide array of cloud-based commerce and marketing solutions through our SaaS products and targeted marketing service, to Weimob Development.

Between January 2018 and July 2018, in preparation for the Listing, we completed a series of pre-IPO investments at the offshore level in our Company and at the onshore level in Weimob Development, and undertook a corporate reorganization whereupon our Company became the holding company and the listing vehicle of our Group, while Weimob Enterprise ceased to be part of our Group and superseded by Weimob Development.

KEY BUSINESS MILESTONES

Our key development milestones are summarized below:

Date	Event
2013	Establishment of Weimob Enterprise and launch of our first SaaS product and becoming one of the first collaborators on WeChat Official Accounts
2014	Establishment of Weimob Development
2015	Completion of the Series B Investments for a total amount in excess of RMB143 million
2016	Transfer of our business from Weimob Enterprise to Weimob Development and awarded as the Best Service Provider in Regional and Industry Channels of Tencent Social Advertising
2017	Launch of Weimob Cloud platform and becoming one of the first providers to offer commerce and marketing solutions through WeChat Mini Program
2018	Completion of Series C and Series D Investments for a total amount in excess of US\$280 million and corporate reorganization

See “Business – Awards and Recognitions” for further details.

OUR PREDECESSOR, WEIMOB ENTERPRISE, AND OUR MAJOR SUBSIDIARY AND OPERATING ENTITY, WEIMOB DEVELOPMENT

Weimob Enterprise, our predecessor and the then holding company of our business, was established in April 2013 in Shanghai by Mr. Sun and an Independent Third Party, who held 99% and 1% of the equity interest, respectively.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Weimob Development was established on September 10, 2014 in Shanghai by Mr. Sun, Mr. You, Mr. Fang and Beijing Yiming Investment Management Center (LLP) (北京奕銘投資管理中心(有限合夥)) (“**Beijing Yiming**”), who held 61.8%, 26.5%, 4.7% and 7.0% of the equity interest, respectively.

Weimob Enterprise and Weimob Development attracted a series of capital injections since their respective establishment:

Series A Investments

In October 2014, Suzhou Meridian Cultural Industrial Investment Co. (LLP) (蘇州華映文化產業投資企業(有限合夥)) (“**Meridian Cultural**”) and Suzhou Industrial Park 825 New Media Investment Co. (LLP) (蘇州工業園區八二五新媒體投資企業(有限合夥)) (“**SIP 825**”), each an Independent Third Party, subscribed for, in aggregate, 15.25% of the equity interest in Weimob Enterprise and Weimob Development, by way of capital injection for an aggregate consideration of RMB18,000,000 (the “**Series A Investments**”). Each of Meridian Cultural and SIP 825 paid a consideration of RMB9,000,000 to subscribe for 7.63% of the equity interest in Weimob Enterprise and Weimob Development. The relevant consideration was determined after arm’s length negotiations between the parties with reference to the timing of the investments and the prospect of the business of Weimob Enterprise and Weimob Development.

Series B Investments

In June 2015, Meridian Cultural, SIP 825, Golden Food Co. Ltd. (金字食品有限公司) (previously known as Golden Ham Co. Ltd. (金字火腿股份有限公司)) (“**Golden Food**”) and Mr. Chen Haichang (陳海昌) (“**Mr. Chen**”), each an Independent Third Party, subscribed for, in aggregate, 20.50% of the equity interest in Weimob Enterprise and Weimob Development, by way of capital injection for an aggregate consideration of RMB143,500,000 (the “**Series B Investments**”). Meridian Cultural, SIP 825, Golden Food and Mr. Chen paid RMB1,750,000, RMB1,750,000, RMB126,000,000 and RMB14,000,000, respectively, to subscribe for 0.25%, 0.25%, 18.00% and 2.00%, respectively, of the equity interest in Weimob Enterprise and Weimob Development. The relevant consideration was determined after arm’s length negotiations between the parties with reference to the timing of the investments and the prospect of the business of Weimob Enterprise and Weimob Development.

Weimob Development became a wholly-owned subsidiary of Weimob Enterprise

In July 2015, Weimob Enterprise acquired all of Weimob Development’s equity interest from Mr. Sun, Mr. You, Mr. Fang, Beijing Yiming, Meridian Cultural, SIP 825, Golden Food and Mr. Chen, being all of the shareholders of Weimob Development at the time, for a total consideration of RMB27,604,000 by way of a share swap, and Weimob Development became a wholly-owned subsidiary of Weimob Enterprise until January 2018.

Yongming Investment

In June, 2016, Beijing Yongming Huiyang Equity Investment Partnership (LLP) (北京永明匯陽股權投資合夥企業(有限合夥)) (“**Beijing Yongming**”), an Independent Third Party, subscribed for 25.00% of the equity interest in Weimob Enterprise by way of capital injection for a consideration of RMB500,000,000. The relevant consideration was determined after arm’s length negotiations between the parties with reference to the timing of the investments and the prospect of the business of Weimob Enterprise.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

See “– Simplified Corporate Structure of our Group prior to the commencement of the Corporate Reorganization and the Pre-IPO Investments in January 2018” for further details. As of the Latest Practicable Date, Golden Food, Beijing Yongming and Mr. Chen have no interest in the Shares of our Company. See “– Corporate Reorganization and Pre-IPO Investments” for further details.

Transfer of our B2B Business to Weimob Development

Prior to September 2016, our business was carried out by Weimob Enterprise and its subsidiaries except for Shanghai Mengdian Information Technology Co., Ltd. (“**Mengdian**”). In September 2016, Weimob Enterprise transferred all of our B2B Business to Weimob Development, while Weimob Development transferred all of the Non-B2B Business then operated by Weimob Development to Mengdian. The board of directors of Weimob Development consisted only of the members of the Substantial Shareholders Group from January 1, 2017 to April 2018. See “Relationship with the Substantial Shareholders Group” for further details.

Mr. Sun, Mr. You and Mr. Fang had been acting in concert with each other with respect to our Group since May 2014, and would continue to act in the same manner in our Group upon Listing until the date (i) when Mr. Sun, Mr. Fang or Mr. You cease to hold any equity interest in our Company; or (ii) when the acting in concert arrangement is terminated in writing by Mr. Sun, Mr. Fang and Mr. You, whichever is earlier. See “Relationship with the Substantial Shareholders Group” for further details.

Since September 2016, we have conducted our business principally through Weimob Development. Weimob Development is principally engaged in providing cloud-based commerce and marketing solutions platform designed for SMBs in the PRC, including the offering of a wide variety of e-commerce solutions and services to merchants through its software as SaaS products offerings and targeted marketing services. See “Business” for further details.

TERMINATED TRANSACTIONS WITH TIANMA

On July 20, 2017, Tianma Bearing Group Co., Ltd. (天馬軸承集團股份有限公司) (“**Tianma**”), a company established in the PRC and listed on the Small and Medium Enterprises Board of the Shenzhen Stock Exchange (深圳證券交易所中小企業板), entered into a share purchase agreement (the “**Tianma Share Purchase Agreement**”) with Mr. Sun, Mr. Fang, Mr. You, Mr. Li Shunfeng (“**Mr. Li**”), Beijing Yiming, Meridian Cultural, SIP 825, Meng Shang and Meng Ju, being certain shareholders of Weimob Enterprise (the “**Weimob Enterprise Selling Shareholders**”), pursuant to which Tianma agreed to acquire approximately 60.42% of the equity interests in Weimob Enterprise from the Weimob Enterprise Selling Shareholders at an aggregate consideration of RMB1,199,721,400 (the “**Proposed Sale to Tianma**”). The Proposed Sale to Tianma was intended to enable Weimob Enterprise to be part of a listed entity and benefit from greater flexibility in raising capital to fund its development.

Pursuant to the Tianma Share Purchase Agreement, Mr. Sun undertook that he shall acquire shares of Tianma in a sum of not less than RMB300,000,000 by his own funds through on-market purchases within three months after Tianma resumed trading, and such acquired shares would be subject to a lock-up period of 12 months. As announced by Tianma on November 2, 2017, Mr. Sun has honoured his undertaking for the share purchases as of October 31, 2017.

On February 3, 2018, Tianma announced that Tianma and the Weimob Enterprise Selling Shareholders entered into a termination agreement to terminate the Proposed Sale to Tianma, and the Proposed Sale to Tianma never proceeded to completion. To the knowledge of the Directors, the Proposed Sale to Tianma did not proceed to completion as Tianma was not able to proceed due to deal uncertainty resulting from securing financing for the proposed acquisition.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

BEIJING WEIMOB, A KEY OPERATING SUBSIDIARY OF WEIMOB DEVELOPMENT

Beijing Weimeng Information Technology Co., Ltd. * (北京為盟信息科技有限公司) (“**Beijing Weimob**”), a key operating subsidiary of Weimob Development, was established in September 2015 in Beijing by Weimob Enterprise, and Wu Chuanwen (吳傳文), Zhao Jianshuang (趙建雙) and Wang Yang (王洋) (each of whom an Independent Third Party save for the interests and/or the directorship he holds in Beijing Weimob) who held 70%, 16.8%, 8.4% and 4.8% of the equity interests in Beijing Weimob, respectively.

In September 2016, as part of the transfer by Weimob Enterprise of all of our business to Weimob Development, Weimob Enterprise entered into an agreement with Weimob Development to transfer all of the equity interests held by it in Beijing Weimob to Weimob Development for a total consideration of RMB13,000,000. Following the registration of such transfer with the relevant local Administration of Market Regulation, the equity interests of Beijing Weimob were held as to 70%, 16.8%, 8.4% and 4.8% by Weimob Development, Wu Chuanwen, Zhao Jianshuang and Wang Yang respectively. Since then, Beijing Weimob has been an operating subsidiary of Weimob Development.

On July 20, 2018, Weimob Development entered into a share purchase agreement with Wu Chuanwen, Zhao Jianshuang and Wang Yang, pursuant to which Weimob Development agreed to acquire the 30% equity interests in Beijing Weimob held by Wu Chuanwen, Zhao Jianshuang and Wang Yang for, in aggregate, a total cash consideration of RMB18,000,000. The acquisition was completed and was registered with the relevant local Administration for Market Regulation on September 28, 2018, following which Beijing Weimob has become a wholly-owned subsidiary of Weimob Development. As of the Latest Practicable Date, our Company has paid, in aggregate, a total cash consideration of RMB11,920,000 to Wu Chuanwen, Zhao Jianshuang and Wang Yang, from its available resources. Our Company will pay the balance of the consideration in cash from its available resources in accordance with the share purchase agreement. The consideration was negotiated and determined by the parties after arm’s length negotiations with reference to the business valuation of Beijing Weimob. In this connection, at around the same time when Wu Chuanwen agreed to sell his interest in Beijing Weimob to Weimob Development, Wu Chuanwen separately subscribed for limited partnership interest in Ningbo Mengju, which is in turn a limited partner of Shanyoutao, a Shareholder of our Company. Both the investment made by Wu Chuanwen in Ningbo Mengju and the subscription for Shares by Shanyoutao as part of the Corporate Reorganization were settled on July 30, 2018, and Shanyoutao did not make any further subscription of Shares or pay any further subscription amounts to our Company subsequent to this date. See “– Corporate Reorganization and Pre-IPO Investments” for further details.

As with Weimob Development, Beijing Weimob is principally engaged in SaaS products offerings and targeted marketing.

INVESTMENT IN GUANGZHOU XIANGMINIAO

On May 16, 2018, Weimob Development entered into a share transfer and capital injection agreement with, among others, Guangzhou Xiangminiao Network Technology Co., Ltd.* (廣州向蜜鳥網絡科技有限公司) (“**Guangzhou Xiangminiao**”), Wang Liang (王亮) and Lin Xun (林迅), the founders and shareholders of Guangzhou Xiangminiao, and other shareholders of Guangzhou Xiangminiao, each of whom is an Independent Third Party. Pursuant to the agreement, Weimob Development agreed to acquire certain existing equity interests from the shareholders of Guangzhou Xiangminiao for RMB6,000,000 and make a capital injection into Guangzhou Xiangminiao for

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

RMB11,000,000. The consideration was negotiated and determined by the parties after arm's length negotiations with reference to the business valuation of Guangzhou Xiangminiao and the potential benefits to be derived from the investment in Guangzhou Xiangminiao. As of the Latest Practicable Date, Weimob Development has acquired 42.75% of the existing equity interest in Guangzhou Xiangminiao, which was registered with the relevant local Administration of Market Regulation in July 2018. The Company currently expects to complete the capital injection of Guangzhou Xiangminiao in March 2019 and immediately after the capital injection, the equity interests held by Weimob Development will be increased to 51.50% and Guangzhou Xiangminiao will become a subsidiary of Weimob Development.

Weimob Development will pay the total consideration of RMB17,000,000 in cash from the Group's available resources in accordance with the following:

- (1) following the satisfaction of certain conditions precedent, Weimob Development will pay RMB3,000,000 to the selling shareholders of Guangzhou Xiangminiao;
- (2) following the registration of the relevant transfers of equity interests with the relevant local Administration of Market Regulation, Weimob Development will pay RMB5,500,000 to Guangzhou Xiangminiao as capital injection;
- (3) following the registration of the relevant share transfers and share subscription and the commencement of the winding-up proceedings for certain affiliated companies of Guangzhou Xiangminiao, Weimob Development shall pay RMB1,800,000 to the selling shareholders for the transfer of equity interests they hold, and the remaining RMB5,500,000 to Guangzhou Xiangminiao as capital injection; and
- (4) following the completion of the winding-up of the relevant subsidiaries of Guangzhou Xiangminiao, Weimob Development shall pay the remaining RMB1,200,000 to the selling shareholders for the transfer of equity interests.

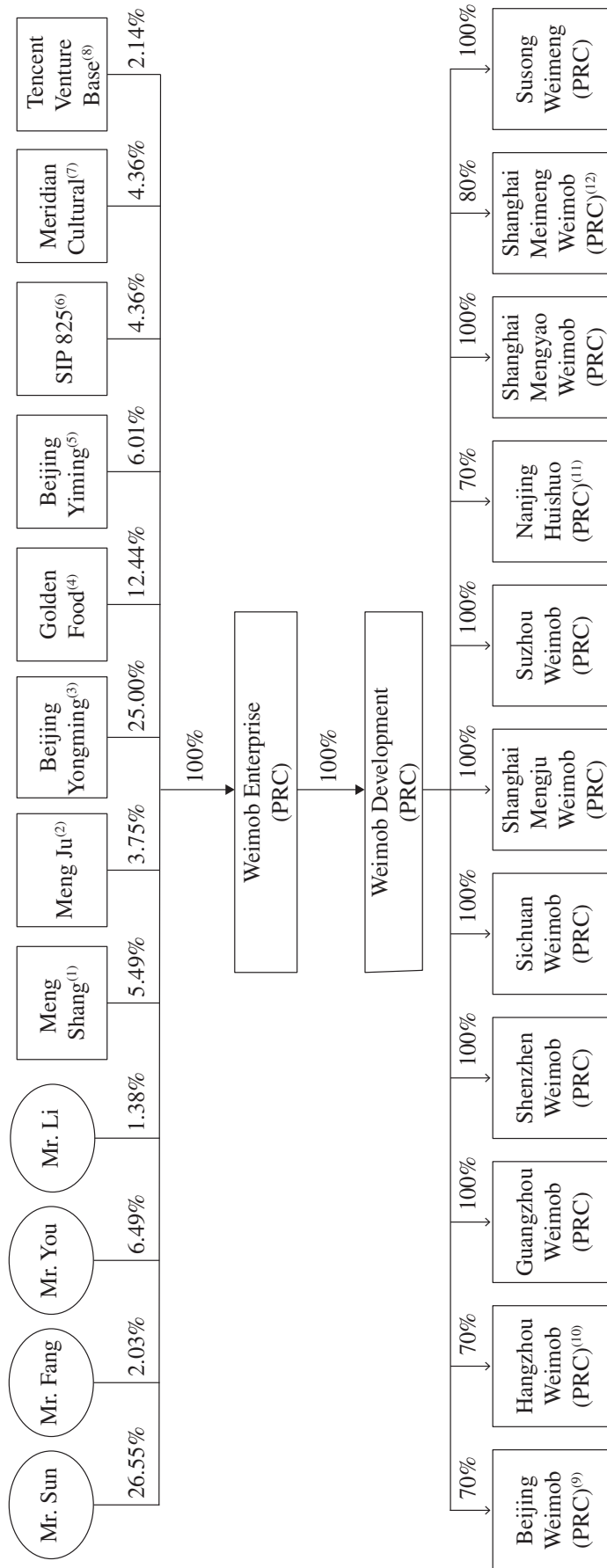
As of the Latest Practicable Date, Weimob Development has paid RMB6,500,000 in connection with the investment in Guangzhou Xiangminiao.

Guangzhou Xiangminiao is a company incorporated under the laws of the PRC, and together with its subsidiaries, Guangzhou Xiangminiao is principally engaged in the provision of commerce and marketing solutions in the hotel and hospitality industry. According to the unaudited financial statements of Guangzhou Xiangminiao, the total assets of Guangzhou Xiangminiao amounted to approximately RMB447,848 as of December 31, 2017, the total revenue of Guangzhou Xiangminiao amounted to approximately RMB36,772 for the financial year ended December 31, 2017, and the loss before taxation of Guangzhou Xiangminiao amounted to approximately RMB543,711 for the year ended December 31, 2017.

Reasons and benefits for the investment in Guangzhou Xiangminiao

Our Directors believe that the terms of the investment in Guangzhou Xiangminiao are fair and reasonable and in the interests of our Shareholders as a whole. By leveraging the industry experience of Wang Liang (王亮) and Lin Xun (林迅) (who are expected to continue to operate the business of Guangzhou Xiangminiao as remaining shareholders), the acquisition of 51.50% of the equity interests in Guangzhou Xiangminiao forms part of our strategy to expand into the new industry verticals such as hotel and hospitality, and is expected to support the Smart Hotel, our most recent vertical solution launched in July 2018. See "Business – Our Strategies" for further details.

Simplified Corporate Structure of our Group prior to the commencement of the Corporate Reorganization and the Pre-IPO Investments in January 2018



Notes:

1. Shanghai Meng Shang Investment Management Center (LLP) (上海盟商投資管理中心(有限合伙)) (“**Meng Shang**”), which is a limited partnership established under the laws of the PRC and is controlled by Mr. Sun through his capacity as the general partner of Meng Shang.
2. Shanghai Meng Ju Investment Management Center (LLP) (上海盟聚投資管理中心(有限合伙)) (“**Meng Ju**”), which is a limited partnership established under the laws of the PRC by Mr. Sun and is controlled by Mr. Sun through his capacity as the general partner of Meng Ju.
3. Beijing Yongming is a limited partnership established under the laws of the PRC and an Independent Third Party. On July 26, 2018, Meng Ju and Beijing Yongming entered into a sale and purchase agreement, pursuant to which Beijing Yongming transferred the 25.00% equity interests in Weimob Enterprise held by it to Meng Ju. Following the registration of such transfer on July 31, 2018, Beijing Yongming ceased to be a shareholder of Weimob Enterprise.
4. Golden Food is a limited company established under the laws of the PRC and an Independent Third Party. On July 26, 2018, Meng Ju and Golden Food entered into a sale and purchase agreement, pursuant to which Golden Food transferred the 12.44% equity interests in Weimob Enterprise held by it to Meng Ju. Following the registration of such transfer on July 31, 2018, Golden Food ceased to be a shareholder of Weimob Enterprise.
5. Beijing Yiming is a limited partnership established under the laws of the PRC and an Independent Third Party.
6. SIP 825 is a limited partnership established under the laws of the PRC and an Independent Third Party.
7. Meridian Cultural is a limited partnership established under the laws of the PRC and an Independent Third Party.
8. Shenzhen Tencent Venture Base Development Co., Ltd. (深圳市騰訊創業基地發展有限公司) (“**Tencent Venture Base**”) is a limited company established under the laws of the PRC and an Independent Third Party.
9. On July 20, 2018, Weimob Development entered into a sale and purchase agreement with the other shareholders of Beijing Weimob to acquire the remaining 30% of the equity interests in Beijing Weimob from such shareholders. The acquisition was registered with the relevant local Administration for Market Regulation on September 28, 2018, following which Beijing Weimob became a wholly-owned subsidiary of Weimob Development. See “– Beijing Weimob, a Key Operating Subsidiary of Weimob Development” for further details.
10. Between January 2018 and November 2018, Yu Liang (余亮) and Zhou Mengmeng (周夢夢) held 20% and 10% of the equity interests of Hangzhou Weimeng Information Technology Co., Ltd. (杭州為盟信息科技有限公司) (“**Hangzhou Weimob**”), respectively. Except in the capacity as a substantial shareholder of Hangzhou Weimob, each of Yu Liang and Zhou Mengmeng is an Independent Third Party. On November 12, 2018, Weimob Development separately entered into sale and purchase agreements with Yu Liang and Zhou Mengmeng to acquire the remaining 30% of the equity interests in Hangzhou Weimob from such shareholders for a total consideration of RMB900,000, which was fully paid up on December 26, 2018. The acquisition was registered with the relevant local Administration for Market Regulation on December 11, 2018, following which Hangzhou Weimob became a wholly-owned subsidiary of Weimob Development.
11. Lu Wenguo (陸文國) and Tang Pingan (唐平安) hold 21% and 9% of the equity interests of Nanjing Huishuo Information Technology Co., Ltd. (南京暉碩信息科技有限公司) (“**Nanjing Huishuo**”), respectively. Except for Lu Wenguo in his capacity as a substantial shareholder of Nanjing Huishuo, each of Lu Wenguo and Tang Pingan is an Independent Third Party.
12. Wang Guohong (王國紅) holds 20% of the equity interests of Shanghai Meimeng Weimob Software Technology Co., Ltd. (上海美萌軟件科技有限公司) (“**Shanghai Meimeng**”). Except in his capacity as a substantial shareholder of Shanghai Meimeng, Wang Guohong is an Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE REORGANIZATION AND PRE-IPO INVESTMENTS

Between January 2018 and July 2018, in preparation for the Listing, we undertook certain corporate reorganization whereupon our Company substituted Weimob Enterprise as the holding company and the listing vehicle of our Group and the business of Weimob Enterprise was succeeded by Weimob Development. During this period, our Group also completed a series of pre-IPO investments at the offshore level in our Company and at the onshore level in Weimob Development.

1. Establishment of the offshore holding structure

- (i) Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on January 30, 2018 and is the ultimate holding company of our Group.
- (ii) Weimob Holding Limited (“**Weimob Holding**”) was established in the British Virgin Islands as an investment holding company on February 7, 2018, which is wholly-owned by our Company. Weimob Technology HK Limited (“**Weimob HK**”) was established in Hong Kong as an investment holding company on March 6, 2018, which is wholly-owned by Weimob Holding.

2. Major changes in the equity interests of our Company and Weimob Development

Steps (i), (ii), (iii), (iv), (vii), (viii), (xi), (xii) and (xiii) shall together be referred to as the “**Corporate Reorganization**” in this prospectus, and steps (v), (vi), (ix) and (x) shall together be referred to as the “**Pre-IPO Investments**” in this prospectus.

- (i) On December 28, 2017, Weimob Development and Beijing Yongming entered into a share subscription agreement, pursuant to which Beijing Yongming subscribed for 25% of the equity interest in Weimob Development by way of capital injection for RMB11,659,553. The capital injection was registered with the relevant local Administration for Market Regulation on January 8, 2018, and following the capital injection, Weimob Development was owned as to 75% by Weimob Enterprise and as to 25% by Beijing Yongming, respectively.
- (ii) Upon the incorporation of our Company on January 30, 2018, one Share was allotted to Sertus Nominees (Cayman) Limited. See “Appendix IV – Statutory and General Information – Changes in share capital of our Company” for details of the changes in the shareholding of our Company between January 30, 2018 and March 30, 2018, during which each of Mr. Sun, Mr. Fang, Mr. You and Mr. Li indirectly acquired Shares in our Company, and as at March 30, 2018, the shareholding structure of our Company was as follows:

Name of shareholder	Number of Shares acquired by the shareholder	Shareholding (%)	Consideration
Yomi.sun Holding Limited (“ Sun SPV ”)	78,328	78.328%	US\$7.8328
Jeff.Fang Holding Limited (“ Fang SPV ”)	4,444	4.444%	US\$0.4444
Alter.You Holding Limited (“ You SPV ”)	14,203	14.203%	US\$1.4203
Shunfeng.li Holding Limited (“ Li SPV ”)	3,025	3.025%	US\$0.3025

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (iii) On April 2, 2018, Weimob Enterprise entered into a sale and purchase agreement with Tencent Mobility, pursuant to which Tencent Mobility acquired 1% of the equity interest in Weimob Development from Weimob Enterprise for RMB466,382. The acquisition was registered with the relevant local Administration for Market Regulation on April 20, 2018, and following the acquisition, Weimob Development was owned as to 74%, 25% and 1% by Weimob Enterprise, Beijing Yongming and Tencent Mobility, respectively.
- (iv) On April 23, 2018, Weimob HK entered into a sale and purchase agreement with Weimob Enterprise, pursuant to which Weimob HK acquired 52.95% of the equity interest in Weimob Development from Weimob Enterprise for RMB291,225,000. The acquisition was registered with the relevant local Administration for Market Regulation on April 27, 2018, and following the acquisition, Weimob Development was owned as to 52.95%, 21.05%, 25% and 1% by Weimob HK, Weimob Enterprise, Beijing Yongming and Tencent Mobility, respectively.
- (v) On April 30, 2018, the following investors (together the “**Convertible Noteholders**”) entered into a convertible promissory note subscription agreement with our Company, pursuant to which the Convertible Noteholders subscribed for convertible promissory notes in the aggregate principal amount of US\$80,000,000 (the “**Convertible Notes**”).

Name of Convertible Noteholder	Subscription Amount
SEAVI Limited (“ Seavi Advent ”)	US\$25,000,000
Henlius Hong Kong Holdings Limited (“ KIP ”)	US\$20,000,000
Promising Wealth Limited (“ Strait Capital ”)	US\$15,000,000
ARCHina Weimob (“ Keywise Capital ”)	US\$10,000,000
ASEAN China Investment Fund III L.P. (“ UOB Venture ”)	US\$9,366,300
ASEAN China Investment Fund (US) III L.P. (“ UOB Venture (US) ”)	US\$633,700

- (vi) Between March 3, 2018 and April 21, 2018, Weimob Development entered into certain agreements, pursuant to which Shanghai Guohe Capital Phase II Modern Service Industry Equity Investment Fund Partnership (LLP) (上海國和二期現代服務業股權投資基金合夥企業(有限合夥)) (“**Shanghai Guohe**”) subscribed for 2.50% of the equity interest of Weimob Development by way of capital injection for RMB50,000,000 and acquired 2.5% equity interest of Weimob Development for RMB50,000,000. In addition, other investors acquired from Weimob Enterprise and Beijing Yongming, in aggregate, 41.45% of the equity interest of Weimob Development, being all of the equity interest then held by Weimob Enterprise and Beijing Yongming in Weimob Development. The capital injection and the acquisitions were registered with the relevant local Administration for Market Regulation on June 25, 2018, following which Weimob Enterprise and Beijing Yongming ceased to be shareholders of Weimob Development. The following table sets out the equity interest acquired by such investors in Weimob Development and the consideration paid by such investors.

Name of investor	% of Shareholding acquired by the investor	Consideration paid by the investor
Tencent Venture Base	1.45	RMB29,000,000
Shanghai Guohe	5.00	RMB100,000,000
Zhejiang Silicon Paradise Yuande Equity Investment Partnership (LLP) (浙江天堂硅谷元得股權投資合夥企業(有限合夥)) (“ Silicon Paradise ”)	6.50	RMB130,000,000
Kunshan Yuecun Investment Partnership (LLP) (昆山悅村投資合夥企業(有限合夥)) (“ Yicun Capital ”)	17.50	RMB350,000,000

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name of investor	% of Shareholding acquired by the investor	Consideration paid by the investor
Hangzhou Zhaoxin Investment Management Partnership (LLP) (杭州兆信投資管理合夥企業(有限合夥)) (“ Hangzhou Zhaoxin ”)	2.50	RMB50,000,000
Yangzhou Fuhai Sanqi Internet Cultural Investment Center (LLP) (揚州富海三七互聯網文化投資中心(有限合夥)) (“ Fuhai 37 ”)	1.50	RMB30,000,000
Yangzhou Fuhai Yangfan Internet Cultural Investment Center (LLP) (揚州富海揚帆互聯網文化投資中心(有限合夥)) (“ Fuhai Yangfan ”)	1.00	RMB20,000,000
Ningbo Meishan Bonded Area Baotong Chentao Venture Investment Partnership (LLP) (寧波梅山保稅港區寶通辰韜創 業投資合夥企業(有限合夥)) (“ Chentao Capital ”)	2.50	RMB50,000,000
Jiangyin Youshi Tongchuang Industrial Investment Partnership (LLP) (江陰優勢同創產業投資合夥企業(有限合夥)) (“ Youshi Capital ”)	1.50	RMB30,000,000
Hengqin Xiru Investment Consulting Partnership (LLP) (橫琴熙儒投資諮詢合夥企業(有限合夥)) (“ Hengqin Xiru ”)	1.00	RMB25,000,000
Ningbo Mengju Investment Management Partnership (LLP) (寧 波盟聚投資管理合夥企業(有限合夥)) (“ Ningbo Mengju ”)	1.00	RMB20,000,000
Hubei Bofeng Equity Investment Partnership (LLP) (湖北渤海 股權投資合夥企業(有限合夥)) (“ Hubei Bofeng ”)	1.80	RMB36,000,000
Hubei Boxun Equity Investment Partnership (LLP) (湖北渤迅股 權投資合夥企業(有限合夥)) (“ Hubei Boxun ”)	0.70	RMB14,000,000

(vii) On May 21, 2018, Weimob Development entered into a share subscription agreement with Weimob HK, pursuant to which Weimob HK subscribed for 7.50% of the equity interest of Weimob Development by way of capital injection for RMB150,000,000. The capital injection was registered with the relevant local Administration for Market Regulation on June 25, 2018.

(viii) Between June 7 and June 26, 2018, primarily as part of corporate reorganization to obtain Shares at the offshore level, the following investors entered into a series of subscription agreements with our Company. Pursuant to such subscription agreements, the following investors subscribed for, in aggregate, 36,923 Shares and 91,031 series C preferred shares in our Company. The following table sets out the number and class of subscription shares and the consideration paid by the investors. The subscription for these preferred shares was settled between June 29, 2018 and July 30, 2018.

Name of investor	Number and class of shares subscribed for by the investor	Subscription consideration
Tencent Mobility Limited (“ Tencent Mobility ”) ⁽¹⁾	4,684 Shares	US\$0.4684
	7,049 series C preferred shares	US\$0.7049
Shanghai Mingying Enterprise Management Partnership Enterprise (Limited Partnership) (上海銘映企業管理合夥 企業(有限合夥)) (“ Mingying ”) ⁽²⁾	22,696 Shares	US\$ equivalent of RMB1,000,000
Star Brilliant Investment Limited (“ Star Brilliant ”) ⁽³⁾	9,543 Shares	US\$0.9543

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name of investor	Number and class of shares subscribed for by the investor	Subscription consideration
Shanghai Zhengmu Investment Center (Limited Partnership) (上海正睦投資中心(有限合夥)) (“Zhengmu”).	14,997 series C preferred shares	US\$ equivalent of RMB100,000,000
Shanghai Mengxiang Enterprise Management Partnership Enterprise (Limited Partnership) (上海盟想企業管理合夥企業(有限合夥)) (“Mengxiang”).	19,496 series C preferred shares	US\$ equivalent of RMB130,000,000
Shanghai Fuhai Zhaoxun Enterprise Management Partnership Enterprise (Limited Partnership) (上海富海兆迅企業管理合夥企業(有限合夥)) (“Fuhai”)	14,997 series C preferred shares	US\$ equivalent of RMB100,000,000
V-Capital International Holding Co., Limited (“V-Capital”)	7,498 series C preferred shares	US\$8,000,000
Shanghai Shanyoutao Enterprise Management Partnership Enterprise (Limited Partnership) (上海杉優韜企業管理合夥企業(有限合夥)) (“Shanyoutao”) ⁽⁴⁾	19,496 series C preferred shares	US\$ equivalent of RMB130,000,000
Bohai Fengsheng, L.P. (“Bohai”).	7,498 series C preferred shares	US\$ equivalent of RMB50,000,000

Notes:

- (1) The 4,684 Shares and 7,049 series C preferred shares subscribed by Tencent Mobility in our Company as part of the Corporate Reorganization reflect Tencent Venture Base’s and Tencent Mobility’s equity interest in Weimob Enterprise and Weimob Development as at such date, and accordingly the nominal subscription consideration of US\$1.1733 does not reflect the investment cost of Tencent Mobility’s early investment in our Group. Prior to the commencement of the Corporate Reorganization, Tencent Venture Base held 2.14% of the equity interest in Weimob Enterprise. As set out in steps (iii) and (vi) above, Tencent Mobility and Tencent Venture Base acquired 1.00% and 1.45% of the equity interests in Weimob Development. Following the completion of the Corporate Reorganization, Tencent Mobility held 3.431% of the issued share capital of the Company.
- (2) The 22,696 Shares subscribed by Mingying in our Company as part of the Corporate Reorganization reflects the equity interest of SIP 825 and Beijing Yiming in Weimob Enterprise as at such date, and accordingly the subscription consideration of the US\$ equivalent of RMB1,000,000 does not reflect the investment cost of Mingying’s early investment in our Group. Prior to the commencement of the Corporate Reorganization, SIP 825 and Beijing Yiming held, in aggregate, 10.37% of the equity interest in Weimob Enterprise. Following the completion of the Corporate Reorganization, Mingying held 6.638% of the issued share capital of the Company and the change in shareholding was purely as a result of the Corporate Reorganization.
- (3) The 9,543 Shares subscribed by Star Brilliant in our Company as part of the Corporate Reorganization reflects Meridian Cultural’s equity interest in Weimob Enterprise as at such date, and accordingly the nominal subscription consideration of US\$0.9543 does not reflect the investment cost of Star Brilliant’s early investment in our Group. Prior to the commencement of the Corporate Reorganization, Meridian Cultural held 4.36% of the equity interest in Weimob Enterprise. Following the completion of the Corporate Reorganization, Star Brilliant held 2.791% of the issued share capital of the Company and the change in shareholding was purely as a result of the Corporate Reorganization.
- (4) The limited partners of Shanyoutao are Chentao Capital, Youshi Capital and Ningbo Mengju who hold 38.46%, 23.08% and 38.46% of the economic interests of Shanyoutao. The limited partners of Ningbo Mengju include Hengqin Xiru and Wu Chuanwen, a director of Beijing Weimob. At around the same time when Wu Chuanwen agreed to sell his interest in Beijing Weimob to Weimob Development, Wu Chuanwen separately subscribed for limited partnership interest in Ningbo Mengju, which is in turn a limited partner of Shanyoutao, a Shareholder of our Company. Both the investment made by Wu Chuanwen in Ningbo Mengju and the subscription for Shares by Shanyoutao as part of the Corporate Reorganization were settled on July 30, 2018, and Shanyoutao did not make any further subscription of Shares or pay any further subscription amounts to our Company subsequent to this date.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (ix) On 25 June 2018, the following investors entered into a subscription agreement with our Company, pursuant to which the following investors subscribed for, in aggregate, 68,386 series D preferred shares in our Company. The following table sets out the number of series D preferred shares and the consideration paid by the investors.

Name of investor	Number of series D preferred shares subscribed for by the investor	Subscription consideration
City-Scape Pte. Ltd. (“GIC”).	28,494	US\$50,000,000
CP Wisdom Singapore Pte. Ltd (“Crescent”).	28,494	US\$50,000,000
SIG Global China Fund I, LLLP (“SIG”).	7,409	US\$13,000,000
VisionGain Weimob Limited Partnership (“VisionGain”).	3,989	US\$7,000,000

- (x) On June 26, 2018, our Company entered into a subscription agreement with the Convertible Noteholders, pursuant to which the Convertible Noteholders subscribed for, in aggregate, 45,591 series D preferred shares. Such series D preferred shares were issued to the Convertible Noteholders on June 27, 2018, following which all of the Convertible Notes were canceled. The number of series D preferred shares subscribed for by each Convertible Noteholder was as follows:

Name of Convertible Noteholder	Series D preferred shares subscribed by the Convertible Noteholder
Seavi Advent.	14,247
KIP	11,398
Strait Capital.	8,548
Keywise Capital.	5,699
UOB Venture.	5,338
UOB Venture (US)	361

- (xi) On June 27, 2018, Sun SPV transferred 14,099 Shares to Weimob Teamwork (PTC) Limited (“Weimob Teamwork”) for nil consideration of for the purposes of the establishment of the RSU Scheme. See “Statutory and General Information” for further details.

- (xii) On July 9, 2018, Weimob HK entered into a sale and purchase agreement with Tencent Venture Base, Shanghai Guohe, Silicon Paradise, Hangzhou Zhaoxin, Fuhai 37, Fuhai Yangfan, Chentao Capital, Youshi Capital, Hengqin Xiru, Ningbo Mengju, Hubei Bofeng, Hubei Boxun and Tencent Mobility, pursuant to which Weimob HK acquired 27.35% of the equity interest of Weimob Development, being all of the equity interest then held by such investors in Weimob Development, for a total consideration of the US\$ equivalent of RMB500,000,000. The acquisitions were registered with the relevant local Administration for Market Regulation on July 10, 2018, following which such investors ceased to be shareholders of Weimob Development.

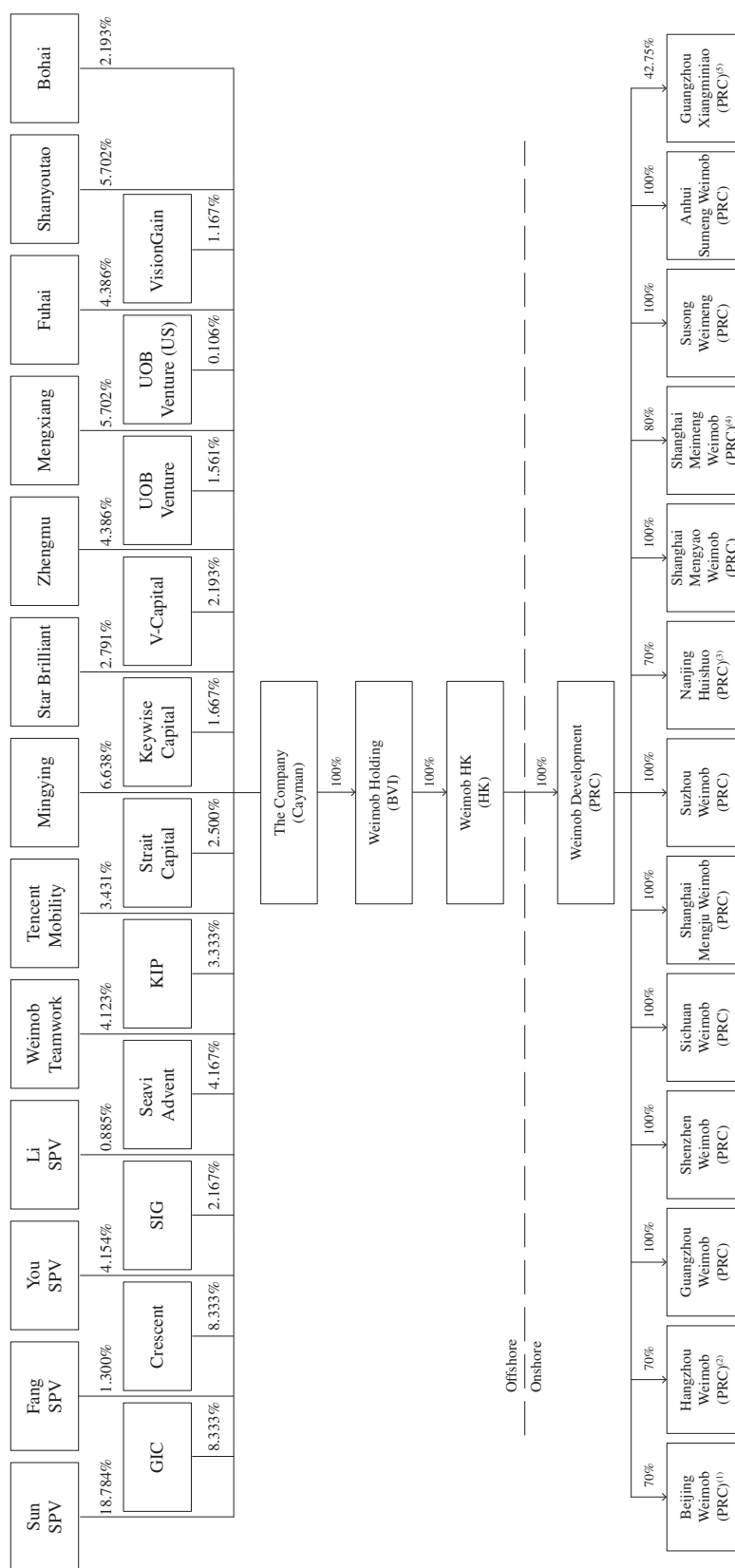
- (xiii) On July 16, 2018, Weimob HK entered into a sale and purchase agreement with Yicun Capital, pursuant to which Weimob HK acquired 17.50% of the equity interest in Weimob Development from Yicun Capital, for the US\$ equivalent of RMB550,000,000. The acquisition was registered with the relevant local Administration for Market Regulation on July 20, 2018.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (xiv) Following the completion of the steps set out in paragraphs (i) to (xiii) and as of the Latest Practicable Date, Weimob Development became wholly-owned by Weimob HK, and the shareholding structure of our Company was as follows. See “– Simplified Corporate Structure of our Group immediately upon completion of the Corporate Reorganization and the Pre-IPO Investments”.

Name of shareholder	Number and class of shares held by the shareholder	Shareholding (%)
Sun SPV	64,229 Shares	18.784%
Fang SPV	4,444 Shares	1.300%
You SPV	14,203 Shares	4.154%
Li SPV	3,025 Shares	0.885%
Weimob Teamwork	14,099 Shares	4.123%
Tencent Mobility	4,684 Shares	1.370%
	7,049 series C preferred shares	2.061%
Mingying	22,696 Shares	6.638%
Star Brilliant	9,543 Shares	2.791%
Zhengmu	14,997 series C preferred shares	4.386%
Mengxiang	19,496 series C preferred shares	5.702%
Fuhai	14,997 series C preferred shares	4.386%
V-Capital	7,498 series C preferred shares	2.193%
Shanyoutao	19,496 series C preferred shares	5.702%
Bohai	7,498 series C preferred shares	2.193%
GIC	28,494 series D preferred shares	8.333%
Crescent	28,494 series D preferred shares	8.333%
SIG	7,409 series D preferred shares	2.167%
VisionGain	3,989 series D preferred shares	1.167%
Seavi Advent	14,247 series D preferred shares	4.167%
KIP	11,398 series D preferred shares	3.333%
Strait Capital	8,548 series D preferred shares	2.500%
Keywise Capital	5,699 series D preferred shares	1.667%
UOB Venture	5,338 series D preferred shares	1.561%
UOB Venture (US)	361 series D preferred shares	0.106%

Simplified Corporate Structure of our Group immediately upon completion of the Corporate Reorganization and the Pre-IPO Investments



Notes:

- (1) See Note 9 to “– Simplified Corporate Structure of our Group prior to the commencement of the Corporate Reorganization and the Pre-IPO Investments in January 2018”.
- (2) See Note 10 to “– Simplified Corporate Structure of our Group prior to the commencement of the Corporate Reorganization and the Pre-IPO Investments in January 2018”.
- (3) See Note 11 to “– Simplified Corporate Structure of our Group prior to the commencement of the Corporate Reorganization and the Pre-IPO Investments in January 2018”.
- (4) See Note 12 to “– Simplified Corporate Structure of our Group prior to the commencement of the Corporate Reorganization and the Pre-IPO Investments in January 2018”.
- (5) On May 16, 2018, Weimob Development entered into a share transfer and capital injection agreement with Guangzhou Xiangminiao and the then shareholders of Guangzhou Xiangminiao to acquire and subscribe for equity interest in Guangzhou Xiangminiao. As at the Latest Practicable Date, Weimob Development has acquired 42.75% of the equity interest in Guangzhou Xiangminiao. See “– Investment in Guangzhou Xiangminiao” for further details.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

INFORMATION RELATING TO THE INVESTORS

This section sets out information on the investors in our Company.

Investors in early investments of our Company

Tencent Mobility, a limited liability company established under the laws of Hong Kong, is wholly-owned by Tencent.

Mingying is a limited partnership established under the laws of the PRC, the general partner of which is Suzhou Meridian Capital Management Co., Ltd (蘇州華映資本管理有限公司) (“**Suzhou Meridian**”) and the limited partners of which are SIP 825 and Beijing Yiming who hold 41.9% and 58.0% of the economic interests of Mingying, respectively. Suzhou Meridian, a company incorporated under the laws of the PRC, is in turn wholly-owned by Meridian Capital Management Co., Ltd. (華映資本管理有限公司), which is in turn owned by Shanghai Honglang Investment Management Co., Ltd. (上海弘朗投資管理有限公司) (“**Shanghai Honglang**”) as to 50% and Shanghai Yitong Investment Co., Ltd. (上海億彤投資有限公司) (“**Shanghai Yitong**”) as to 50%. Shanghai Honglang, a company incorporated under the laws of the PRC, is owned by Ying Jin (應瑾) as to 99%, an Independent Third Party. Shanghai Yitong, a company incorporated under the laws of the PRC, is owned by Qu Yuying (瞿玉英) as to 90%, an Independent Third Party. SIP 825, a limited partnership established under the laws of the PRC, is controlled by Suzhou Meridian as general partner. Beijing Yiming, a limited partnership established under the laws of the PRC, is controlled by Changxing Yiming Enterprise Management Consultancy Center (LLP) (長興奕銘企業管理諮詢中心(有限合夥)) as general partner. Mingying is principally engaged in investments.

Star Brilliant, a limited liability company incorporated under the laws of British Virgin Islands as an investment vehicle and is owned as to 50% by Ms. Ji Wei and 50% by Nobleland Limited. Nobleland Limited, a limited liability company incorporated under the laws of British Virgin Islands as an investment vehicle, is wholly-owned by Mr. Xiong Xiangdong. Each of Ms. Ji Wei and Mr. Xiong Xiangdong is an Independent Third Party.

The Pre-IPO Investors

Shanghai Guohe, Silicon Paradise, Fuhai 37, Fuhai Yangfan, Hangzhou Zhaoxin, Chentao Capital, Youshi Capital, Ningbo Mengju, Hengqin Xiru, Hubei Bofeng, Hubei Boxun and Yicun Capital shall together be referred to as the “**Series C Investors**” (and the investments made by them to acquire interests in our Shares, the “**Series C Investments**”), while GIC, Crescent, SIG, VisionGain, Seavi Advent, KIP, Strait Capital, Keywise Capital, UOB Venture and UOB Venture (US) shall together be referred to as the “**Series D Investors**” (and the investments made by them to acquire interests in our Shares, the “**Series D Investments**”). The Series C Investors and the Series D Investors shall together be referred to as the “**Pre-IPO Investors**”. Each of the Pre-IPO Investors is an Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Zhengmu, the entity through whom Shanghai Guohe holds shares in our Company, is a limited partnership established under the laws of the PRC, the general partner of which is Shanghai Zhichen Investment Management Co., Ltd (上海致晨投資管理有限公司) (“**Shanghai Zhichen**”), an Independent Third Party, and the sole limited partner of which is Shanghai Guohe. Shanghai Zhichen, a company incorporated under the laws of the PRC is in turn owned by a group of individuals, none of whom owns more than 20% of the shares of Shanghai Zhichen and each of whom is an Independent Third Party. Shanghai Guohe, a limited partnership established under the laws of the PRC, is controlled by Shanghai Hejian Enterprise Management Partnership Enterprise (LLP) (上海和簡企業管理合夥企業(有限合夥)), an Independent Third Party, as general partner. Zhengmu is principally engaged in investments.

Mengxiang, the entity through whom Silicon Paradise holds shares in our Company, is a limited partnership established under the laws of the PRC, the general partner of which is Zhejiang Silicon Paradise Hengtong Venture Capital Co., Ltd (浙江天堂硅谷恒通創業投資有限公司) (“**Silicon Paradise Hengtong**”), an Independent Third Party, and the sole limited partner of which is Silicon Paradise. Silicon Paradise Hengtong, a company incorporated under the laws of the PRC, is in turn wholly-owned by Silicon Paradise Asset Management Group Co., Ltd. (天堂硅谷資產管理集團有限公司), which is majority owned by Heaven-Sent Capital Management Group Co., Ltd., (硅谷天堂資產管理集團股份有限公司), a company listed on the National Equities Exchange and Quotations Co., Ltd. and an Independent Third Party. Silicon Paradise, a limited partnership established under the laws of the PRC, is controlled by Zhejiang Silicon Paradise Kuncheng Venture Capital Co., Ltd (浙江硅谷天堂鯤誠創業投資有限公司), an Independent Third Party, as general partner. Mengxiang is principally engaged in investments.

Fuhai, the entity through whom Fuhai 37, Fuhai Yangfan and Hangzhou Zhaoxin hold shares in our Company, is a limited partnership established under the laws of the PRC, the general partner of which is Shanghai Fuhai Wansheng Investment Management Co., Ltd (上海富海萬盛投資管理有限公司) (“**Fuhai Wansheng**”), an Independent Third Party, and the limited partners of which are Fuhai 37, Fuhai Yangfan and Hangzhou Zhaoxin who hold 29.997%, 19.998% and 49.995% of the economic interests of Fuhai, respectively. Fuhai Wansheng, a company incorporated under the laws of the PRC, is in turn wholly-owned by Shenzhen City Dongfang Fuhai Investment Management Holding Co., Ltd. (深圳市東方富海投資管理股份有限公司), a company incorporated under the laws of the PRC, which is in turn owned by Wuhu City Fuhai Jiutai Investment Consulting Partnership (LLP) (蕪湖市富海久泰投資諮詢合夥企業(有限合夥)) (“**Wuhu Fuhai**”) as to 39.18%, each an Independent Third Parties, and other Independent Third Parties. Wuhu Fuhai, a limited partnership established under the laws of the PRC, the general partner of which is Chen Wei (陳瑋) and the limited partners of which are a group of individuals, each an Independent Third Party and none of whom holds more than 10% of the equity interests in Wuhu Fuhai. Both Fuhai 37 and Fuhai Yangfan are limited partnerships established under the laws of the PRC, and are controlled by Fuhai Wansheng as general partner. Hangzhou Zhaoxin, a limited partnership established under the laws of the PRC, is controlled by Chen Bin as general partner, an Independent Third Party. Fuhai is principally engaged in investments.

V-Capital, the entity through whom Yicun Capital holds shares in our Company, is a limited liability company established under the laws of Hong Kong wholly-owned by Jiangyin Huaxicun Capital Co., Ltd (江陰華西村資本有限公司), a limited liability company wholly-owned by Jiangsu Huaxicun Holding Co., Ltd. (江蘇華西村股份有限公司), a company incorporated under the laws of the PRC and listed on the Shenzhen Stock Exchange and an Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Shanyoutao, the entity through whom Chentao Capital, Youshi Capital and Ningbo Mengju hold shares in our Company, is a limited partnership established under the laws of the PRC, the general partner of which is Shanghai Chentao Assets Management Co., Ltd (上海辰韜資產管理有限公司) (“**Shanghai Chentao**”), an Independent Third Party, and the limited partners of which are Chentao Capital, Youshi Capital and Ningbo Mengju who hold 38.46%, 23.08% and 38.46% of the economic interests of Shanyoutao, respectively. Shanghai Chentao, a company incorporated under the laws of the PRC, is in turn owned by Xu Haiying (徐海英) as to 90%, an Independent Third Party. Chentao Capital, a limited partnership established under the laws of the PRC, is controlled by Shanghai Chentao as general partner. Youshi Capital, a limited partnership established under the laws of the PRC, is controlled by Tianjin Youshi Venture Capital Management Co., Ltd (天津市優勢創業投資管理有限公司), an Independent Third Party, as general partner. Ningbo Mengju, a limited partnership established under the laws of the PRC, is controlled by Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd (上海杉杉創暉創業投資管理有限公司), an Independent Third Party, as general partner. The limited partners of Ningbo Mengju include Hengqin Xiru and Wu Chuanwen, a director of Beijing Weimob and accordingly a connected person of our Company (save that Wu Chuanwen does not exercise control over Shanyoutao). Shanyoutao is principally engaged in investments.

Bohai, the offshore entity which succeeded Hubei Bofeng’s and Hubei Boxun’s interests in our Group following the Corporate Reorganization, is an exempted limited partnership established under the laws of the Cayman Islands, the general partner of which is Bohai Shiny Investment Limited, an Independent Third Party, and the limited partners of which are a group of Independent Third Parties each holding less than a third of the interests in Bohai. Bohai Shiny Investment Limited, an exempted company incorporated under the laws of the Cayman Islands, is in turn wholly-owned by Bohai I Investment Limited who is in turn wholly-owned by All Able Global Limited, who is in turn wholly-owned by Mr. Cheung King Him Edmund, an Independent Third Party. Bohai is principally engaged in long term equity investments.

City-Scape Pte. Ltd. (“**GIC**”) is wholly-owned by GIC (Ventures) Pte. Ltd. and an investment vehicle managed by GIC Special Investments Pte Ltd, which is wholly-owned by GIC Private Limited. GIC Private Limited is a global asset management company established in 1981 to manage Singapore’s foreign reserves.

Crescent, a limited liability company incorporated under the laws of Singapore, is wholly-owned by WSDN Enterprises (S) Pte. Ltd., a limited liability company incorporated under the laws of Singapore. WSDN Enterprises (S) Pte. Ltd. is a wholly-owned subsidiary of Crescent Point Group. Crescent Point Group is a private equity firm headquartered in Singapore, focusing mainly on investments in the consumer sector in Asia.

SIG is a Delaware limited liability limited partnership. SIG Asia Investment, LLLP, a Delaware limited liability limited partnership, is the investment manager for SIG pursuant to an investment management agreement and, as such, has discretionary authority to vote and dispose of the shares in our Company held by SIG. In addition, Heights Capital Management, Inc., a Delaware Corporation, is the investment manager for SIG Asia Investment, LLLP pursuant to an investment management agreement and, as such, has discretionary authority to vote and dispose of the shares in our Company held by SIG.

Seavi Advent, a company established under the laws of the British Virgin Islands, is a special purpose vehicle and owned by Mr. Tan Keng Boon and Mr. Derrick Lee Meow Chan as to 50% each. Mr. Tan Keng Boon and Mr. Derrick Lee Meow Chan manage SEAVI Advent Corporation Ltd., a member of SEAVI Advent Private Equity. SEAVI Advent Private Equity is a private equity firm operating in the Asia Pacific region since 1984.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Henlius Hong Kong Holdings Limited (“**KIP**”), a limited liability company established under the laws of Hong Kong, is an investment vehicle of Korea Investment Partners, a limited liability company established under the laws of Korea, which is wholly-owned by Korea Investment Holdings, a company established under the laws of Korea and listed on the Korea Stock Exchange and which is an Independent Third Party. Korea Investment Partners invests primarily in high technology companies in Asia.

Strait Capital, an international company incorporated under the laws of Samoa, is 95.84% owned by China Consumer Fund, L.P. (the “**China Consumer Fund**”), an exempted limited partnership registered in the Cayman Islands. The general partner of the China Consumer Fund is Strait Capital Partners, which holds 5.468% of the interests in the China Consumer Fund. Strait Capital Partners is an exempted company incorporated in the Cayman Islands, the shares of which are held as to 60% by Mr. Hu Ting Wu and 40% by other shareholders (none of whom holding more than 30% of the shares in Strait Capital Partners). Each of the shareholders of Strait Capital Partners is an Independent Third Party.

Keywise Capital, an exempted company incorporated under the laws of the Cayman Islands, is an investment vehicle of ARCHina Capital Fund I L.P (the “**ARCHina Fund**”). ARCHina Fund holds 25% of the shares of Keywise Capital, while other investors hold the remaining shares of Keywise Capital (none of whom holding more than 25% of Keywise Capital). Each of the shareholders of Keywise Capital is an Independent Third Party. The general partner of ARCHina Fund is ARCHina Capital Partners. ARCHina Capital Partners is wholly-owned by Keywise Capital Management Limited, which is in turn wholly-owned by Mr. Fang Zheng, an Independent Third Party and a director of ARCHina Fund. Keywise Capital is accustomed to taking instruction from Mr. Fang Zheng.

UOB Venture is an exempted limited partnership established under the laws of the Cayman Islands, the general partner of which is ACIF GP Ltd., a wholly-owned subsidiary of UOB Global Capital Pte Ltd. UOB Global Capital Pte Ltd. is in turn majority owned by United Overseas Bank Limited, a company listed on the Singapore Stock Exchange and an Independent Third Party.

UOB Venture (US) is a limited partnership established under the laws of the State of Delaware, the general partner of which is UOB Capital Partners LLC, a company majority owned by UOB Holdings (USA) Inc., which is in turn wholly-owned by United Overseas Bank Limited, a company listed on the Singapore Stock Exchange and an Independent Third Party.

VisionGain is an exempted partnership established under the laws of the Cayman Islands, the general partner of which is VisionGain Capital (Cayman) Limited. None of the limited partners of VisionGain holds more than one-third of the interests in VisionGain. VisionGain Capital (Cayman) Limited is wholly-owned by Landrock Capital (BVI) Limited, which is in turn wholly-owned by Mr. YE Xiang, an Independent Third Party. VisionGain invests primarily in equities of private companies with sustainable fast-growing businesses.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

SHAREHOLDERS' RIGHTS

Pursuant to a shareholders agreement dated June 27, 2018 (the “**Shareholders’ Agreement**”), the Preferred Investors (i.e. the holders of our series C preferred shares and series D preferred shares) have been granted special rights such as conversion rights, anti-dilution rights, right to information and inspection, liquidation preference rights, pre-emptive right, right of first refusal, right of co-sale, restrictions on transfers and drag-along obligations, among others. These rights shall be terminated upon the completion of the “**Approved IPO**”, being the qualified initial public offering of our Shares with a post-offering market capitalization of no less than US\$1 billion and a post-offering public float of no less than 25% (a “**QIPO**”) or an initial public offering of our Shares otherwise approved by shareholders holding at least two-thirds of the voting rights in our Company (which must include the written approval of all Preferred Investors).

On the basis of the Offer Price range, the Global Offering will result in a post-offering market capitalization of less than US\$1 billion thereby not constituting a QIPO as prescribed in the Shareholders’ Agreement. Nonetheless, our Shareholders (with the affirmative votes of Shareholders holding at least two-thirds of the voting rights in our Company and which included the approval of all Preferred Investors) have granted their approval for our Company to pursue the Global Offering thereby constituting an Approved IPO. As a condition for granting such approval, the Preferred Investors have requested our Company to extend the pre-emptive right provided in the Shareholders’ Agreement to apply in such an Approved IPO. In order to fulfil such condition, our Company extended the right for the Preferred Investors to exercise the pre-emptive right to subscribe for Offer Shares at the Global Offering up to the level which entitles the Preferred Investors to maintain their respective overall shareholding in our Company at a level which is the same as that immediately prior to the Global Offering. As this is a right (and not an obligation) on the part of the Preferred Investors of which they could exercise to subscribe for the Offer Shares, all or none of the Preferred Investors could exercise such right, and if all Preferred Investors exercise such right and the exercise of which is to the maximum extent, they would be entitled to subscribe for a total of 180,890,269 Offer Shares, representing approximately 59.96% of the Global Offering. Such Offer Shares to be subscribed for by the exercising Preferred Investors (if any) will be subscribed for at the Offer Price as placee(s) in the International Offering and will not be subject to any lock-up arrangement immediately after the Listing. As the Shares held by the Preferred Investors will be counted towards the public float of our Company, any Offer Shares subscribed by any exercising Preferred Investor (if any) will also be counted towards the public float of our Company and will therefore not affect the ability of our Company to satisfy the minimum public float requirement. Our Company will include details of the final subscription by any exercising Preferred Investor in the announcement of the results of allocation of the Offer Shares in the Global Offering. Our Company will ensure that the operation of this pre-emptive right will not result in the arrangements for the Global Offering not being able to comply with applicable requirements of the Listing Rules.

In addition, our Company, Mr. Sun, Mr. Fang, Mr. You, the Sun SPV, the Fang SPV and the You SPV (together, the “**Founder Entities**”) provided a guarantee in favour of the Preferred Investors for the Group attaining certain specified minimum net profits after tax attributable to shareholders for the financial years ending December 31, 2019 and December 31, 2020 (the “**Profit Guarantee**”). In the event that our Group fails to meet the guaranteed minimum net profits for either the financial year ending December 31, 2019 or December 31, 2020, a Preferred Investor is entitled to compensation from the Company and the Founder Entities for the shortfall in profit (the “**Compensation**”). Upon the completion of a QIPO, the Profit Guarantee and our Company’s and the Founder Entities’ obligations thereunder will be terminated in full. Under the Shareholders’ Agreement, upon the completion of an Approved IPO that is not a QIPO, while our Company’s obligations under the Profit Guarantee will be terminated in full, the Founder Entities will remain

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

liable to GIC, Crescent and SIG for the Compensation (but will cease to be liable to the other Preferred Investors). While the Global Offering will not qualify as a QIPO for the purposes of the Shareholders' Agreement, the Global Offering has been approved unanimously by all of the Shareholders in accordance with the Shareholders' Agreement as an Approved IPO, and each of GIC, Crescent and SIG has irrevocably waived and terminated any right they may have under the Profit Guarantee upon the completion of an Approved IPO that is not a QIPO, and accordingly the Profit Guarantee and therefore our Company's and the Founder Entities' obligations thereunder will be terminated in full upon the completion of the Listing.

Further, if our Company has not completed the Listing on or prior to December 31, 2019, the Preferred Investors shall be entitled to request, exercisable by written notice, redemption (by our Company) or repurchase (by Mr. Sun and the Sun SPV on a joint and several basis) all or part of the preferred shares they hold at an amount equal to the greater of (a) the sum of the purchase price of the redeeming preferred shares, a simple annual interest of 10% from subscription, any declared but unpaid dividends (but less any cash dividends distributed); and (b) the fair market value of the redeeming preferred shares to be determined by an Independent Third Party appraising firm.

The redemption rights of our Company's preferred shares set out above shall be automatically terminated upon the completion of an Approved IPO. Upon the earlier of (i) the rejection or return of our listing application by the Stock Exchange; or (ii) the withdrawal of the listing application by our Company; and (iii) the listing application expiring or otherwise ceasing to be valid, the redemption rights of our Company's preferred shares upon the occurrence of the redemption events set out in above (as well as certain other redemption rights) shall be re-instated.

Each of GIC and Crescent has also been granted the right to appoint a director of our Company, while the Founder Entities are entitled to appoint, in total, five Directors of our Company. These appointment rights shall be terminated upon the completion of an Approved IPO.

The directors appointed by GIC and Crescent and one of the Directors appointed by the Founder Entities resigned immediately prior to the board meeting of our Company to approve the listing application, and three independent non-executive Directors were appointed in their place. See "Directors and Senior Management" for further details.

Upon the earlier of (i) the rejection or return of our listing application by the Stock Exchange; or (ii) the withdrawal of the listing application by our Company; and (iii) the listing application expiring or otherwise ceasing to be valid, the three independent non-executive Directors shall be removed, and each of GIC, Crescent and the Founder Entities shall be entitled to appoint a director of the Company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Certain information relating to the Series A Investments, the Series B Investments, the Series C Investments and the Series D Investments⁽¹⁾

The following table summarises certain information relating to the Series A Investments, Series B Investments, Series C Investments and Series D Investments.

	Series A Investments	Series B Investments	Series C Investments	Series D Investments
Date on which investment was settled	October 2014	June 2015	March – April 2018	June 2018
Total consideration	RMB18,000,000 ⁽²⁾	RMB143,500,000 ⁽³⁾	RMB560,000,000 ⁽⁴⁾	US\$200,000,000 ⁽⁴⁾
Shareholding of the relevant investors as at the Listing	4.73% ⁽⁵⁾	4.73% ⁽⁵⁾	20.88% ⁽⁶⁾	28.33%
Implied valuation ⁽⁷⁾	Approximately RMB118.0 million ⁽²⁾	Approximately RMB700.0 million ⁽³⁾	Approximately RMB2.0 billion ⁽⁸⁾	Approximately US\$600 million ⁽⁸⁾
Discount to the Offer Price ⁽⁹⁾	N/A ⁽¹⁰⁾	N/A ⁽¹⁰⁾	47.0% – 53.8%	12.8%

Notes:

- (1) As Beijing Yongming is not interested in the Shares of the Company as at the Latest Practicable Date, Beijing Yongming is not considered as a Pre-IPO Investor and the Yongming Investment is not considered as a Pre-IPO Investment.
- (2) The total consideration for the Series A Investments paid by the investors was in respect of 15.25% of the equity interests in Weimob Enterprise (the predecessor of our Company) and Weimob Development, and accordingly the implied valuation represents the total equity of Weimob Enterprise and Weimob Development at the relevant time.
- (3) The total consideration for the Series B Investments paid by the investors was in respect of 20.50% of the equity interests in Weimob Enterprise (the predecessor of our Company) and Weimob Development, and accordingly the implied valuation represents the total equity of Weimob Enterprise and Weimob Development at the relevant time.
- (4) The total consideration for the Series C Investments and the Series D Investments was in respect of the investments made by such investors to acquire interests in our Shares.
- (5) This represents the aggregate indirect interest of Meridian Cultural and SIP 825 in our Shares as at the Listing, as the other investors from the Series A Investments and the Series B Investments no longer have any interest in our Shares as of the Latest Practicable Date.
- (6) As Mengxiang, one of the Series C Investors, is the Over-allotment Option Grantor, the aggregate shareholding of the Series C Investors as at the Listing assumes that the Over-allotment Option is not exercised.
- (7) For illustration purpose only, the implied valuation is calculated by dividing the total consideration of the investments by the aggregate shareholding percentage acquired by the relevant investors.
- (8) The Directors believe that the difference between the implied valuation for the Series C Investments and Series D Investments is primarily due to: (i) the Series C Investments mainly involved acquisition of existing equity interests in Weimob Development at an onshore level from certain existing shareholders of Weimob Development by the relevant investors and the consideration was agreed between the parties after arms' length negotiations by reference to, among other things, the lower initial investment costs of such onshore shareholders; and (ii) the Series D Investments involved the subscription of new Series D Shares at an offshore level by the relevant investors and the consideration was agreed between the parties after arms' length negotiations by reference to, among other things, the financial results of the Group for the year ended December 31, 2017 and the prospect of our business and the Listing.
- (9) Assuming the Offer Price is HK\$3.15 per Offer Share, being the mid-point of the indicative Offer Price range.
- (10) As the total consideration paid by the relevant investors for the Series A Investments and the Series B Investments were in respect of equity interests in both Weimob Enterprise (the predecessor of our Company) and Weimob Development, it would not be practicable to calculate the discount to the Offer Price for the Series A Investments and the Series B Investments.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Principal Terms of the Pre-IPO Investments

The following table sets out the main terms of investments made by the Pre-IPO Investors in our Company.

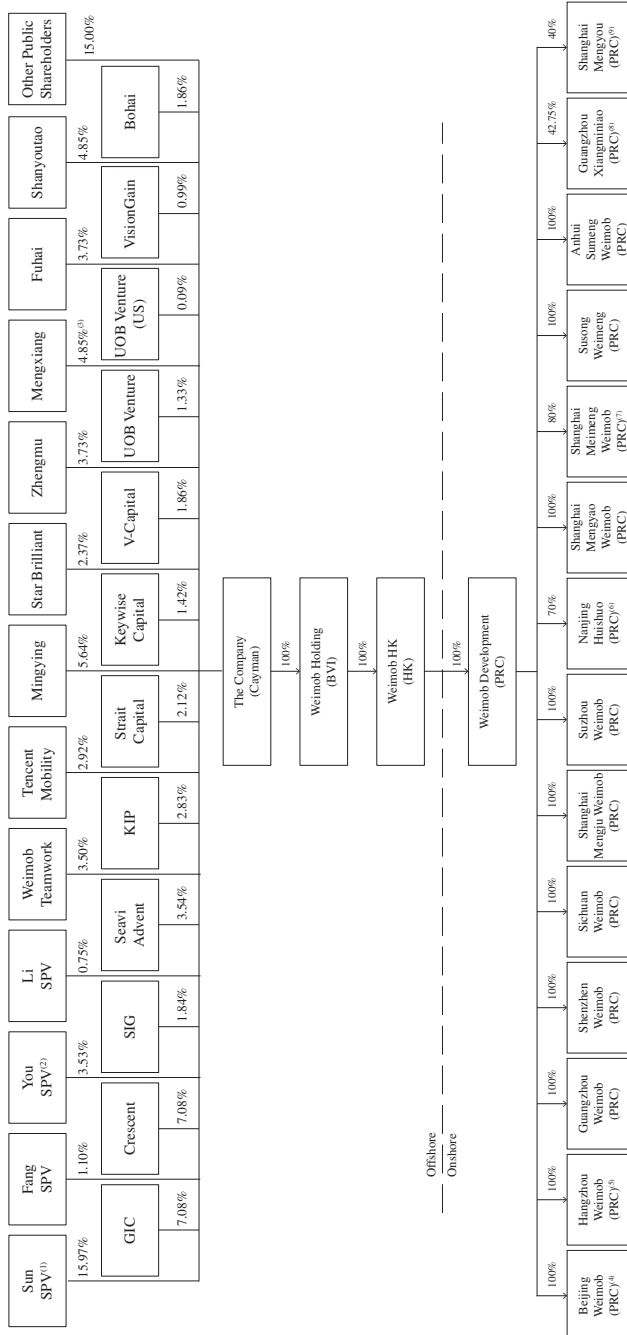
Pre-IPO Investor	Shanghai Guotai	Silicon Paradise ⁽¹⁾	Fuhai 37 ⁽¹⁾⁽³⁾	Fuhai Yangfan ⁽³⁾	Fuhai Zhaoxin ⁽³⁾	Hangzhou Zhaoxin ⁽³⁾	Chentao Capital ⁽⁴⁾	Youshi Capital ⁽⁴⁾	Ningbo Mengju ⁽⁴⁾	Hengqin Xiru ⁽⁴⁾	Hubei Bofeng ⁽⁵⁾	Hubei Boxun ⁽⁵⁾	Yicun Capital ⁽¹⁾	GIC ⁽¹⁾	Crescent ⁽¹⁾	STG ⁽¹⁾	VisionGain ⁽¹⁾	Seavj Advent ⁽¹⁾	KIP ⁽¹⁾	Strath Capital ⁽¹⁾	UOB Venture (US) ⁽¹⁾	Keywise Capital ⁽¹⁾	
Investment cost per Share (HK\$)	1.51	1.51	1.51	1.51	1.51	1.51	1.45	1.45	1.45	1.45	1.51	1.51	1.67	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Date on which investment was settled	March 21, 2018	March 16, 2018	February 8, 2018	February 8, 2018	April 2, 2018	March 12, 2018	February 8, 2018	March 21, 2018	April 23, 2018	March 16, 2018	March 16, 2018	March 16, 2018	February 9, 2018	June 29, 2018	June 29, 2018	July 3, 2018	June 28, 2018	May 11, 2018	May 16, 2018	May 10, 2018	May 11, 2018	May 9, 2018	
The relevant consideration was determined after arm's length negotiations between our Company and the Pre-IPO Investors with reference to the business valuation of our Company, the timing of the investments and the prospect of our business.																							
Basis of consideration	The proceeds served as the working capital of our Group for the development and operations of our business and financing of the Corporate Reorganization.																						
Discount to the Offer Price ⁽²⁾	52.0%	52.0%	52.0%	52.0%	52.0%	53.8%	53.8%	53.8%	53.8%	53.8%	52.0%	52.0%	47.0%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%
Shareholding as at the Listing	3.73%	4.85% ⁽⁶⁾	1.12%	0.75%	1.86%	1.86%	1.12%	0.95%	0.95%	0.95%	1.34%	0.52%	1.86%	7.08%	7.08%	1.84%	0.99%	3.54%	2.83%	2.12%	1.35%	0.09%	1.42%
Use of proceeds	The proceeds served as the working capital of our business and financing of the Corporate Reorganization.																						
Lock-up period	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months
Strategic benefits to our Company	At the time of the investors' investment, the Directors are of the view that our Company can benefit from the additional funds provided by the investors in our Company and the knowledge and experience of the investors.																						

Notes:

- It is assumed that each series C preferred share and series D preferred share will be converted into one Share of a nominal value of US\$0.0001 at a conversion rate of 1:1 upon the Listing becoming unconditional. The conversion price of the preferred shares is subject to customary adjustment events. If the number of outstanding Shares proportionately changes as a result of share split, share combination, merger, consolidation, reclassification, exchange, substitution, recapitalization or similar events (other than certain excepted events such as the new securities issuance under a qualified IPO), the conversion price shall be proportionately adjusted. In the event of a dilutive issuance where our Company issues new Shares at a consideration per share less than the then effective conversion price (other than certain excepted issuance, such as new securities issuance upon conversion of the preferred shares or under a qualified IPO), then the conversion price shall be reduced to an amount equal to the per share consideration for such new issuance as of the date of such issuance. There will not be any dilutive issuance of new shares that will trigger any adjustment to the conversion price of the Preferred Shares.
- Assuming the Offer Price is HK\$3.15 per Offer Share, being the mid-point of the indicative Offer Price range.
- Each of Fuhai 37, Fuhai Yangfan and Hangzhou Zhaoxin holds shares of our Company through Fuhai. The shares of our Company held by Fuhai are indirectly held as to 29.997%, 19.998% and 49.995% respectively by Fuhai 37, Fuhai Yangfan and Hangzhou Zhaoxin.
- Each of Chentao Capital, Youshi Capital, Ningbo Mengju and Hengqin Xiru hold Shares of our Company through Shanyoutao. As Wu Chuanwen is merely an investor with a minority economic interest in Ningbo Mengju, which in turn is an investor with a minority economic interest in Shanyoutao, a Shareholder of our Company, Wu Chuanwen is not considered as a Pre-IPO Investor, and his indirect interest in the Shares of our Company held through Ningbo Mengju has not been included in the table above. The Shares of our Company held by Shanyoutao are indirectly held as to 38.46%, 23.08%, 19.23% and 19.23% respectively by Chentao Capital, Youshi Capital, Ningbo Mengju and Hengqin Xiru.
- Each of Hubei Bofeng and Hubei Boxun hold shares of our Company through Bohai. The shares of our Company held by Bohai are indirectly held as to 72.00% and 28.00% respectively by Hubei Bofeng and Hubei Boxun.
- As Mengxiang, the entity through whom Silicon Paradise holds Shares in our Company, is the Over-allotment Option Grantor, its holding of 4.85% of our Shares immediately after the completion of the Listing assumes that the Over-allotment Option is not exercised.
- As at the Listing, Mengxiang will hold 97,480,000 Shares. All such Shares will be subject to lock-up arrangements immediately after the completion of the Listing. However, as Mengxiang, as the Over-allotment Option Grantor, may be required to sell up to an aggregate of 45,255,000 Shares upon the exercise of the Over-allotment Option, only 52,225,000 Shares held by Mengxiang immediately after the completion of the Listing will be subject to lock-up arrangement for six months from the Listing Date, while any of the remaining 45,255,000 Shares not sold pursuant to the Over-allotment Option will be subject to such lock-up arrangement for a period of two months from the Listing Date.

Simplified Corporate Structure of our Group immediately after the Listing

The chart below illustrates the corporate and shareholding structure of our Group immediately after the completion of the Listing (on the basis that all preferred shares are converted into our Shares on a one-for-one basis):



Notes:

- (1) Sun SPV is indirectly wholly-owned by the family trust of Mr. Sun, the sole settlor and appointor of which are Mr. Sun and his family members.
- (2) You SPV is indirectly wholly-owned by the family trust of Mr. You, the sole settlor and appointor of which are Mr. You and his family members.
- (3) As Mengxiang is the Over-allotment Option Grantor, its holding of 4.85% of our Shares immediately after the completion of the Listing assumes that the Over-allotment Option is not exercised.
- (4) See Note 9 to “Simplified Corporate Structure of our Group prior to the commencement of the Corporate Reorganization and the Pre-IPO Investments in January 2018”.
- (5) See Note 10 to “Simplified Corporate Structure of our Group prior to the commencement of the Corporate Reorganization and the Pre-IPO Investments in January 2018”.
- (6) See Note 11 to “Simplified Corporate Structure of our Group prior to the commencement of the Corporate Reorganization and the Pre-IPO Investments in January 2018”.
- (7) See Note 12 to “Simplified Corporate Structure of our Group prior to the commencement of the Corporate Reorganization and the Pre-IPO Investments in January 2018”.
- (8) See Note 5 to “Simplified Corporate Structure of our Group immediately upon completion of the Corporate Reorganization and the Pre-IPO Investments”.
- (9) Huzhou Mengyou Network Technology Partnership Enterprise (LLP) (湖州盟有網絡科技合夥企業(有限合伙)) (“**Huzhou Mengyou**”) holds 60% of the equity interests in Shanghai Mengyou Network Technology Co., Ltd. (上海盟有網絡科技有限公司) (“**Shanghai Mengyou**”).
- (10) If any Preferred Investor exercises its pre-emptive right to subscribe for Offer Shares in the Global Offering (see “History, Reorganization and Corporate Structure – Shareholders’ Right”), depending on whether it exercises such right in full or partially, the percentage of its shareholding in our Company will be increased up to the same level as that immediately prior to the Global Offering as set out in the chart in the section headed “History, Reorganization and Corporate Structure – Simplified Corporate Structure of our Group immediately upon completion of the Corporate Reorganization and the Pre-IPO Investments”. The subscription of the Offer Shares pursuant to such right by any exercising Preferred Investor will decrease the number of Offer Shares to be subscribed by other investors in the International Offering. If all Preferred Investors exercise such right and the exercise of which is to the maximum extent, they would be entitled to subscribe for a total of 180,890,269 Offer Shares, representing 59.96% of the Global Offering, and percentage of the “Other Public Shareholders” stated in the above chart will reduce from 15.00% to 6.01%.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Public Float and Lock Up

The Shares held by the Pre-IPO Investors will be counted towards the public float⁽¹⁾.

Immediately after the Listing, assuming that the Over-allotment Option is not exercised and based on the Offer Price of HK\$3.15 (being the mid-point of the indicative Offer Price range):

	Number of Shares	Shareholding percentage
Total	2,011,355,000	100%
Public float	1,526,480,000	75.89%
Subject to lock-up arrangements immediately after the Listing.	1,728,698,036	85.95% ⁽²⁾
Freely tradable immediately after the Listing.	282,656,964	14.05% ⁽¹⁾

Notes:

- (1) These Shares potentially include Offers Share to be subscribed by the Preferred Investors pursuant to the exercise of the pre-emptive right by the Preferred Investors to subscribe for Offer Shares in the Global Offering (see “History, Reorganization and Corporate Structure – Shareholders’ Rights”). Such Offer Shares to be subscribed for by any exercising Preferred Investors will be subscribed for at the Offer Price as a placee in the International Offering and will not be subject to any lock-up arrangement immediately after the Listing.
- (2) Among the 1,728,698,036 Shares subject to lock-up arrangements immediately after the Listing, 484,875,000 Shares will be held by the Substantial Shareholders Group (representing approximately 24.11% of the Shares immediately after the Listing), 944,540,000 Shares will be held by the Pre-IPO Investors (representing approximately 46.96% of the Shares immediately after the Listing), 194,959,036 will be held by the other existing Shareholders of our Company immediately prior to the Listing (i.e. Tencent Mobility, Star Brilliant, Mingying and Li SPV) (representing approximately 9.69% of the Shares immediately after the Listing), and 104,324,000 Shares will be held by the cornerstone investors subscribing for Offer Shares in the Global Offering (representing approximately 5.19% of the Shares immediately after the Listing and based on the Offer Price of HK\$3.15 (being the mid-point of the indicative Offer Price range)).

Each of the existing Shareholders who holds Shares immediately prior to the completion of the Global Offering (i.e. the Substantial Shareholders Group (in respect of 484,875,000 Shares), the Pre-IPO Investors (in respect of a total of 944,540,000 Shares. A total of 45,255,000 Shares held by Mengxiang deducting the number of Shares sold pursuant to the Over-allotment Option will be subject to the lock-up arrangement below for a period of two months from the Listing Date) and other existing Shareholders of our Company (being Tencent Mobility (in respect of 58,665,000 Shares), Star Brilliant (in respect of 35,862,085 Shares), Mingying (in respect of 85,306,951 Shares) and Li SPV (in respect of 15,125,000))) has undertaken that, without the prior written consent of our Company, the Joint Sponsors, Deutsche Bank AG, Hong Kong Branch and Haitong International Securities Company Limited (for themselves and on behalf of the Underwriters), such Shareholder will not, and will cause its affiliates not to, at any time during the period commencing on the date of this prospectus and ending on the date falling six months after the Listing Date (both inclusive), dispose of (i) any Shares held by such Shareholder as of the date of the undertaking and any such other additional Shares issued to such Shareholder following the Capitalization Issue (but excluding any Offer Shares subscribed for by the Preferred Investors pursuant to the pre-emptive right described above) (the “**Relevant Shares**”), or (ii) any interest in any company or entity holding or controlling (directly or indirectly) any Relevant Shares.

Compliance with the Interim Guidance

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 28 clear days before the date of our first submission of the listing application form to the Stock Exchange in relation to the Listing; and (ii) the special rights granted to the Pre-IPO Investors will terminate prior to the Listing, the Joint Sponsors have confirmed that the investments of the Pre-IPO Investors are in compliance with the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017 and the Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRC Regulatory Requirements

Our PRC Legal Advisors have confirmed that the share transfers, subscriptions, acquisitions, disposals and the corporate reorganization in respect of the PRC companies in our Group as described above have been legally completed and all necessary regulatory approvals have been obtained in accordance with PRC laws and regulations.

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, SAIC and the SAFE on 8 August 2006, effective on 8 September 2006 and amended on 22 June 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise to purchase the assets of a domestic enterprise and operate these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. Where a domestic company or enterprise, or a domestic natural person, through an offshore entity established or controlled by it/him, acquire a domestic company which is related to or connected with it/him, approval from MOFCOM is required. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity in the PRC companies in exchange for the shares of offshore companies.

Our PRC Legal Advisors are of the opinion that the M&A Rules is not applicable because Weimob Development was a foreign-invested company when Weimob HK acquired equity interests in Weimob Development from Weimob Enterprise and subscribed for equity interests in Weimob Development. Accordingly, our PRC Legal Advisors are of the opinion that prior MOFCOM and CSRC approvals under the M&A Rules is not required.

SAFE REGISTRATION IN PRC

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular 37**”) effective on July 14, 2014 which replaced the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Corporate Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular 75**”): (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Circular 13**”) effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interests in the domestic entity are located.

As advised by our PRC Legal Advisors, as of the Latest Practicable Date, Mr. Sun, Mr. Fang, Mr. You and Mr. Li, who are our indirect shareholders and PRC citizens, had completed their registration under the SAFE Circular 37.

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OUR MISSION

Our mission is to enable digital transformation for SMBs and to make business more intelligent through technology-driven innovation.

OVERVIEW

We are the leading provider of cloud-based commerce and marketing solutions and targeted marketing services on Tencent's social networking service platforms for SMBs in China in terms of revenue in 2017. Through our SaaS products, we offer a variety of intelligent business solutions tailored for industry verticals, and our targeted marketing services enable businesses to advertise to a select audience on China's leading digital content platforms. According to Frost & Sullivan, we had a market share of 5.8% in the cloud-based commerce and marketing solutions market for SMBs in China and a market share of 4.2% in the cloud-based commerce and marketing solutions market for all business sizes in China in 2017, both as measured by revenue. We deliver our SaaS products and targeted marketing services primarily through China's leading social media platform, WeChat, where we were also the largest third-party service provider for SMBs in terms of revenue and number of paying merchants in 2017 with a market share of 15.3% as measured by revenue, according to Frost & Sullivan.

We launched our first SaaS product in 2013 with the aim of helping SMBs operating under the traditional retail model overcome the significant challenges they face in today's new retail era. With limited offline footprints and little to no online expertise, SMBs often lack access to easy-to-use and cost-effective digital tools to grow their businesses and manage customer relationships. Traditional online marketplace platforms offer limited merchant services while controlling the user traffic and relationships of end customers. We disrupt that model by providing a decentralized, social media-enabled platform that allows SMBs to directly acquire and communicate with customers and manage their interactions and relationships across online and offline channels. On a decentralized platform such as WeChat, merchants can leverage social media traffic to establish their brand names, directly market to targeted audiences, and acquire customers. We offer merchants a comprehensive suite of easy-to-use SaaS products for them to establish their online presence in the form of WeChat Official Accounts or WeChat Mini Programs. Merchants use our SaaS products to conduct their business on WeChat and other digital properties, improve operational efficiency, and manage customer relationships both online and offline. Under this disruptive model, we return control back to the merchants by giving them ownership of their own customer traffic and data.

In 2016, we began offering targeted marketing to enable advertisers to reach their target audiences through mobile social marketing and optimize their marketing campaigns on leading social media platforms in China.

Merchants use our SaaS products to build personalized storefronts on social media platforms and manage their mission-critical digital commerce operations, including product display, order intake and payment processing, customer relationship management, and social media marketing. Our SaaS products are categorized into three cloud service offerings, namely our Commerce Cloud, Marketing Cloud, and Sales Cloud, each designed with its own sets of functionalities and features to meet merchants' specific business needs. Commerce Cloud products enable merchants to establish integrated online and offline digital operations and empower them to drive increased engagement, conversion, revenue, and loyalty from their customers. Marketing Cloud products offer merchants digital tools to precisely target audiences and optimize online marketing activities, including advertisement creation and budget allocation. Sales Cloud products help merchants improve their customer acquisition capabilities and achieve higher sales efficiently.

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In October 2017, we launched Weimob Cloud platform, a platform as a service, or PaaS. The platform is designed for third-party developers and has contributed a wide selection of applications for users in addition to our current cloud offerings. With our Weimob Cloud platform, third-party developers can design, build, and implement enterprise-grade custom applications. Third-party developers are not only able to integrate our storefronts, products, transactions, payment, marketing, membership, and logistics modules into their applications but can also connect to hundreds of plug-ins from our Weimob Services Market, an application store, to enrich their application offerings. As of the Latest Practicable Date, we had amassed almost 400 third-party developers and had more than 600 applications developed by such third-party developers available for merchants on our Weimob Cloud platform.

We began our targeted marketing business in 2016, through which we provide a one-stop mobile social marketing solution that is convenient, affordable, and efficient, enabling advertisers to optimize their marketing efforts and achieve their brand promotion or targeted marketing goals. Our proprietary data management platform (DMP) integrated with analytics and optimization technology supports precise marketing for advertisers to more accurately identify audiences who are likely to have an interest in their brands or become paying customers. It also enables advertisers to conveniently choose media resources, create social promotion plans, and utilize other powerful tools for marketing and promotion. Further, our cooperation with high-quality media resources enables our advertisers' marketing campaigns to reach a large audience base. Our premium media resources mainly include major social media platforms and other high-traffic channels such as WeChat Moments, WeChat Official Account, QQ, QZone, Baidu, and Zhihu.

We have a longstanding relationship with Tencent, who is our strategic partner and investor. We are the pioneering third-party service provider on WeChat. We were one of the first collaborators on WeChat Official Accounts in 2013 and also one of the first to offer commerce and marketing solutions through the WeChat Mini Program interface, which was launched by Tencent in 2017, providing us with a first-mover advantage. According to Frost & Sullivan, we were the largest third-party service provider for SMBs in terms of revenue and number of paying merchants in 2017 on the WeChat platform. We were awarded with the Best Service Provider in Regional and Industry Channels of Tencent Social Advertising in 2016 and 2017. Our leading position in the WeChat-based third-party service market and our collaborative relationship with Tencent enable us to capture the future growth potential of mobile social commerce via WeChat, and in particular, WeChat Mini Programs.

We have a large and rapidly growing client base. We had approximately 2.7 million registered merchants for our SaaS products and targeted marketing as of June 30, 2018, providing us with a large potential client base that we can monetize on a recurring basis. During the Track Record Period, we expanded our client base for both our SaaS products and targeted marketing. The number of paying merchants of our SaaS products was 23,895, 36,344, 51,494, and 56,313 as of December 31, 2015, 2016, 2017, and June 30, 2018, respectively. Our ARPU of SaaS products amounted to RMB4,771, RMB4,834, RMB5,100, and RMB2,758 in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively. The number of advertisers using our targeted marketing was 3,217, 17,681 and 14,189 in 2016, 2017, and the six months ended June 30, 2018, respectively. Our average spend per advertiser amounted to RMB54,023 in 2016, RMB52,767 in 2017, and RMB68,084 in the six months ended June 30, 2018. Our large and growing client base has provided us with a vast library of big data that we can leverage to better understand client needs and further refine our product and service offerings to improve customer experience.

Our sales network consists of our own direct sales team stationed in tier-1 and other strategic cities in China as well as a nationwide network of local channel partners. As of June 30, 2018, we had an offline network of over 1,500 channel partners, covering all provinces, municipalities and autonomous regions in the PRC, allowing us to establish close localized business relationships with

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our clients. Our strong relationships with our channel partners are demonstrated by their relatively low attrition rates. The attrition rates of our channel partners for SaaS products were 8.1%, 3.4%, 5.2%, and 3.7% for the years ended December 31, 2015, 2016, 2017, and the six months ended June 30, 2018, respectively. Our sales channels allow cost-effective conversion of the merchants for our SaaS products into advertisers of our targeted marketing and *vice versa*, which enables us to lower our client acquisition costs compared to acquiring new clients separately. We also provide training as well as technical, marketing, and customer service support to our channel partners to better serve our merchants and advertisers.

Our platform infrastructure, which is built using cloud-based technology through cooperation with Tencent Cloud, offers high reliability, scalability, performance, and security to our users. We have the ability to process large quantities of real-time data while ensuring high-speed and stable performance. This allows us to accommodate our growing base of merchants and their customers and the increased complexity of their business operations. We also attained Grade Three of the Graded Protection of National Network Security, which demonstrates our capability in, and commitment to, information and infrastructure security. We also developed our own algorithm database for AI and are continuing to explore the area of machine learning. In addition, leveraging our powerful Weimob Cloud platform, we are able to provide continuous product and technology innovation and excellent customer experience.

We experienced significant growth during the Track Record Period. Our total revenue increased from RMB114.0 million in 2015 to RMB189.2 million in 2016 and further to RMB534.0 million in 2017, representing a CAGR of 116.4%. Our total revenue increased from RMB212.0 million in the six months ended June 30, 2017 to RMB332.1 million in the six months ended June 30, 2018. Our gross profit increased from RMB98.2 million in 2015 to RMB166.9 million in 2016 and further to RMB344.2 million in 2017, representing a CAGR of 87.2%. Our gross profit increased from RMB166.4 million in the six months ended June 30, 2017 to RMB231.0 million in the six months ended June 30, 2018.

OUR STRENGTHS

We believe the following competitive advantages have contributed to our success and will help drive our growth in the future:

China's largest third-party service provider for SMBs in the WeChat ecosystem

According to Frost & Sullivan, in 2017, we were the largest WeChat-based third-party service provider for SMBs in China as measured by revenue and number of paying merchants, with a market share of 15.3% in terms of revenue. According to Frost & Sullivan, in 2017, we were also the leading targeted marketing provider for SMBs on Tencent's social networking service platforms, including WeChat and QQ, as measured by gross billing. We have been awarded with the Best Service Provider in Regional and Industry Channels of Tencent Social Advertising in 2016 and 2017.

We have a longstanding relationship with Tencent, who is our strategic partner and investor. We are the pioneering third-party service provider on WeChat. We were one of the first collaborators on WeChat Official Accounts in 2013 and also the first to offer commerce and marketing solutions through WeChat Mini Program, which was launched by Tencent in 2017, providing us with a first-mover advantage. Our leading position in third-party services in the WeChat ecosystem and close relationship with Tencent enable us to capture the future growth potential of WeChat and WeChat Mini Program. Since its launch, WeChat Mini Program has witnessed tremendous growth in popularity, attracting widespread adoption from consumers,

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business owners and third-party application developers. We collaborate closely with Tencent on big data analysis and targeted marketing, which allows us to offer precision-targeted marketing to enhance our advertisers' audience reach and marketing efficiency as well as capitalize on the rapidly growing mobile marketing market on Tencent social media platforms.

China's leading cloud-based commerce and marketing solutions provider for SMBs

According to Frost & Sullivan, we were the leading cloud-based commerce and marketing solutions provider for SMBs in China as measured by revenue in 2017. According to the same source, the number of SMBs in China has grown rapidly from 13.7 million to 27.3 million between 2013 and 2017 and is expected to grow further to 62.3 million by 2022. Most of these SMBs operate offline and do not have sophisticated customer relationship management and online marketing capabilities. However, the emergence of new retail, improvements in mobile technologies, and the rapid growth of social media platforms are driving demand for cost-effective, easy-to-use cloud-based commerce and marketing solutions that help SMBs reach more consumers and operate more efficiently. We have successfully capitalized on the rapid growth of SMBs and their associated demand for cloud-based commerce and marketing solutions.

Decentralized, intelligent business solutions empowering SMBs to digitize their operations

Our platform disrupts and decentralizes the traditional third-party e-commerce marketplace model. Through our SaaS products, we allow SMBs to directly connect and communicate with their customers and enable them to manage and optimize their businesses through online and offline channels. This way, we return control back to the merchants by giving them ownership of their own customer traffic and data.

We offer a wide array of intelligent business solutions that can be applied to various usage scenarios. Our SaaS products offer innovative and comprehensive functionalities including digital storefront buildup, omni-channel marketing, customer relationship management, and business reporting, allowing our merchants to enhance operating efficiency and profitability. Our SaaS products are tailored across various industry verticals, including e-commerce, retail, restaurant, travel, hospitality, and beauty, attracting a diversified merchant base. We have strategically developed competencies in software development, digital marketing and big data analytics, creating a synergistic one-stop business solution that empowers our clients to conduct business more intelligently in the era of new retail.

Large and monetizable client base

As of June 30, 2018, we had approximately 2.7 million registered merchants for our SaaS products and targeted marketing, which provides us with a large potential client base from which we can monetize on a recurring basis. During the Track Record Period, we expanded our client base for both our SaaS products and targeted marketing. The number of paying merchants of our SaaS products was 23,895, 36,344, 51,494, and 56,313 as of December 31, 2015, 2016, 2017 and June 30, 2018, respectively. Our ARPU of SaaS products amounted to RMB4,771, RMB4,834, RMB5,100 and RMB2,758 in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively. The number of advertisers using our targeted marketing was 3,217, 17,681, and 14,189 in 2016, 2017 and the six months ended June 30, 2018, respectively. Average spend per advertiser amounted to RMB54,023 in 2016, RMB52,767 in 2017 and RMB68,084 in the six months ended June 30, 2018. The attrition rates of our merchants for SaaS products were 59.2%, 48.7%, 27.2%, and 13.3% in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively. Our large and growing client base has provided us with a vast library of big data that we can leverage to better understand client needs and further refine our product and service offerings to improve customer experience.

Extensive nationwide sales network

Our sales channels consist of our own direct sales team stationed in tier-1 and other strategic cities as well as a nationwide network of local channel partners. We have an offline network of over 1,500 channel partners, covering all provinces, municipalities and autonomous regions in the PRC, allowing us to establish close localized business relationships with our clients. Our strong relationships with our channel partners are demonstrated by their low attrition rates. The attrition rates of our channel partners for SaaS products were 8.1%, 3.4%, 5.2%, and 3.7% for the years ended December 31, 2015, 2016 and 2017, and the six months ended June 30, 2018, respectively. Our sales channels allow cost-effective conversion of our merchants for SaaS products into advertisers for targeted marketing and *vice versa*, which enables us to lower our client acquisition costs compared to acquiring new clients separately. During the Track Record Period, our conversion rates of registered merchants to paying merchants of SaaS products were 2.0%, 2.7%, 3.3%, and 3.4%, respectively, while the percentage of sales and distribution expenses as to our total revenue were 91.1%, 107.0%, 56.0%, and 56.5%, respectively, during the same periods which demonstrated our cost-effective conversion of registered merchants to paying merchants. Furthermore, there were 182 channel partners who were both our SaaS products and targeted marketing channel partners as of June 30, 2018. Such 182 channel partners can cross-market our SaaS products and targeted marketing to existing advertisers or merchants, or *vice versa*, without incurring material costs. We also provide continuous training as well as technical, marketing, and customer service support to our channel partners to better serve our clients.

Continuous technology innovation powered by strong research and development capability

We are a technology forerunner and continuous innovator. Since 2015, we have broadened our SaaS product offerings from WeChat Official Account marketing services to WeChat Mini Program-based marketing solutions, and further to SaaS products tailored for various industry verticals. We have been continuously updating our SaaS products since the launch of our very first solution. During the Track Record Period, we released nearly 1,300 updates or new features to our SaaS products to cater to merchants' evolving needs. For example, in October 2017, we launched Weimob Cloud platform, a PaaS, designed for third-party developers to create more and better applications for merchants. With the Weimob Cloud platform, third-party developers can design, build and implement enterprise-grade custom applications through its open interface. Furthermore, we launched Sales Pusher (“銷售推”) in June 2018, Smart Hotel (“智慧酒店”) in July 2018, Smart Retail (“智慧零售”) in August 2018, and Smart Traveling (“智慧旅遊”) in October 2018. Our proven track record of product innovation and expansion stems from our strong research and development capability led by a dedicated team of over 360 in-house developers and engineers as of June 30, 2018.

In addition, by leveraging our years of experience serving SMBs through SaaS products and targeted marketing, we have accumulated substantial amounts of consumer and merchant behavioral data that, when integrated with our data analytics, can enhance our various data applications, including targeted marketing, risk management, and personalized recommendations. We also invest heavily in talent by recruiting, retaining, and training best-in-class engineering specialists and data scientists to further enhance our technology advantage.

Innovative and entrepreneurial management team

Our founders are passionate trailblazers who have led the digital transformation of SMBs in China in recent years, pioneering easy-to-use and cost-effective intelligent business solutions that can be easily implemented via the WeChat ecosystem. Under the leadership of our founders and our management team, our products and services disrupted traditional online marketplaces and

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effectively shaped the decentralized social media-enabled e-commerce model where SMBs could establish their brand ownership and manage critical operations on leading social media platforms in China. Mr. Sun, our founder and Chief Executive Officer, is a highly decorated technology entrepreneur with various industry awards, including 2017 Forbes Asia 30 under 30, Fast Company China's 100 Most Creative People in Business, and National Champion of the first season of "I am the Founder", a competitive reality TV show for technology entrepreneurs held by Tencent and Zhejiang Satellite TV. Our three co-founders and management team possess complementary skill sets across Internet technology, software development, digital marketing management and strategic investments. For further information, see "Directors and Senior Management".

OUR STRATEGIES

To achieve our mission and further solidify our market leadership, we intend to pursue the following strategies:

Strengthening and extending our Marketing Cloud and Sales Cloud offerings

We will leverage our market leadership in Commerce Cloud offerings to expand our Marketing Cloud and Sales Cloud offerings. We have been learning from the ways in which our clients use our current products to better understand the pain points of SMBs and continue to develop new, complementary services to fulfill their marketing and sales needs. With respect to our Marketing Cloud offerings, we will develop more customized tools to enable merchants to optimize marketing campaigns and realize better marketing performance. With our Sales Cloud offerings, our merchants' sales teams can maximize their sales and marketing capabilities and achieve higher sales efficiently. For example, to broaden our product portfolio and expand into Sales Cloud offerings, we launched Sales Pusher in June 2018. By integrating our Marketing Cloud and Sales Cloud with Commerce Cloud offerings, we are able to provide our clients with a more comprehensive view of their customers and cross sell our cloud offerings. We will continue to enhance our research and development on new cloud service offerings to better serve our clients.

Expanding into new industry verticals

We plan to leverage our success and experience in existing verticals to expand into new ones. We plan to continue to tailor our SaaS products and targeted marketing to provide relevant products to merchants in industry verticals with traditionally low digital penetration. New industry verticals we will focus on include, but are not limited to, retail, catering, hotel and hospitality, travel and lifestyle, education, home furnishing, and automobile. In July 2018, we launched Smart Hotel ("智慧酒店"), designed specifically for the hospitality business to enable hotel operators to better manage customer relations and sales channels and in turn, drive more sales and enhance customer loyalty. Furthermore, we released Smart Retail ("智慧零售") in August 2018. Smart Retail is a solution with multiple management functionalities designed for retail merchants to help them integrate online and offline operations, marketing and data management, and become intelligent businesses. Most recently, we launched Smart Traveling ("智慧旅遊") in October 2018, designed for traditional travel agencies to help them expand sales channels and enhance their marketing and customer acquisition capabilities by providing them with online functions such as WeChat marketing, online sales, order management, member management, and data analysis. We believe we are able to increase our revenue and improve our results of operations by successfully entering new industry verticals.

Increasing monetization of our client base

We believe there is significant opportunity to deepen our relationships with our existing client base. As of June 30, 2018, we had approximately 2.7 million registered merchants for our diverse products and services. Our vast client base provides a strong foundation from which we can further monetize on a recurring basis. We aim to increase monetization of our SaaS products and targeted marketing mainly through cross-marketing and cross-selling among different products and services. We plan to increase conversion of merchants who use our free SaaS products into paying merchants and upsell to existing merchants. As our merchants realize the benefits of our services, we aim to upgrade the customer experience with premium editions and additional subscriptions. We plan to cross sell and convert our SaaS products merchants into advertisers for our targeted marketing, and *vice versa*, leveraging synergies between our business segments. We also plan to use the data accumulated on our cloud-based commerce and marketing platform to provide creative fintech services to our clients. Specifically, through big data computing technology, we plan to build merchant profiles and make reasonable predictions about the merchants' next stage of business by analyzing merchants' online store traffic data, visitor data, product data, marketing activity data, transaction data, etc. When merchants need financing to grow business, we plan to use such data and big data computing technology to build a risk control model and conduct an effective evaluation for merchants to choose suitable financing channels and products.

Furthermore, we will increase the monetization of our Weimob Cloud platform and Weimob Services Market. Third-party developers are key to our Weimob Cloud platform. We plan to attract third-party developers by (i) enhancing the technology capabilities of our Weimob Cloud platform and broadening its technology influence, (ii) optimizing our Weimob Services Market and attracting merchants to use the applications developed by third-party developers, and (iii) enhancing our marketing effort to attract third-party developers as well as providing them with professional technical support. During the Track Record Period and up to the Latest Practicable Date, we did not generate revenue in relation to our Weimob Cloud platform and Weimob Services Market. We currently do not share in the revenue of third-party developers generated from applications developed by them and distributed through our Weimob Services Market, or collect fees from users who purchase these applications. In anticipation of a more established Weimob Cloud platform and Weimob Services Market in the future, we may monetize such ecosystem by sharing a portion of the revenue of third-party developers generated from applications developed by them distributed through our platform. See "Business – Our Product and Service Offerings – Weimob Cloud Platform – Monetization" for further details.

Deepening collaboration with Tencent and other decentralized mobile platforms

We will promote data sharing and big data analysis with Tencent to deepen our integration with Tencent's social networking ecosystem and work with Tencent to optimize our advertisers' targeted marketing strategies by better identifying and engaging their desired customers and improving conversion rates. We and Tencent would cooperate through sharing data label interface and joint big data analysis. Specifically, Tencent would open to us, as cooperative service provider, a series of data labeling interfaces covering customer identification, customer attraction, and customer conversion. Based on these labels, we can build a more comprehensive view of the data to further optimize the performance and effectiveness of targeted marketing and customer conversion for merchants. Furthermore, in the area of big data analytics, we will work with Tencent to jointly analyze and build a data model by jointly building data marts and sharing algorithm capabilities. Based on the complementarity of the data from both parties, we can carry out more in-depth data analysis and mining, and output more accurate and comprehensive user profiling and merchant profiling to further enhance the effectiveness of targeted marketing.

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We will also strengthen existing cooperation and develop new relationships with other leading decentralized mobile platforms in China. Through these platforms, we can broaden the audience reach for our advertisers, allowing them to source and identify the most cost-effective advertisement placements, and satisfying their multi-channel marketing needs, while allowing them to retain control of their customer data. For example, we have placed targeted marketing with the mobile platforms of Baidu and Zhihu. See “– Our Product and Service Offerings – Targeted Marketing – Our Services” for details.

Enhancing our ecosystem through our Weimob Cloud platform

We will encourage application development by third-party developers on our Weimob Cloud platform to broaden our offerings to our clients and enrich our Weimob ecosystem. We will continue to release new marketing and sales tools and services from third-party developers that complement our core service offerings. We will continue to enhance the attractiveness of our Weimob Cloud platform by providing third-party developers with a rich set of APIs and plug-ins and more cooperation methods to connect developers with merchants. We will also continue to develop additional cloud service offerings to accommodate the ever-evolving needs of our clients and third-party developers.

Growing and enhancing our sales channels

We will continue to expand our direct sales force as well as our local channel partners across China with the goal of expanding our overall client base. We will also encourage the cross-selling between SaaS products and targeted marketing by enhancing the sales and marketing expertise of our direct sales force and channel partners. We will consider entering into underpenetrated industry verticals and increase our market share in the cities we have already covered. We will engage more localized channel partners with in-depth expertise and strong merchant relationships in different industry verticals. We will also provide more comprehensive and systematic training to our channel partners so that they can competently explain to potential clients how our products and services can help them establish an online presence, manage customer relationships across channels, and, in turn, improve overall business operations.

Exploring strategic partnerships and acquisition opportunities

We promote a culture of innovation and cooperation with a focus on maximizing long-term value. In May 2018, we entered into an agreement to acquire the equity interests in Guangzhou Xiangminiao to capitalize on its sales channel and marketing capabilities in the hospitality industry to improve our results of operations in the long term. See “History, Reorganization and Corporate Structure – Investment in Guangzhou Xiangminiao” for details. We will continue to selectively pursue strategic cooperation, investments and acquisitions that we believe can expand our products offerings, allow us to enter new industry verticals, strengthen our technological and research and development capabilities. We will also consider investing in other mobile or digital sectors that are complementary to our current businesses. In selecting investment targets or partners, we generally consider the following factors: suitability with our strategic planning, degree of potential synergies, market position, management team experience, valuation, historical operating metrics, and financial performance. As of the Latest Practicable Date, excluding the acquisition of the equity interests in Guangzhou Xiangminiao, we had not identified any definite strategic partnerships or acquisition targets.

OUR ECOSYSTEM AND ITS PARTICIPANTS

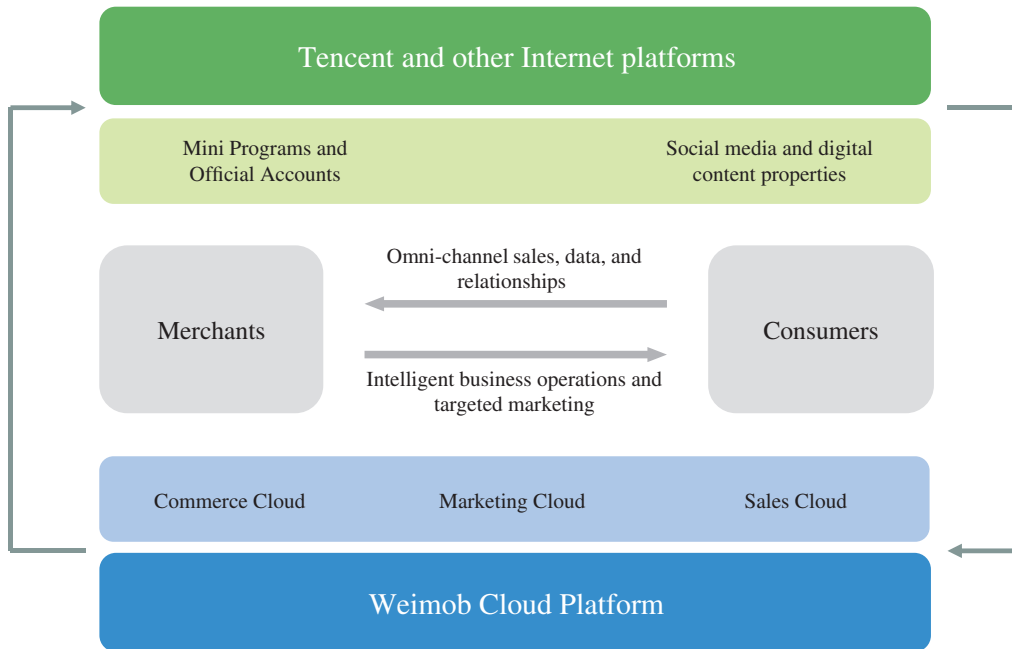
Our cloud-based commerce and marketing service platform forms part of a vibrant ecosystem connecting our merchants, consumers, and social media platforms. Through this ecosystem, we have transformed how merchants conduct their businesses using social media in today's new retail era, and have established a reputation as a trusted and successful platform for participants in our ecosystem. Our Weimob ecosystem is integrated into Tencent's ecosystem as we primarily deliver our SaaS products and targeted marketing service through the WeChat platform.

The following are key participants benefiting from our ecosystem.

- **Merchants.** Our products and services are mainly designed for SMBs. SMBs accounted for approximately 94.0% of all registered enterprises in China, and more than 60.0% of China's GDP in 2017. According to Frost & Sullivan, there were 27.3 million SMBs in 2017. We serve a large, growing base of merchants who aim to digitally transform their business. We had approximately 2.7 million merchants registered to use our SaaS products and targeted marketing service as of June 30, 2018. The number of our SaaS product paying merchants was 23,895, 36,344, 51,494, and 56,313 as of December 31, 2015, 2016, 2017, and June 30, 2018, respectively. The number of advertisers using our targeted marketing was 3,217, 17,681, and 14,189 in 2016, 2017, and the six months ended June 30, 2018, respectively.
- **Consumers.** According to Frost & Sullivan, there were 533 million online shoppers in China as of December 31, 2017. As consumers benefit from rising disposable income and increase their time spent online, they increasingly choose merchants and platforms which are able to provide a personalized, omni-channel shopping experience. The number of consumers of our merchants amounted to approximately 400 million on an accumulative basis as of the Latest Practicable Date. The number of followers of our merchants reached approximately 1,000 million on an accumulative basis as of the Latest Practicable Date.
- **Social media platforms.** We currently collaborate with Tencent and other social media platforms to provide SaaS products and targeted marketing. We primarily deliver our SaaS products on WeChat in the form of WeChat Mini Programs and WeChat Official Accounts. Our targeted marketing is primarily delivered on Tencent's social media platforms such as WeChat Moments and QQ. During the Track Record Period, we also collaborated with other media publishers to deliver our targeted marketing, including Baidu and Zhihu.

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The following diagram illustrates the network effects and interaction between participants within our ecosystem.



Our ecosystem offers unique value propositions and is self-reinforcing. We provide the following value propositions to the following parties:

- **Merchants.** We offer merchants a comprehensive suite of easy-to-use digital tools to conduct their business, improve operational efficiency, and manage customer relationships online and offline. We provide SMBs with affordable access to a large flow of decentralized user traffic on China's leading social networking service platforms, giving them control of customer and transaction data and their own brand identity.
- **Consumers.** Consumers can use our WeChat Mini Program-based product in WeChat without downloading separate applications or software. They are able to open, run, and exit such WeChat Mini Programs quickly and easily. Our various marketing plug-ins and digital tools embedded in such WeChat Mini Programs allow merchants to push relevant and valuable promotions to consumers in engaging and interactive ways. Our products offer consumers a convenient and personalized shopping experience that integrates online and offline elements.
- **Social media platforms.** Through our digital products and service offerings, we enable merchants to establish their presence on social media platforms, which, in turn, help such platforms enrich their services, attract more users, and enhance their monetization potential.

OUR PRODUCT AND SERVICE OFFERINGS

We launched our first SaaS product in 2013 and commenced our targeted marketing business in 2016. We offer a wide variety of commerce and marketing solutions and services to merchants and advertisers through our SaaS products and targeted marketing. Clients use our solutions and services to build their social media storefronts and manage their mission-critical operations, including product display, order intake, payment processing, customer relationship management, and social media marketing campaigns.

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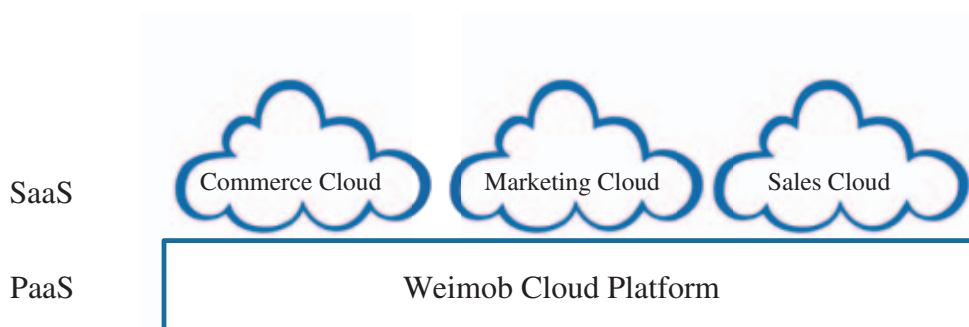
During the Track Record Period, we generated revenue primarily from providing SaaS products and targeted marketing to merchants and advertisers. The following table sets forth our revenue by business segments for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2015		2016		2017		2017		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(Unaudited)</i>									
	(RMB in millions, except percentage)									
SaaS products	114.0	100.0	175.7	92.9	262.6	49.2	122.4	57.7	155.3	46.8
Targeted marketing	–	–	13.5	7.1	271.4	50.8	89.6	42.3	176.8	53.2
Total	114.0	100.0	189.2	100.0	534.0	100.0	212.0	100.0	332.1	100.0

We launched Weimob Cloud platform, a PaaS, in October 2017. As of the Latest Practicable Date, we had amassed almost 400 third-party developers and offered over 600 applications developed by third-party developers on our Weimob Cloud platform. We did not generate any revenue from our Weimob Cloud platform during the Track Record Period. See “– Weimob Cloud Platform – Monetization” for details.

SaaS Products

Our SaaS products are primarily categorized into three cloud service offerings, namely our Commerce Cloud, Marketing Cloud, and Sales Cloud, all built on top of our Weimob Cloud platform. The following diagram illustrates our cloud offerings:



Commerce Cloud enables merchants to establish their online presence and empowers them to drive increased engagement, conversion rates, revenue, and loyalty from their customers. Marketing Cloud offers merchants digital tools to precisely target their audiences and optimize online marketing activities, including advertisement creation and budget allocation. Sales Cloud helps merchants improve their customer acquisition capabilities and achieve higher sales efficiently.

Benefits of Our SaaS Products

According to Frost & Sullivan, SMBs under the traditional retail model face significant challenges in the new retail era, some of which include:

- ***Difficulties in expanding online.*** As leisure time spent and retail consumption gradually shift to online and mobile channels, there is a pressing need for SMBs to connect their offline footprints with their online presence, and to expand their business through social media platforms. However, most SMBs in China lack the financial resources and technology know-how to establish an online presence, which limits their ability to scale up.
- ***Lack of cost-effective customer acquisition channels.*** Traditional SMBs have limited resources to acquire and retain customers. Sales staff of SMBs traditionally invest a significant amount of time calling and marketing to untargeted audiences, which results in low customer conversion rates and, in turn, low returns on investment. Traditional SMBs often rely on the centralized traffic of e-commerce marketplace platforms, where customer acquisition costs are increasing.
- ***Inefficient processes to track customers and analyze their data.*** SMBs under the traditional retail model often have limited data storage and data analysis capabilities. Therefore, it is difficult for merchants to build their own data assets, track customer traffic, and create detailed customer profiles.
- ***Lack of digital business productivity tools.*** Setting up an online presence can be expensive and challenging for SMBs. Traditional ERP or CRM software is expensive and not customized for SMBs or specific industry verticals. As a result, it is difficult for SMBs to enhance their operating efficiency.

Through our platform, we provide cloud-based commerce and marketing solutions designed for SMBs by offering the following:



- ***A comprehensive commerce and marketing management system.*** We provide merchants with a comprehensive commerce and marketing management system. Merchants are able to use our services to build up their social networking storefronts and manage their mission-critical operations, including product display, order intake, payment processing, customer relationship management, and social media marketing, allowing a closed transaction loop spanning customer acquisition, conversion, repeat purchases, and word-of-mouth expansion.
- ***Marketing tools designed for WeChat ecosystem.*** We have fully explored features of the social networking ecosystem on WeChat and developed marketing tools based on WeChat's characteristics of sharing, social networking, trust, and reputation to help our merchants master social network marketing. Our marketing tools include group buying, bargaining, live broadcasting, distribution, and referral gifts.
- ***Advanced data analytics.*** We utilize our big data analytical capabilities to provide data support to our merchants for their marketing activities. Through our multi-dimensional data capture and real-time reporting, our data analytics can help advertisers efficiently target and acquire consumers, monitor the performance of their marketing campaigns, as well as improve the effectiveness of their marketing effort.

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- **Robust third-party service ecosystem.** Our Weimob Cloud platform designed for third-party developers contributes a wide selection of applications for merchants in addition to our current cloud offerings. With our Weimob Cloud platform, third-party developers can design, build and implement enterprise-grade custom applications to offer merchants more customized applications. As of the Latest Practicable Date, we had offered a selection of over 600 applications developed by third-party developers for use by merchants on our Weimob Cloud platform.
- **Enterprise-level security, scalability and reliability.** We provide SMBs with easy-to-use and affordable technology infrastructure equipped with enterprise-level security, scalability, and reliability. To guarantee our high service availability, we are equipped with more than 4,000 server clusters and have applied various load balancing services. We deploy various network security services to defend against DDoS attacks and prevent other network security risks.

As of the Latest Practicable Date, we had ten Commerce Cloud solutions, three Marketing Cloud solutions, and one Sales Cloud solution. In addition, we provide several basic and free trials of our solutions and services to attract new merchants. Prices of our Commerce Cloud products and Marketing Cloud products range from RMB3,800 to RMB26,400 and RMB888 to RMB17,400, respectively.

The following table sets forth our major SaaS products as of the Latest Practicable Date:

Product	Positioning and Features
Commerce Cloud	
 Wei Mall (微商城)	A comprehensive solution including an online store builder, multiple marketing tools, SCRM tools, data analytics that drive customer traffic and loyalty, and strong technical and multi-functional service support
 Smart Retail (智慧零售)	A solution with multiple management functionalities designed for retail merchants to integrate online and offline operations, marketing and data management, and become intelligent businesses
 Ke Lai Dian (客來店)	A comprehensive solution for merchants with offline stores offering features including membership management, online and offline marketing, store display, and simple business transaction management
 Smart Restaurant (智慧餐廳)	A vertical solution for the restaurant and catering industry, equipped with a variety of functionalities such as membership management, themed marketing, online ordering, and food delivery
 Smart Hotel (智慧酒店)	A vertical solution for the hospitality industry, featuring room status management, online room booking, and online hotel mall
 Smart Beauty (智慧美業)	A vertical solution for the beauty industry, providing online rating, payment of tips, and mobile booking and reservation services
 Smart Leisure (智慧休娛)	A vertical solution for the leisure and recreation industry, featuring displays of offline venues and services, and transaction capability with pre-paid membership cards
 Smart Meeting (智慧會務)	A one-stop digital conference solution, featuring meeting marketing, flexible sign-in methods, in-meeting big-screen presentation, interaction by games, a powerful data system, and multi-dimensional statistics reports
 Smart Food Delivery (智慧外賣)	A vertical solution for the food delivery industry, featuring mobile ordering, online payment, receipt issuance, physical delivery, mobile social networking marketing, sales promotion, and customer membership management services

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Product	Positioning and Features
 Smart Traveling (智慧旅遊)	A comprehensive solution designed for traditional travel agencies to help them expand sales channels and enhance their marketing and customer acquisition capabilities through online functions such as WeChat marketing, online sales, order management, member management, and data analysis
Marketing Cloud	
 Wei Station (微店)	A mobile website builder featuring rich templates and components, compatible with both WeChat Mini Program and WeChat Official Account and enabling convenient and quick publication of mobile websites
 Marketing Assistant (廣告助手)	A one-stop marketing solution for merchants, featuring a series of tools to manage, monitor, and optimize online marketing activities, including advertisement preparation, budget allocation, and media selection
 Wei Form (微盟表單)	A solution providing merchants with multiple information collection capabilities customized for their needs, including market research, customer feedback collection, and customer data accumulation
Sales Cloud	
 Sales Pusher (銷售推)	A customer acquisition tool for merchants to enhance their customer acquisition capabilities, enabling merchants to gain insights into customer behaviors and discover and convert potential customers, and helping sales personnel follow-up with their customers, track follow-up status, increase customer conversion rates, and monetize customer traffic

Commerce Cloud

The following table sets forth the number of paying merchants, ARPU, and renewal rates of our Commerce Cloud products:

	Year ended December 31,			Six months ended June 30,
	2015	2016	2017	2018
	Number of paying merchants	14,985	24,815	33,580
ARPU (RMB)	4,969	5,001	5,700	3,127
Renewal rates ⁽¹⁾	43.3%	54.0%	66.5%	N/A ⁽²⁾

Notes:

- (1) Renewal rate equals the number of paying merchants at the beginning of a period less the ones attrited during such period, divided by the number of paying merchants as of the end of the previous period.
- (2) The renewal rate for the six months ended June 30, 2018 is not comparable to the counterparts for the whole year because the calculation of attrition of merchants in such period was only for half a year.

The following describes our major Commerce Cloud products in detail:

Wei Mall (微商城)

Our Wei Mall is an integrated e-commerce solution designed for SMBs centered on the WeChat ecosystem. Available in the form of WeChat Mini Programs or WeChat Official Accounts, our Wei Mall helps merchants build a comprehensive e-commerce sales system to capitalize on WeChat's user traffic and increase sales efficiently. Merchants who have used our Wei Mall represent a wide array of industries, including fashion, food, cosmetics, digital products, home appliances, and books, among others.

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The following screenshots illustrate the interface of our Wei Mall web and mobile platforms:



Merchants can quickly register and log into the intuitive interface of our Wei Mall web-based dashboard which is integrated with a variety of functionalities and features, primarily including:

- *Integrated Storefront Builder.* (完整在线开店) Wei Mall offers an integrated social media storefront builder, including storefront design, product display, order management, logistics management, data management, and support for both WeChat Mini Program and WeChat Official Account. We equip merchants with customizable, high-quality and professionally-designed content so merchants can develop a high-quality online store without special design or coding skills. Furthermore, our user-friendly drag-and-drop store decoration tools enable merchants with basic computer skills to create a fully operational online storefront.

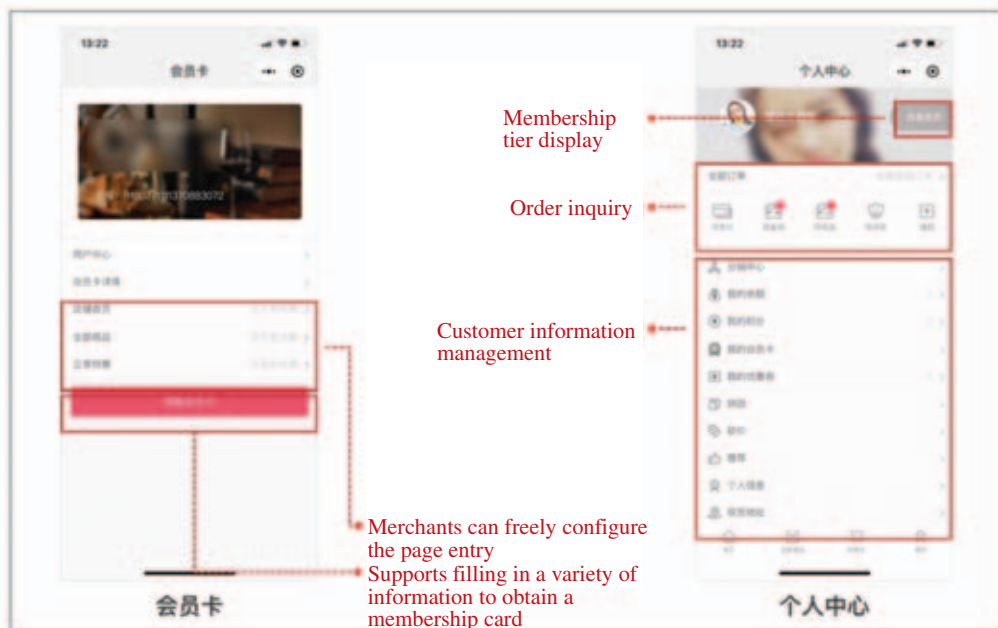


- *Marketing and Promotional Plug-ins.* (營銷工具插件) Wei Mall offers various marketing and promotional plug-ins for merchants to attract, and interact with followers on WeChat, enhance word-of-mouth promotion, gamify the online shopping experience, and increase repeat purchases. Merchants can select any combination of plug-ins as desired to accommodate their own business strategies. These major marketing and promotional plug-ins include Group Buying (拼團), Bargaining (砍價), and Flash Discount (限時折扣). Group Buying (拼團) offers customers products and services at largely reduced prices on the condition that a minimum number of customers would make the purchase, which incentivizes customers to promote the products within their social networks to enjoy the reduced prices. Bargaining (砍價) enables a customer to reduce the original price of the product or service by inviting friends to help cut the price, and the more users involved, the more discount the customer gets. Friends who help with bargaining for the purchaser receive coupons or cash as incentives. Flash Discount (限時折扣) provides customers with steep, limited-time discounts and other benefits, including membership points or coupons, to stimulate sales.



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- *Social Customer Resource Management.* (社交客戶資源管理) Wei Mall offers strong social customer resource management (SCRM) services to our merchants for them to enhance customer loyalty effectively and efficiently. Once the customer becomes a member of our merchant, Wei Mall allows our merchants to establish various membership tiers and provide different store information and sales and promotion activities corresponding to different membership tiers based on customers' purchase volume, top-up amounts, activity status, and transaction history.



- *Data-driven Analytics and Reporting.* (數據分析驅動計算和報告) Wei Mall accumulates and provides our merchants with multi-dimensional customer data which effectively helps merchants adjust their business strategies and leverage their strengths in a timely manner. Our database stores data with various dimensions, such as customer purchase intent data, customer interest data, online transaction data, and customers' social data.

Smart Retail (智慧零售)

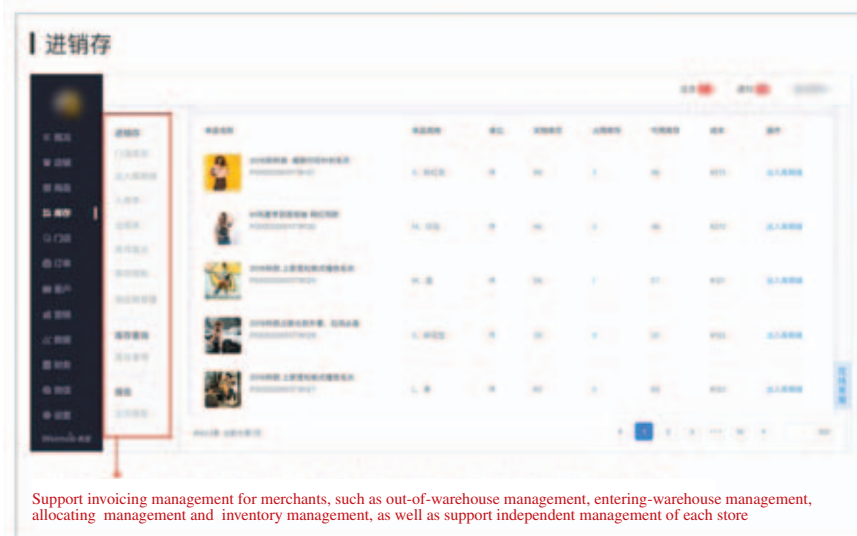
Smart Retail is a solution designed for offline retail merchants to help them integrate online and offline operations and become intelligent businesses by providing multiple functions to manage products and orders, inventories, payment, customers, marketing and data. We released Smart Retail in September 2018.

We offer the following key functionalities through Smart Retail:

- **Online Store Management. (門店線上化管理)** Merchants can create online stores and manage basic store information, decoration, logistics, and products. The online store management supports two modes: unified store mode and multi-store mode. Uniform store mode provides one single online mall that is integrated with all offline stores. Multi-store mode allows each offline store to maintain a corresponding online store.



- **Invoice Management. (進銷存管理)** Such functionality provides an independent invoice management system for a merchant's headquarters and for each store. Through the provision of complete inventory management such as stock in, stock out, transfer, and inventory control for merchants, online and offline integrated product management is realized.

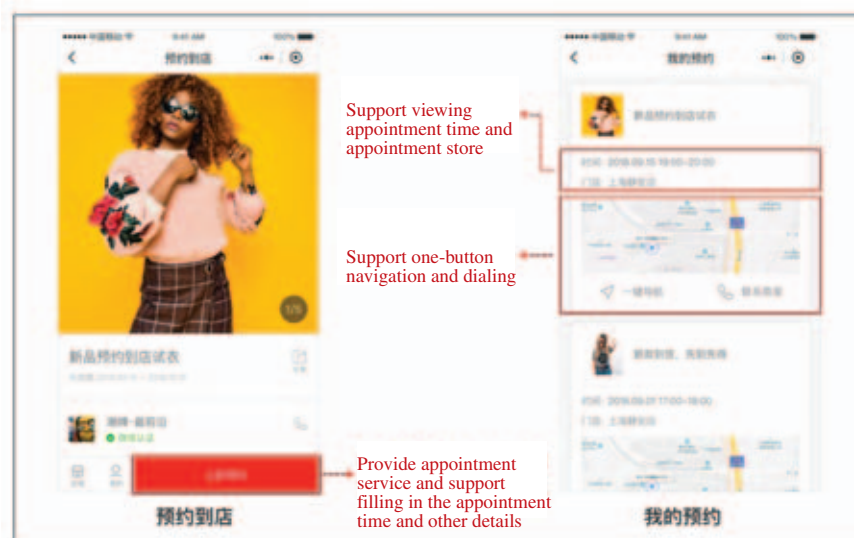


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- *Shopping Guide System. (導購系統)* We provide a complete shopping guide system to help merchants provide one-on-one service to customers. The shopping guide can provide customers with coupons, order recommendations, and other exclusive customer services based on the comprehensive user profile provided by the system. The shopping guide system also supports store and shopping guide performance target setting, and provides statistics reporting on shopping guides' sales performance and commissions.

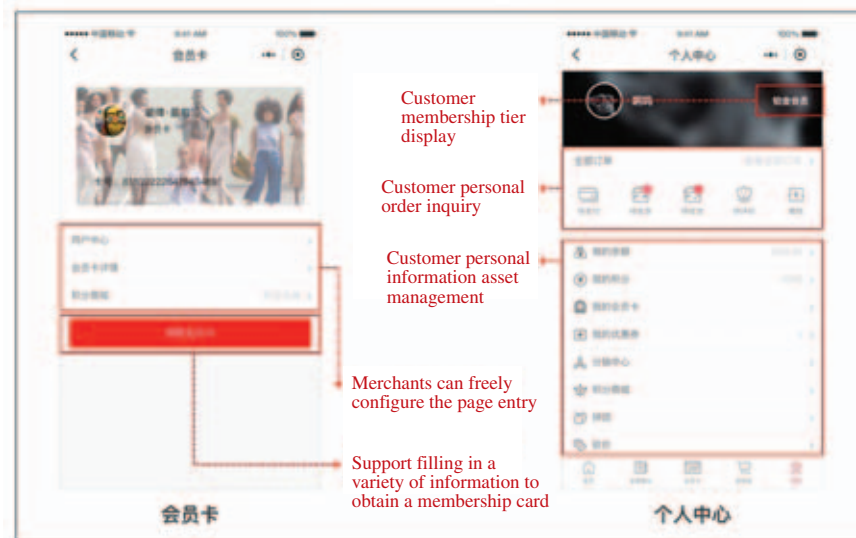


- *Online Appointment. (預約到店)* Customers can easily make an appointment online and choose the store and service time. After the reservation is made, customers can quickly go to the store through one-click navigation.



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- **SCRM. (社交客戶資源管理)** The social customer relationship management tool provides merchants with a powerful and complete system that collects online and offline customer resources, and digitalizes and integrates management of members to help brands maximize the value of customer resources. By providing online reward points, offline deductions, online member discounts, offline sharing, online coupons, among other things, customers receive an integrated online and offline service experience, thereby helping merchants improve service quality to enhance customer brand loyalty.



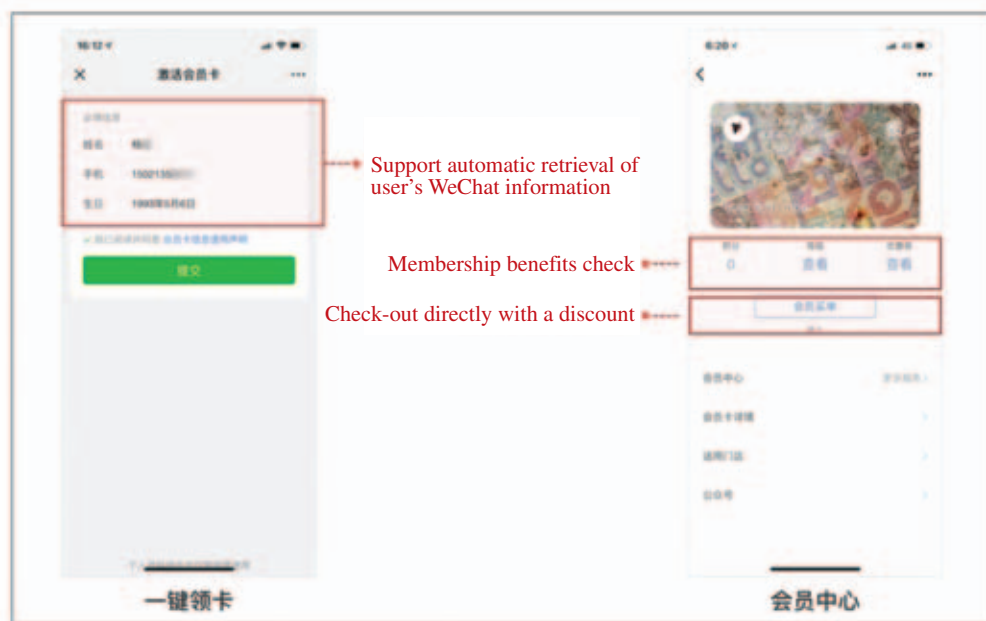
Ke Lai Dian (客來店)

Ke Lai Dian is a comprehensive WeChat-based solution designed for merchants in local lifestyle service industries with offline brick-and-mortar stores. This solution consists of a series of functionalities such as store management, membership management, digital marketing, and online reservation and booking, all of which help merchants seamlessly integrate their online customer traffic with offline services.

BUSINESS

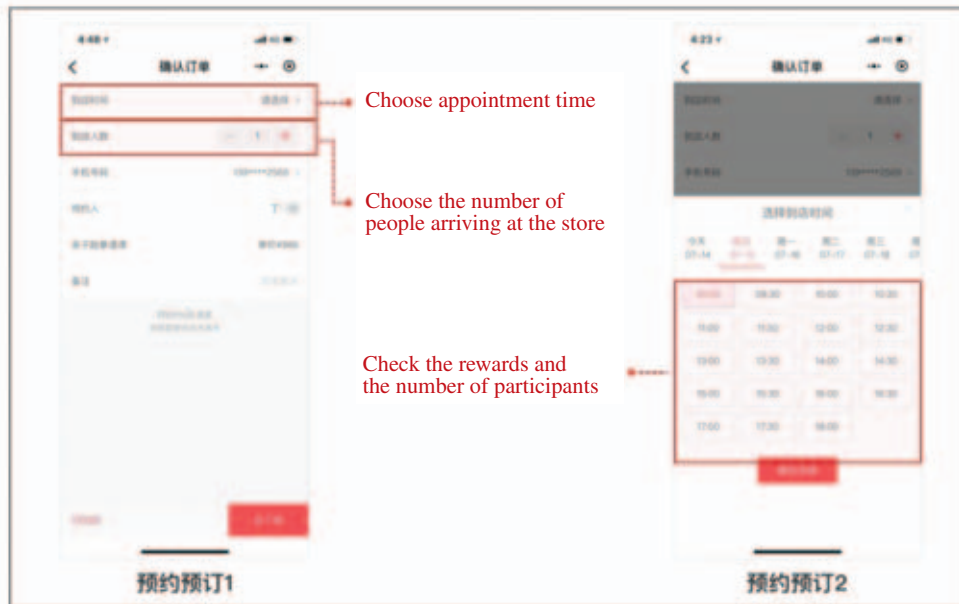
We offer the following key functionalities to help merchants conduct different types of marketing campaigns through Ke Lai Dian:

- *One-click Membership Registration.* (一鍵會員註冊) Leveraging the built-in membership card functionality in WeChat, one-click membership registration enables automatic filling in of basic customer information such as name, gender, phone number, and birth date when they apply for a membership card. This functionality improves customers' membership registration experience and increases the membership conversion rate for merchants. Furthermore, the membership card can be stored in WeChat Cards (微信卡包) to be used offline. Therefore, even if a customer no longer subscribes to the merchant's WeChat Official Account, the membership card can still be used.

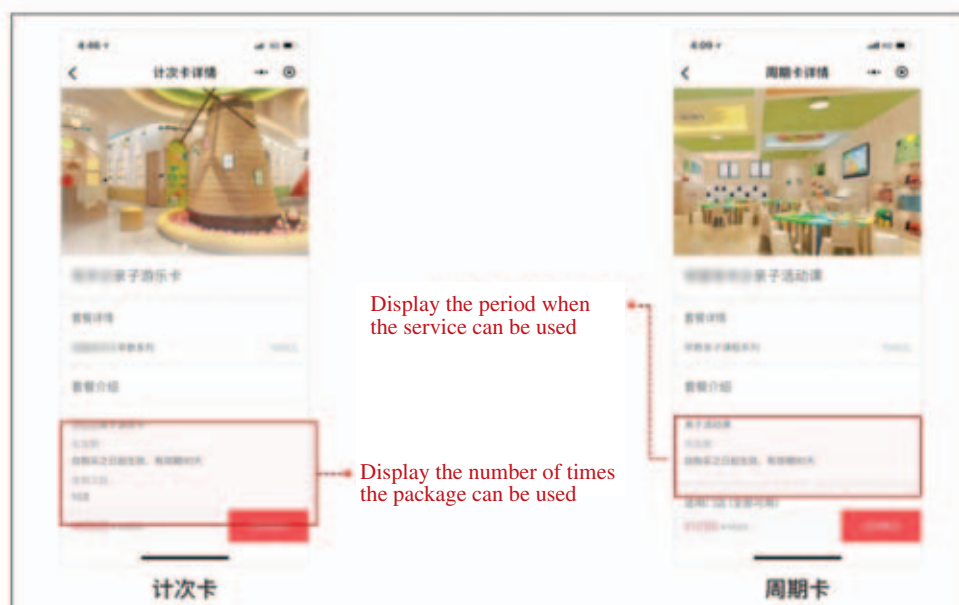


BUSINESS

- *Online Reservation and Booking.* (在線預約預定) Through the reservation functionality, merchants can target paying customers in advance and manage reservations effectively. Further, our reservation and booking functionality supports both manual and automatic order intakes. When an order is successfully received, merchants can respond to their customers online in a timely fashion, which lowers communication costs and improves operational efficiency during peak periods.



- *Pre-paid Membership Card.* (預付會員卡) This is a special loyalty card that can be used offline. With this functionality, customers may pre-order services for a certain quantity or period at a discount. This helps merchants lock up operating revenue and manage cash flows. The pre-paid membership cards can be managed separately, and it is convenient for members to check the remaining balance on the card.



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- *Calling for Fans. (粉絲召集令)* This functionality aims to expand merchants' membership base through existing members. Existing members will receive membership points or cash gifts by initiating and forwarding to new customers a call for fans through WeChat messages or WeChat Moments. New customers will also receive a coupon package if they subscribe to the merchant's WeChat Official Account or apply for a membership card.



Smart Restaurant (智慧餐廳)

Smart Restaurant targets merchants in the restaurant and catering industry and integrates various functions such as online ordering, food delivery, marketing, membership, and payment in the form of WeChat Mini Programs and WeChat Official Accounts. It enables merchants to attract customers to their offline restaurants through WeChat marketing and incentivizes existing customers to bring new customers, effectively increasing the membership conversion rate and customer retention rate for our merchants.

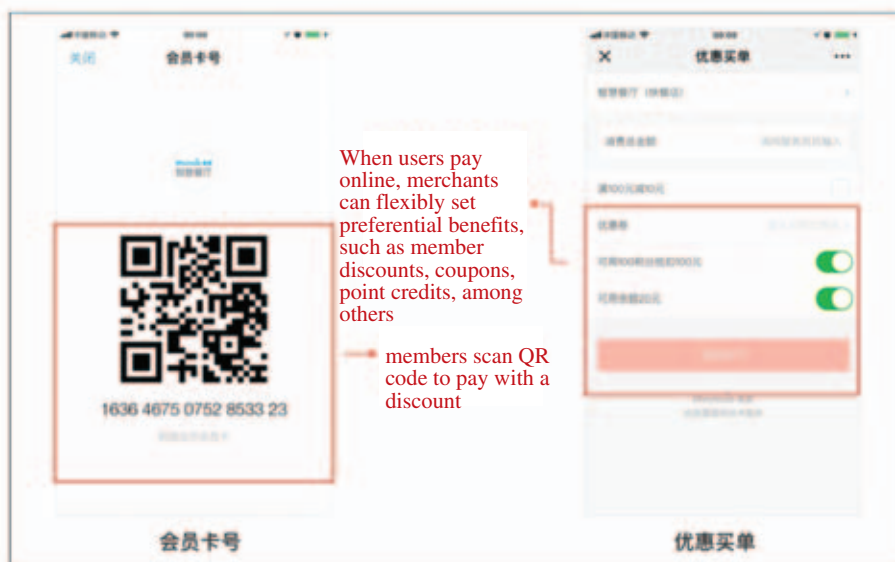
BUSINESS

We provide the following key functionalities to merchants in the catering industry through Smart Restaurant:

- *Online Food Ordering.* (在線點餐) With Smart Restaurant, merchants can build up their own mobile ordering system. Merchants can set up the description and prices of their offerings in Smart Restaurant's back-end interface. Customers can place orders through WeChat, which helps decrease staffing pressure during peak dining hours and improve restaurants' operational efficiency.

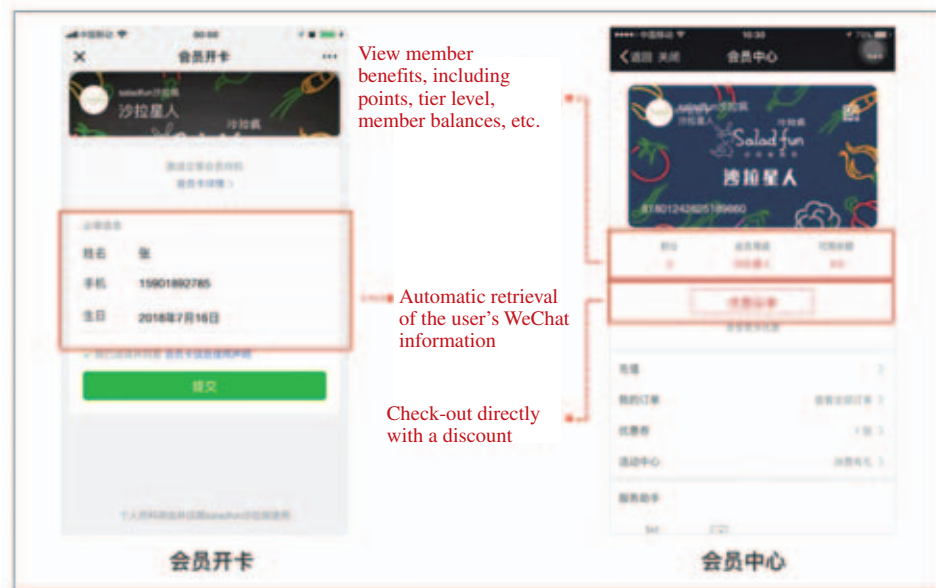


- *Online Check-out.* (在線買單) Smart Restaurant supports online check-out through QR code scanning and other payment methods, through which merchants can effectively convert customers to members and retain such members, and also conduct targeted marketing campaigns. It helps merchants retain more members and increase the repurchase rate of their members.



BUSINESS

- *Member-targeted Marketing.* (會員營銷) Smart Restaurant provides multiple customer management tools that help increase customer loyalty. Once a customer becomes a member, customer profile data such as basic personal information, shopping habits, and shopping frequency become available on the merchants' back-end interface. Therefore, merchants can conduct targeted marketing campaigns according to various member profiles and groups. For example, merchants can initiate repurchase marketing campaigns targeting customers who dine at their restaurants two to three times in one month, or initiate gift incentive marketing campaigns targeting members of the restaurant who have not yet dined in.

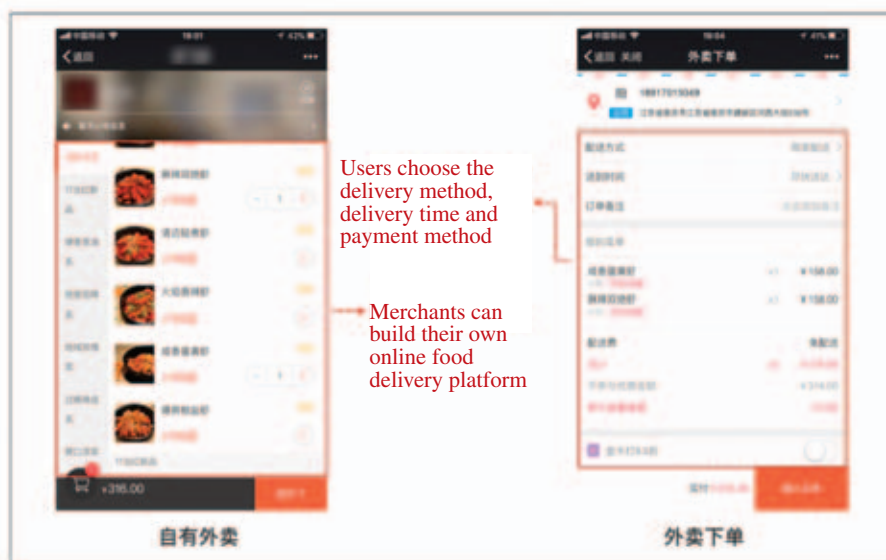


BUSINESS

- *Themed Marketing.* (主題營銷) Smart Restaurant provides various special marketing plug-ins such as “Beat the Check” (霸王餐) and “Coupon Incentives” (裂變優惠券) to help merchants attract customers online and enhance brand awareness quickly. Merchants can also initiate themed marketing campaigns specifically for holidays and trending topics among younger customers. Members participating in such themed marketing activities can also share the same with their friends through social networking tools, which can quickly increase the audience size, attract new customers through existing customers, and effectively convert customers from online to offline.



- *Self-owned Food Delivery.* (自有外賣) Smart Restaurant enables merchants to build up their own food delivery management system covering all aspects of food ordering and delivery. Smart Restaurant, as a WeChat Mini Program, offers a variety of functionalities, including business hours, delivery area and delivery fees to merchants targeting customers within a radius of five kilometers.

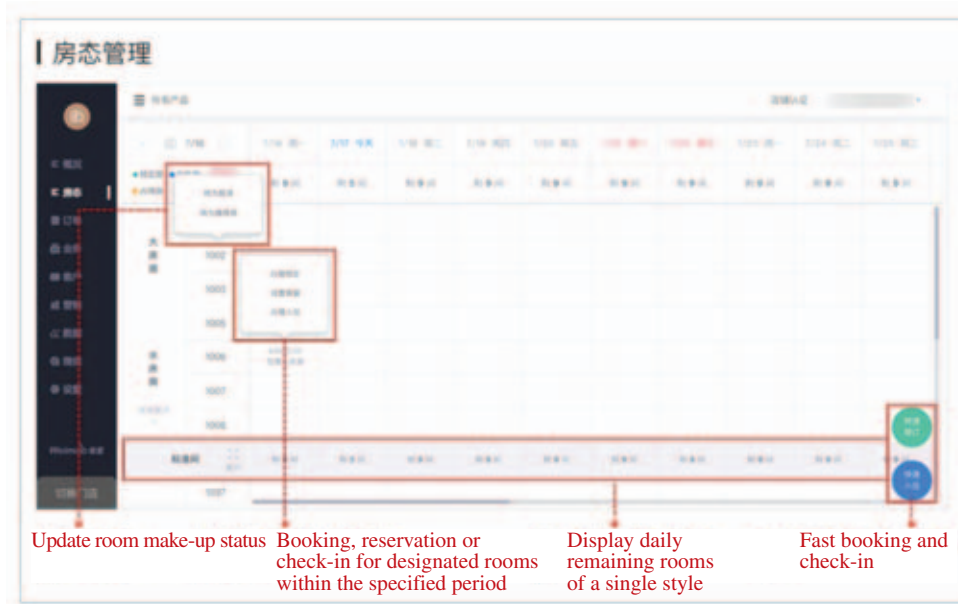


Smart Hotel (智慧酒店)

Smart Hotel is designed for merchants in the hospitality industry to build up their direct sales platform and expand their online presence by utilizing WeChat Mini Programs and WeChat Official Accounts. It provides merchants with functions including online room booking, online hotel mall, membership management, and customer data analysis to quickly attract customer traffic through WeChat and increase merchants' operational efficiency through a comprehensive hotel room management system.

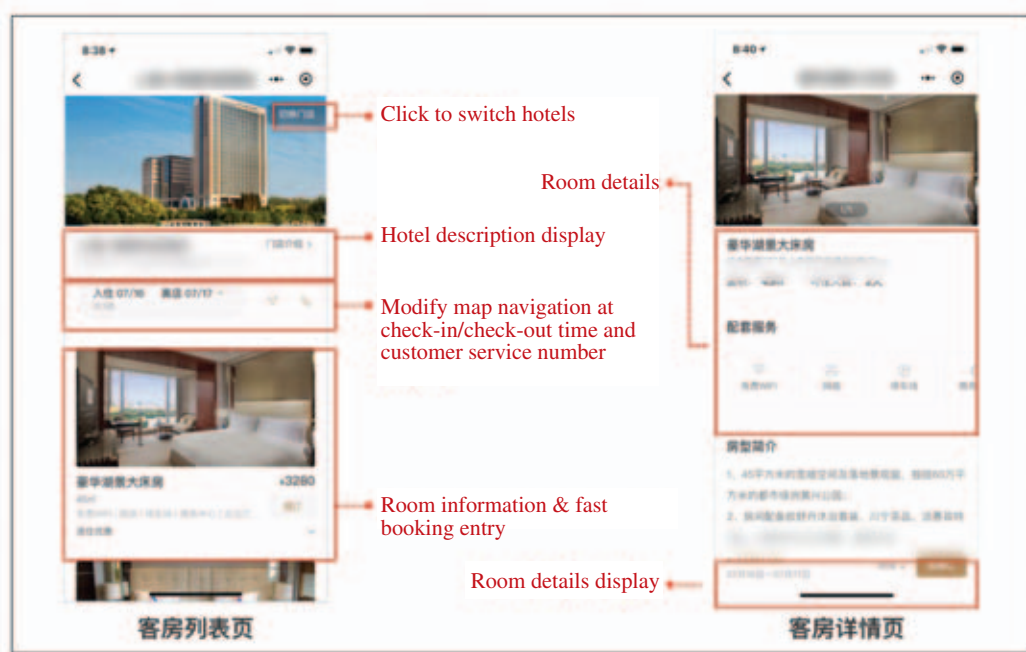
We provide the following key functionalities through Smart Hotel:

- **Room Status Management.** (房態管理系統) Smart Hotel provides efficient room management tools for merchants. Hotel management teams are able to monitor the daily room availability of the hotel on a real-time basis, quickly provide check-in, check-out, and reservation services to their customers, as well as update room make-up status. Room status management improves operational efficiency for hotel operators.



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- *Online Room Booking.* (在線訂房) Customers can browse room types from nearby hotels, book rooms, and make payments at any time through the WeChat Mini Program or WeChat Official Account. They can also check nearby hotels and browse room types, room pictures and read a brief description without physically visiting the hotels, as well as make online payments. Overall, this helps hotels build up their direct sales platform easily.



- *Online Hotel Mall.* (商城系統) Smart Hotel provides a comprehensive online mall builder to help hotels market their own products. Such online malls can effectively maximize the utilization of hotels' resources and expand their sales channels. Hotel customers can also easily purchase branded hotel products and other value-added services.



Smart Beauty (智慧美業)

Smart Beauty provides an innovative solution through a combination of WeChat Mini Programs and WeChat Official Accounts for beauty industry merchants, including personal care, hairdressing, body care, and nail art operators. By consolidating functions such as reservation, marketing, membership, reward points system, and payments, Smart Beauty is dedicated to facilitating merchants in the beauty industry to attract fans, convert customers, and encourage repeat purchases. It provides a seamless connection with the merchant's WeChat Official Account, and supports online ordering followed by offline in-store consumption. Smart Beauty also helps merchants build their own online storefronts, expand their business, and realize Internet-based digital transformation.

Smart Leisure (智慧休娛)

Smart Leisure provides a one-stop O2O solution for businesses in the leisure and recreation industry such as karaoke stores, board game stores, and video game stores. It covers various functionalities, including storefront management, member data management, sales through employees, online reservation system, and marketing campaigns. It helps businesses acquire customers efficiently, facilitating multi-channel member accumulation, accurate repurchase and smart employee management, and encouraging a sustainable and effective increase of revenue.

Smart Meeting (智慧會務)

Smart Meeting provides a one-stop conference solution. It features functions such as meeting marketing, flexible sign-in methods, in-meeting big-screen presentation, interaction by games, a powerful data system, and multi-dimensional statistics reports.

Smart Food Delivery (智慧外賣)

Smart Food Delivery provides a comprehensive solution for the food delivery industry. It includes functions such as mobile ordering, online payment, receipt issuance, physical delivery, mobile social networking marketing, sales promotion, and customer membership management services, among others.

Smart Traveling (智慧旅遊)

Smart Traveling provides a comprehensive solution and is designed for traditional travel agencies. By providing such agencies with online functions such as WeChat marketing, online sales, order management, member management, and data analysis, Smart Traveling helps them expand their sales channels and enhances their marketing and customer acquisition capabilities in the modern era of the mobile Internet platform. We launched Smart Traveling in October 2018.

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Marketing Cloud

Our Marketing Cloud solution provides merchants with comprehensive and intelligent marketing services through our big data analytics capabilities and AI technology. We created this solution based on our experience serving a large number of merchants across industry verticals and the in-depth industry data we had accumulated.

To help merchants acquire new customers and increase engagement of existing customers, our Marketing Cloud provides multiple tools and technologies to optimize and enhance marketing performance. It also integrates the entire marketing process, from planning and design, customer outreach, advertisement delivery strategy, lead collection to customer conversion. Marketing Cloud incorporates customer insights to provide intelligent and automated marketing plans. It helps merchants fully understand their customers and build marketing strategies based on data insight to ultimately achieve their business goals.

As of the Latest Practicable Date, we had three Marketing Cloud products on offer: Wei Station, Marketing Assistant, and Wei Form. The following table sets forth the number of paying merchants, ARPU, and renewal rates of Marketing Cloud products:

	Year ended December 31,			Six months ended June 30,
	2015	2016	2017	2018
Number of paying merchants	8,910	11,529	17,914	18,515
ARPU (RMB)	4,438	4,474	3,975	2,003
Renewal rates ⁽¹⁾	37.4%	46.8%	86.3%	N/A ⁽²⁾

Notes:

- (1) Renewal rate equals the number of paying merchant at the beginning of a period less the ones attrited during such period, divided by the number of paying merchants as of the end of the previous period.
- (2) The renewal rate for the six months ended June 30, 2018 is not comparable to the counterparts for the whole year because the calculation of attrition of merchants in such period was only for half a year.

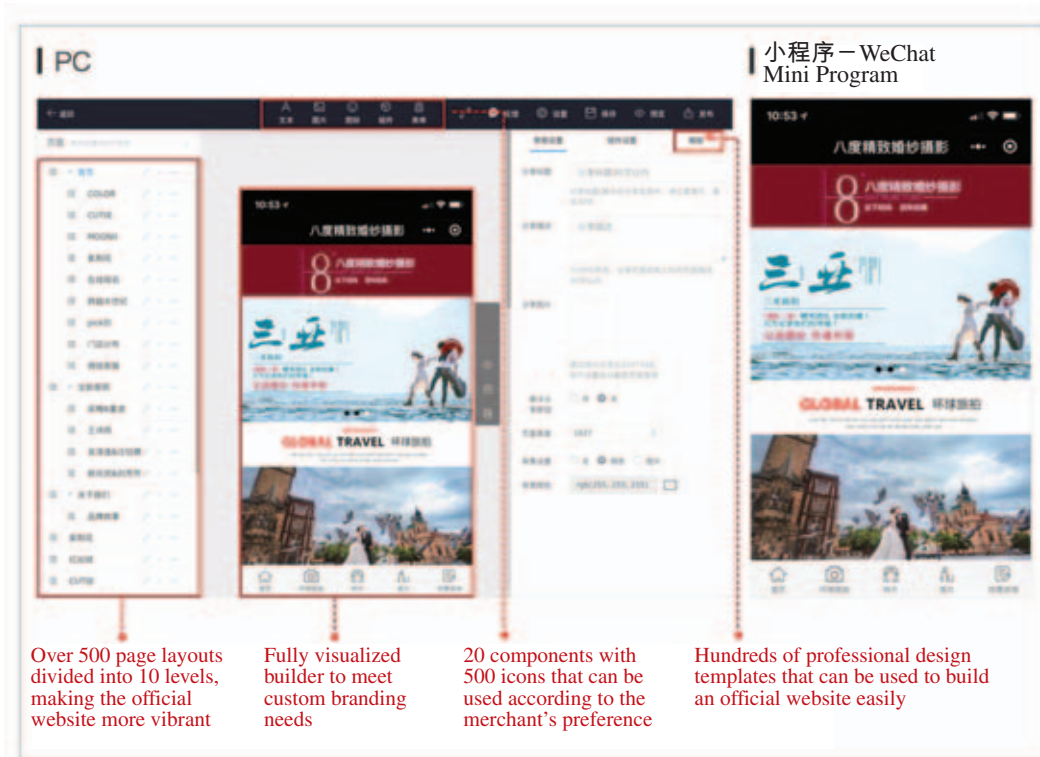
The following describes our major Marketing Cloud products in detail:

Wei Station (微站)

Wei Station enables enterprises and brands to quickly and easily establish their own official WeChat Mini Program-based website. These WeChat Mini Programs are also compatible with H5 code which enables redirection to WeChat Official Accounts and traditional websites, allowing enterprises to reach potential customers through multiple channels. In addition, Wei Station's data analytics and plug-in functionalities provide enterprises with stronger brand marketing capability.

Our Wei Station is equipped with a variety of functions and features, including:

- *Comprehensive Decoration and Set-up Capabilities.* (完善的設計搭建能力) Our merchants can set up their official websites with WeChat Mini Programs in three simple steps: register, design and publish. Wei Station supports complete visualized build-up with various components, and strong customization capabilities to satisfy customized display needs from various types of merchants. If merchants prefer not to design from scratch, they are free to choose from hundreds of pre-made and well-designed templates to easily build their own official websites in WeChat Mini Programs.



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- Lead collection. (線索收集)** Wei Station offers more than 10 types of forms to collect customer information. Our merchants can build such forms into their official websites and attract customers to leave their contact details through product and company information displayed. As a result, our merchants are able to follow up with and convert these customers.



Supporting conditional filtering to identify conversion leads

Information export to support conversion of customers

Multiple form components can be combined and displayed on any page of the official website

- Efficient Content Management System. (便捷內容管理系統)** Our merchants are able to continuously update their official websites through our content management system, which provides multiple information display templates, enabling merchants to update their news easily. This also creates a better viewing experience for customers visiting their websites.

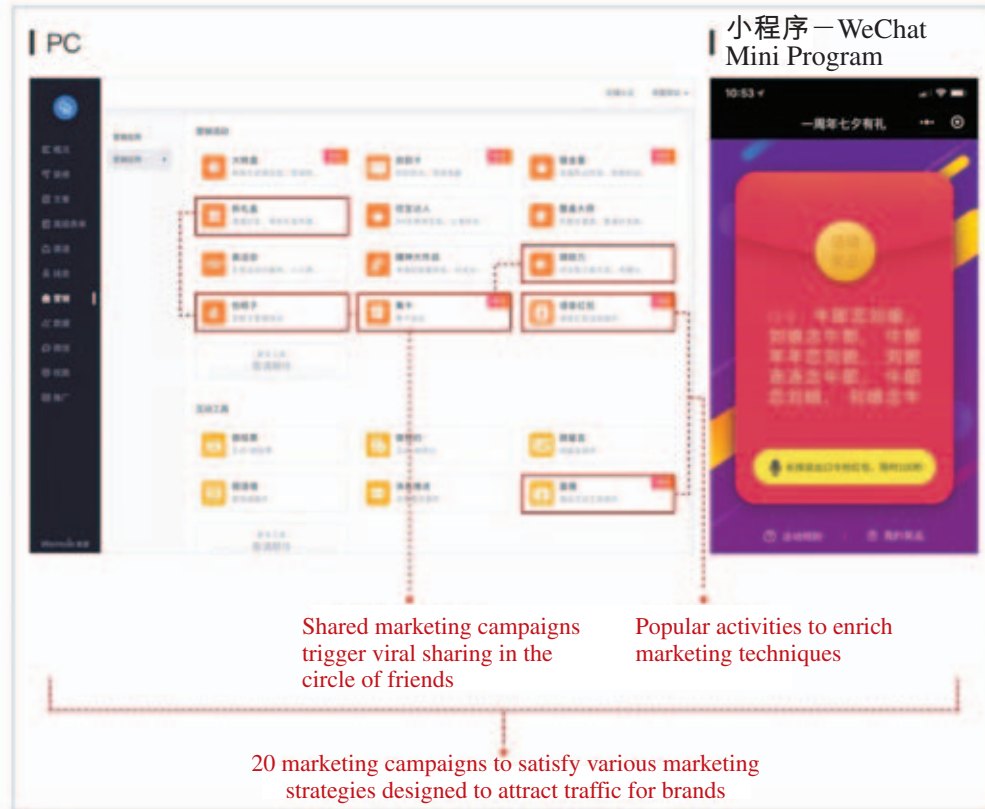


Complete editor offering a variety of content presentation methods

Multiple information styles can be selected with one click

All-new CMS management mode with fully visual editing environment, creating a more intuitive and convenient experience

- *Marketing Tools.* (營銷工具) Merchants can attract customers to their official websites through various marketing tools provided by Wei Station, and further promote their brands as well as collect leads.



- *Promotion Data Tracking in Multiple Scenarios.* (多環境推廣數據跟踪) Wei Station supports WeChat Mini Programs as well as H5, therefore official websites built by merchants can be promoted on different technology platforms. Mobile phones can track the sharing history and social graphs of customers so that merchants and brands are able to gain more meaningful insights about their customers. Merchants can conduct their analysis accordingly and uniformly manage and optimize captured website data from the promotion.

Marketing Assistant (廣告助手)

Marketing Assistant is a marketing solution that helps merchants manage and optimize online marketing activities. It provides a series of tools for (i) tracking and managing advertisement preparation, budget allocation, and media selection before distribution, (ii) real-time monitoring and optimization suggestions during the distribution, and (iii) data integration, performance analysis, and customer follow-up after the distribution.

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Our Marketing Assistant is equipped with a variety of functions and features, including:

- *Easy Set-up. (便捷建站)* Our Marketing Assistant solution includes tools for setting up a website, such as customized decoration and forms. Merchants can easily and efficiently set up their marketing sites by uploading materials and using a drag-and-drop interface, without having to develop software. In addition, our Marketing Assistant offers various industry-specific templates, and supports fast generation and management of multiple links for multi-channel distribution.
- *Unified Management of Distribution. (統一投放管理)* Our merchants are able to uniformly manage multi-channel marketing activities and measure performance through a single management system. Merchants are able to track marketing performances on different channels in real time on the dashboard and make prompt changes in marketing strategies accordingly to achieve their ultimate marketing goals.
- *Performance Prediction and Automatic Optimization. (效果預估和自動優化)* Before conducting any online marketing activities, our merchants can predict marketing performance, such as click-through rates and brand exposure, with an outcome prediction tool provided by our Marketing Assistant. In addition, we have automated optimization tools on our targeted marketing platform to help merchants optimize their advertising performance.
- *Leads Tracking. (線索跟踪)* All customer leads collected from advertising websites are consolidated within the light SCRM tool provided by our Marketing Assistant. Therefore, our merchants are able to easily manage customer leads and track sales conversions in real time.

Wei Form (微盟表單)

As a general solution providing merchants with various information collection capabilities, Wei Form is able to help merchants conduct market research, customer feedback collection, and customer data accumulation in real time.

Wei Form has a variety of functions and features, including:

- *Easy Set-up. (簡易創建)* Merchants can set up their Wei Form by simply dragging the template forms containing the type of information they need to collect. These template forms come in many types of color-matched templates.
- *Multi-channel Accumulation and Analysis. (多渠道收集分析)* If our merchants collect data through multiple channels, they can customize their distribution of links by channel, and further collect and analyze data samples to track and evaluate channel efficiency.

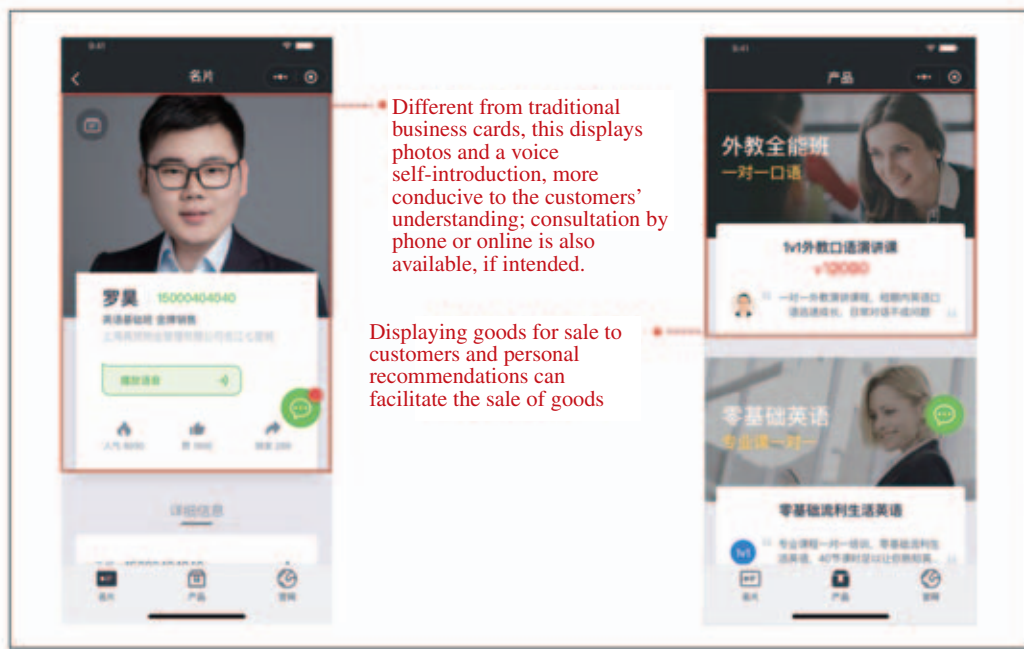
Sales Cloud

Sales Pusher (銷售推)

Sales Pusher is an intelligent solution for enterprises to improve the customer acquisition capability of their sales force. When a merchant's sales person shares his business card through WeChat Mini Program into WeChat, Sales Pusher will identify highly interested customers by calculating the likelihood of a transaction. Further, Sales Pusher enables a merchant's sales person to communicate and follow up with potential customers online in a timely manner without these customers having to add the sales person as a contact in WeChat. This solution assists merchants in discovering business opportunities and eventually converting online traffic into sales.

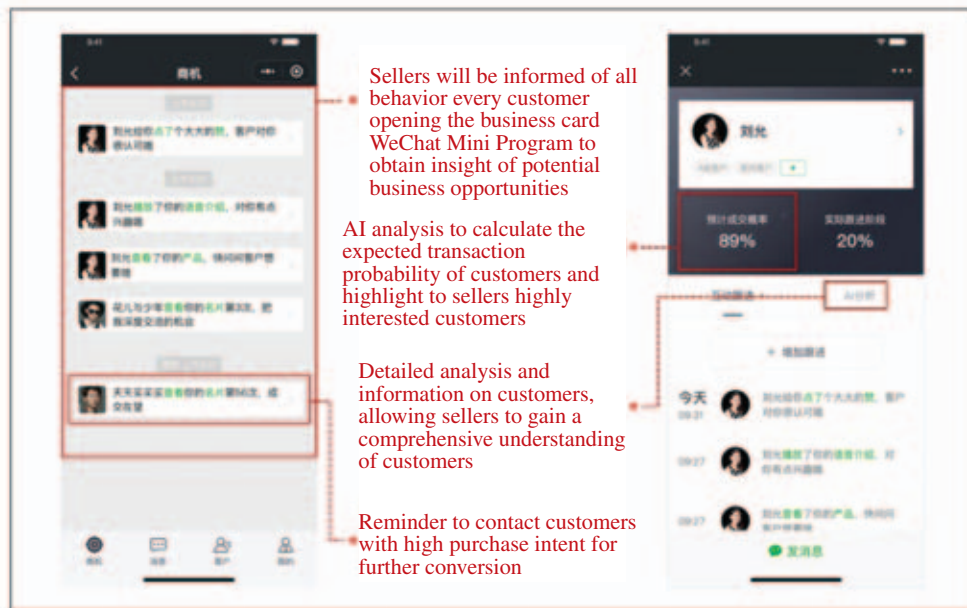
Sales Pusher offers the following key functions to help merchants sell products:

- *WeChat Business Cards.* (微信名片) Sales Pusher can provide each sales person with a business card in WeChat Mini Program format to be shared on WeChat, capitalizing on the social traffic available on WeChat. Personal information, as well as product introduction endorsed by the merchant's official website, can be displayed on the business card. Customers can gain a detailed understanding of the sales person and the products through such business card.

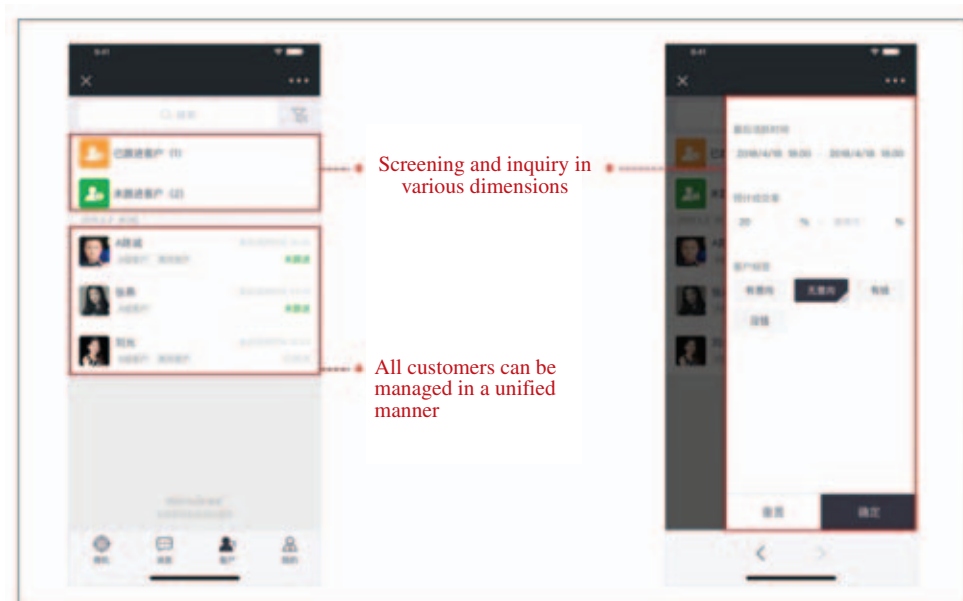


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- *Smart Customer Acquisition. (智能获客)* After a business card is shared, the system will follow up and inform the sales person of the behavior and conduct of each customer who opens the business card. Supported by data analytics, this solution is able to precisely locate potential business opportunities in customers' social circles for sales staff and identify highly interested customers by calculating a transaction probability. At the same time, business cards of the sales staff will be stored on the WeChat account of interested customers for them to check again anytime.



- *Customer Management. (客户管理)* Sales persons can instantly communicate with customers online without being added as a contact on WeChat. An interested customer can directly interact with sales persons within the WeChat Mini Program. Sales persons can also supplement customers' profiles and record the current purchase status of customers for further follow-up.



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- *Full Utilization of Sales Resources.* (全員營銷) Merchants can allow all employees access to Sales Pusher to monetize additional social traffic use and increase customer acquisition channels. In addition, merchants can manage their staff through back-end management functions on Sales Pusher. In the event that any sales person leaves, this facilitates a smooth transfer of workload to prevent a merchant from losing customer resources.

Although we did not generate any revenue from Sales Cloud during the Track Record Period, we have received orders from merchants of Sales Cloud products in the second half of 2018 and generated revenue as a result of sales to approximately 500 merchants as of the Latest Practicable Date.

Weimob Cloud Platform (微盟雲平台)

In October 2017, we launched Weimob Cloud platform, which integrates our core services offerings on one single platform and is open for use by third-party developers through standardized APIs. With our Weimob Cloud platform, third-party developers can design and publish enterprise-grade customized applications. This allows us to build a cloud-based ecosystem that provides a greater selection of applications and better services to our merchants. Leveraging our Weimob Cloud platform, developers can enjoy our existing offerings and development tools, while focusing on providing diversified creative applications to merchants.

Weimob Cloud platform provides synergies with our existing SaaS products offerings. Weimob Cloud platform focuses on providing a platform for third-party developers to offer more customized applications to merchants. Merchants can use such individualized applications to enrich or enhance Commerce Cloud products they purchased from us. The applications offered by third-party developers through Weimob Cloud platform add value to our existing or future products offerings instead of competing with our existing SaaS products. Further, as we anticipate our Weimob Cloud platform and Weimob Services Market to become more developed, in the future, we may monetize such ecosystem by sharing a portion of the revenue of third-party developers generated from applications to be distributed through our platform. See “– Our Product and Service Offerings – Weimob Cloud Platform – Monetization”.

Benefits of Weimob Cloud Platform

As of the Latest Practicable Date, we had amassed almost 400 third-party developers using our platform and had more than 600 applications developed by such third-party developers. We believe our platform has gradually formed a healthily developing ecosystem.

Our Weimob Cloud platform provides the following key benefits:

- *Increased business opportunities.* From a business perspective, our Weimob Cloud platform is closely connected to our SaaS solutions which have already attracted, and which we expect will continue to attract, a large number of merchants across a broad range of industries. With the further development of our SaaS products, the diversity of needs and demands from our merchants will create many business opportunities for third-party developers to monetize their applications.
- *Extensive and comprehensive cloud services.* Our Weimob Cloud platform is constantly expanding and enriching our API and plug-ins on our Weimob Services Market, which covers marketing activities and core transaction operations.

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- *Diversified cooperation methods.* As our Weimob Cloud platform has been upgraded from our earlier Weimob open platform, in addition to the basic features of open platform, our Weimob Cloud platform has fully utilized technology insights gained from our extensive experience in such operations to connect third-party developers and merchants through various cooperation methods. Moving forward, we will launch more cloud service capabilities to connect more developers and merchants.

Our Cloud Capabilities

As of the Latest Practicable Date, we had six cloud capabilities on offer, namely our E-commerce Cloud, Catering Cloud, Customer Cloud, Marketing Cloud, Payment Cloud, and Data Cloud.

- *E-commerce Cloud.* Our E-commerce Cloud enables third-party developers to easily build online malls with our core e-commerce capabilities, including functionalities covering storefronts, merchants, transactions, payment, marketing, customers, and logistics, as well as hundreds of marketing plug-ins. Our E-commerce Cloud also provides professional independent software vendors, or ISVs, with customized extension support such as convenient connections with third-party ERP and CRM systems to meet the developers' function extension needs.
- *Catering Cloud.* Our Catering Cloud enables third-party developers to access the capabilities of the catering industry such as offline storefronts, orders, payment, membership, and delivery, based on which developers are able to rapidly build the ordering system and delivery system. Our Catering Cloud, which developers have direct access to, can be connected to cash receipt and POS hardware. Our Catering Cloud has also connected to various offline logistics companies to support delivery by third parties and by merchants, as well as customer pick-up and to ensure offline execution of online orders.
- *Customer Cloud.* Our core SCRM capabilities are available through our Customer Cloud, including capabilities such as membership cards, membership benefits, membership marketing and customer profiling. Based on our Customer Cloud, developers can easily connect customer identities across multiple channels both online and offline and build a coherent customer profile to centralize customer relationship management. Our Customer Cloud provides customer analysis with various tags based on data-driven BI reports. It also enables synchronization of online and offline customer information and customized membership benefits and members marketing.
- *Marketing Cloud.* Our Marketing Cloud provides third-party developers with access to capabilities of hundreds of marketing plug-ins, especially interactive marketing, members marketing and social networking plug-ins. Developers can then flexibly combine and customize these to achieve the best marketing effect. Our Marketing Cloud also supports third-party developers in developing their own plug-ins, which they are able to provide to merchants through our Weimob Services Market, thereby benefitting multiple parties.

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- *Payment Cloud.* Our Payment Cloud provides capabilities of multiple payment scenarios and payment methods such as payment through WeChat Official Accounts, WeChat Mini Programs, WeChat HTML5, WeChat SDK, WeChat code scanning, WeChat Card, Alipay HTML5, and fast payment through commercial banks. Through our Payment Cloud, connections with cash receipt systems are also easily accessible. In addition, our Payment Cloud also provides multi-dimension transaction data enquiry and store financial accounts management capabilities to meet multiple financial data needs of merchants.
- *Data Cloud.* Our Data Cloud provides a whole set of data BI capabilities, including data accumulation, data scrubbing, data modeling and analysis, data extraction, data visualization, and data application services. Integrated with analysis frameworks from major industries, including e-commerce, retail, catering, information, beauty, and finance industries, developers are able to enjoy our powerful data capabilities through simple development.

Weimob Services Market (服務市場)

To further connect our third-party developers with our merchants, we also launched our Weimob Services Market, an APP store that provides hundreds of tools and applications developed by third parties to our merchants to achieve their respective business goals. With our Weimob Services Market, merchants are able to access the following functions:

- *Marketing Plug-ins.* Services Market provides a wide array of marketing plug-ins for merchants to attract consumers, including multiple WeChat marketing solutions such as H5 scenario models, H5 mini games, points and bonuses for completion of tasks, forms and graphics generation, and live broadcasting.
- *E-commerce Services.* Various e-commerce services are available on our Weimob Services Market for merchants to choose from, including, but not limited to: (i) e-commerce ERP services which realize integration of online and offline business, real-time synchronization of orders, products and inventories on multiple platforms and help our merchants create an all-aspect real-time operation management platform, (ii) order management services which are easy-to-use SaaS applications, enabling the merchants to print electronic sheets by one click, arrange logistics in no time, and significantly increase operational efficiency, (iii) products management services which support whole-store moving and mass duplication on major online marketplace platforms such as Taobao, T-Mall, and JD, and one-click addition of products to Wei Mall, assisting merchant, to easily open their stores and renew their product offerings, (iv) promotion tools which include marking pictures and optimizing detailed product introduction to attract more customers, and text messaging marketing and one-on-one order services to increase repeat purchases, and (v) smart hardware which covers business scenarios for both online and offline stores and realizes synchronization of products, orders, inventories, and members for merchants to start new retail easily, as well as provides cloud-based smart hardware and order printing facilities allowing merchants to process their orders quickly, accurately, and efficiently.
- *Customized Services.* Through our Weimob Services Market, merchants are able to publish their unique needs and requirements. The platform provides a wide range of customized services, covering outsourced management services, software development packages, and WeChat Mini Programs development and marketing.

Monetization

The core purpose for Weimob Cloud platform is to facilitate our ecosystem. Third-party developers are key to our Weimob Cloud platform. We plan to attract third-party developers to Weimob Cloud platform by (i) enhancing the technology capabilities of our Weimob Cloud platform and broadening its technology influence, including developing and opening more capability interfaces, providing better development tools, and actively participating in the development of the WeChat ecosystem, (ii) optimizing our Weimob Services Market and attracting merchants to use the applications developed by third-party developers and (iii) enhancing our marketing effort to support third-party developers, including encouraging third-party developers for innovation through marketing campaigns, as well as providing them with professional technical supports.

During the Track Record Period and up to the Latest Practicable Date, we did not generate any revenue in relation to our Weimob Cloud platform and Weimob Services Market. We currently do not share in the revenue of third-party developers generated from applications developed by them and distributed through our Weimob Services Market, or collect fees from users who purchase these applications. In anticipation of a more developed Weimob Cloud platform for third-party developers and Weimob Services Market for users, we may monetize such ecosystem by sharing a portion of the revenue of third-party developers generated from applications developed by them distributed through our platform. Meanwhile, we may also charge third-party developers for marketing services we provide for their application on our Weimob Services Market in order to promote our ecosystem.

Targeted Marketing (精準營銷)

We provide a one-stop mobile social marketing solution that is convenient, affordable, and efficient for advertisers. Our mobile social marketing provides advertisers with effective ways to optimize their marketing efforts and achieve their brand promotion or targeted marketing goals. Our cooperation with high-quality media sources enables our advertisers' marketing campaigns to reach a great number of audiences through major social media platforms and other high-traffic channels. Equipped with powerful data analysis, advertisers can more accurately identify audiences who are likely to have an interest in the brand or become paying customers.

Benefits to Advertisers

Our mobile social marketing platform provides advertisers with the following advantages:

- *Proprietary data management platform (DMP) to support precise marketing for advertisers.* The DMP we have built is equipped with abundant consumer behavior and transaction data. Our algorithms use data from multiple sources and our own data assets to optimize advertisers' online mobile terminal marketing contents, marketing campaigns, and promotion activities. We analyze the browsing behaviors and transaction records of the groups of consumers for merchants, instead of individual consumers, and we extract the interest tags of such groups of consumers for the merchants in order to optimize audience targeting strategies. We provide audience profiling analysis on their ability to pay, interests, age, gender, and behavior to allow advertisers to precisely target and market to their prospective customers. We further offer a model, namely OCPA, which can optimize online marketing campaigns based on the targets of advertisers, to help them spend their marketing budget on audiences who are most likely to have an interest in the brand or become paying customers. We believe our proprietary data assets and our precise marketing abilities enable us to measure and improve the marketing performance of mobile social media for advertisers more effectively.

- *Rich vertical expertise and data-driven network effects.* We believe we can add more value to merchants in specific industry verticals as we attract more merchants in those industry verticals and accumulate more data relating to these industries to further optimize marketing performance. Throughout our operating history, we have served merchants in a wide array of industry verticals, including wedding apparel, education, interior decoration, catering, real estate, and life style services. As we develop our presence in these industry verticals and more closely integrate with business management systems in these industry verticals, we are able to create more benefits to advertisers in these industries. We believe that our data advantage and network effects in subverticals provide us with a competitive advantage in terms of data accumulation, marketing performance optimization, and operational efficiency.
- *Rich and high-quality media sources to attract and engage consumers.* We offer advertisers high-quality, high-traffic media channels where they can execute their marketing campaigns and achieve their branding and marketing goals. We currently provide advertisers with marketing on WeChat Moments and WeChat Official Accounts, QQ, Tencent News, Tencent Video, and on Tencent's other social media platforms. Advertisers can leverage the high user traffic of these media to expose and promote their products. Advertisers can also choose other major social and digital media resources, such as Baidu and Zhihu, to advertise themselves. The depth, breadth, and highly integrated nature of our media channels help our advertisers avoid expensive costs associated with aggregating multiple channels.

Our Services

We offer our services through (i) a one-stop DMP integrated with analytics and optimization technology and (ii) premium media sources.

Our Data Management Platform (DMP)

We provide advertisers with a one-stop, integrated, easy-to-use platform that enables our advertisers to conveniently choose media resources, identify target audiences, create social promotion plans, and utilize other powerful tools for marketing and promotion to acquire, convert, and retain customers.

Our DMP includes the following key features:

Precise Audience Targeting

Our platform provides our advertisers with a multi-dimensional audience targeting ability, based on various criteria such as gender, age, income level, geographic location, interest, and behaviors to generate and boost brand awareness. When users visit webpages with advertisements, our database of user profiles will identify and analyze the characteristics and behaviors of the user to assess whether the current user is a suitable target for our advertisers. It will further estimate the interest level of the current user towards our advertiser's brand or promotion activities. These analyses can help advertisers identify their target customers more accurately and make the most of their marketing activities.

Analytics and Optimization

We optimize advertisers' return on investment by using our big data technology, intelligent algorithms, and marketing automation tools to help our advertisers increase opportunities to convert social media content viewers into paying consumers. We also provide multi-dimensional marketing effectiveness analytics and real-time reporting, enabling advertisers to continuously monitor the performance of their marketing campaigns. We believe our analytics and optimization technology can help advertisers efficiently acquire and retain consumers, as well as improve the effectiveness of their marketing efforts, and further help them meet their marketing and business objectives.

Flexible Formats

We provide advertisers with a rich repository of targeted marketing forms, content templates, and layouts for them to choose from.

Premium Media Sources

WeChat Moments and WeChat Official Account Marketing

WeChat Moments advertisement is a native advertisement displayed in WeChat Moments in four major formats, namely local promotion, native promotion, video advertising, and graphics advertising. WeChat users can interact with advertisements by means of likes and comments, which enables the marketing contents to be broadcast through social networking. This provides an additional marketing dimension and enhances brand promotion.

WeChat Official Account advertisement is a marketing format where marketing content appears in articles of WeChat Official Account. WeChat Official Account marketing offers multiple marketing activities such as follow, mobile application download, coupon distribution, and brand promotion.

The following screenshots illustrate WeChat Moments and WeChat Official Account marketing:



QQ and QZone Marketing

According to public information, QQ intelligent terminal had 683.0 million monthly active accounts and 270.8 million total peak concurrent online accounts as of December 31, 2017. Leveraging Tencent’s user behavior data and cross-terminal account system, QQ advertisements can provide advertisers with flexible and accurate audience selection. For example, marketing activities can be directed to target customers by using audience attribution labels, activity history, and behavior profile.

According to public information, QZone had 563.3 million monthly active accounts as of December 31, 2017. QZone information flow advertisement appears in the customer’s friends newsfeed in QQ and is a native social advertisement.

The following screenshots illustrate QQ and QZone marketing:



Baidu and Zhihu Marketing

Baidu information flow marketing is a native advertisement displayed on the Baidu APP, Baidu portal, Baidu Tieba, and Baidu mobile browser platforms.

Zhihu advertisements are displayed on mobile Zhihu in the form of native advertisements. Zhihu advertisements can meet advertisers’ various performance requirements by providing multiple advertising formats, including image-text, video, and text link.

The following screenshots illustrate Baidu and Zhihu marketing:



Other Media Resources

We also provide advertisers with other mobile marketing media resources such as Xiaomi, 360, and Toutiao through our targeted marketing platform.

Data Privacy and Data Protection Measures

The data we accumulate and store for our targeted marketing business are provided consumers when they use or shop through merchants' WeChat Mini Programs or WeChat Official Accounts that we deliver as SaaS products. Such data include the purchase order recipients' names, mobile phone numbers, delivery addresses and transaction data such as names of products and services purchased. We also accumulate and store consumers' browsing and visiting history of merchants' WeChat Mini Programs or WeChat Official Accounts. In addition, Tencent also provides us with consumers' WeChat names and profile pictures after consumers' authorization. We do not proactively collect consumers' personal information such as legal names and identification numbers or payment-related data. When we provide targeted marketing, we only use consumers' browsing behavior and transaction data, including the types and categories of the products and services purchased. We do not use any consumers' private or personal information such as legal names, mobile phone numbers, and addresses.

We have placed great emphasis on protection of data privacy of merchants and their consumers. According to applicable PRC laws and regulations, our user registration and user data authorization agreements with our merchants have informed them of the purpose, scope, and method for information collection and use, and we have been following the agreed purpose, scope, and method. We have not sold or illegally provided such personal information we have accumulated to any third parties. We have also adopted a set of security safeguard measures to protect the data we have accumulated and stored, including, but not limited to, encryption technology for data transmission and storage, conducting data classification management, applying strict user data access and usage management policies, and establishing an independent information security management department. We also attained Grade Three of the Graded Protection of National

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Network Security, which demonstrates our capability in, and commitment to, information and infrastructure security. For details, see “– Risk Management and Internal Control – Information Security and Operational Risk Management – Information Security Management” and “– Our Technology and Infrastructure – Our Infrastructure”.

OUR OFFERINGS PIPELINE

We endeavor to develop and launch more SaaS products and new functionalities and features to enrich our offerings to merchants. Our research and development expenses amounted to RMB16.9 million, RMB40.0 million, RMB44.3 million, and RMB28.4 million during the Track Record Period. The following table sets forth our major SaaS products pipeline as of the Latest Practicable Date:

Products	Description	Expected Launch Time
<i>Content E-commerce</i> 內容電商	A dynamic content realization system for self-media. This system provides self-media with an operating platform, and functions as a tool for product sales, content hosting and subscription. It will initially provide an aggregation tool for third-party platforms and a marketplace with a supply center. Add-ons will be available at a later stage for graphics and text, audio and video files, live broadcasts and other forms of content hosting and subscription modes.	First quarter of 2019
<i>Smart Education</i> 智慧教育	With classroom training and the education industry in mind, this offers, throughout the lifecycle of a curriculum, online course marketing, trial classes, attendance registration, online assignments, evaluation/discussions, sharing of encouraging experiences, as well as a teacher workstation allowing one-stop management of their courses, courseware, students’ feedback on assignments, etc. There are also performance incentives in place to motivate teachers to improve their performance. Course modules are available to help physical education centers move some of their products online.	Second quarter of 2019
<i>Smart Photography</i> 智慧攝影	Smart Photography focuses on providing an integrated SaaS product for the photography industry, so merchants can benefit in the following three ways: first, the customer engagement tool can help merchants develop customers with low purchase frequency. Secondly, the SCRM system can provide follow-up sales management and customer segmentation to convert purchases of high value that have a longer buying decision process. Thirdly, its smart online service system can improve the quality and efficiency of the traditional photography industry, thereby helping merchants establish their reputation.	Second quarter of 2019

PRODUCT DEVELOPMENT AND DELIVERY

SaaS Products

Development and Ongoing Optimization

Our SaaS solutions development process is continually driven by merchants’ demands. We closely attend to the needs of merchants and respond to any changes or shifts through developing new SaaS solutions or adding new or optimized features in existing solutions. To remain innovative, we collect merchants’ needs through various sources and provide our development teams with autonomy and freedom to explore new concepts in updating existing solutions or creating new solutions.

New Product Development Process

Our development process for a new solution or a major new update for existing solutions can be divided into seven general stages. The first six stages usually take three to eight months, while the final stage for optimization and development is an ongoing process to help retain the relevance and popularity of each product.

- *Stage 1: Market Research and Demand Analysis.* Our product team collects all demands and feedback from our merchants, sales and marketing team and channel partners, and conduct market research and analysis from various aspects such as market demands, difficulties confronted by our merchants and technical feasibility, as well as financial cost and forecasts, together with our research and development team and business team.
- *Stage 2: Project Initiation.* Based on the research and analysis result reported by our product team, our managers from the business team, research and development team, and finance team meet, sometimes for several rounds, to review the results and discuss the project feasibility from their respective perspectives. They then make the decision of project initiation together. A project manager will be designated to take charge until launch of the project.
- *Stage 3: Product Design.* Our products team provides product requirement documents and prototype designs, including interaction design, while our research and development team and user experience design team are responsible for technical design and visual design.
- *Stage 4: Product Development.* Our research and development team develops the software code for the product.
- *Stage 5: Quality Assurance Testing.* We conduct various quality assurance tests including function testing, interface testing, performance testing and safety testing so we are fully prepared for the project launch.
- *Stage 6: Launch.* We consider a SaaS solution to be officially launched after acceptance by our product team and we make it publicly available for use.
- *Stage 7: Ongoing Optimization and Development.* Our operation and maintenance team continually monitors and analyzes user behavior using the SaaS product and continues to optimize the SaaS product's functions and performance based on user feedback. We release new versions of our applications with improved features depending on merchant demands.

Operating Service

We provide back-end operating services for our merchants to manage their WeChat Mini Program or WeChat Official Account after delivery of the relevant SaaS products. Some merchants lack dedicated IT personnel to operate their social media storefronts on a daily basis. Our service addresses this gap and offers a solution with both SaaS products and operating service. During the Track Record Period, we also contracted a certain portion of such operating services to third-party IT service providers.

BUSINESS

Targeted Marketing

The following summarizes the general delivery flow of our targeted marketing:

- *Advertiser Acquisition.* Our sales team approaches merchants who are our existing SaaS products clients to understand their expanding marketing needs, as well as our targeted marketing clients who call our hotline numbers for consultation. In addition, our channel partners primarily market and promote our targeted marketing to merchants. Channel partners approach merchants by leveraging their industry expertise and merchant relationships. We also acquire advertisers from our general business development activities.
- *Production of Distribution Contents.* Depending on the advertiser's capabilities, we produce the distribution contents based on materials provided by the advertiser, or the advertisers provide their own produced distribution contents. Our expert team makes and adjusts publishing plans as well as distribution contents for advertisers from time to time based on the advertiser's budget, traffic available on the distribution platforms, targeted marketing and branding effect, and appropriateness and legality of the distribution contents. For advertisers who are represented by our channel partners, we liaise with the relevant channel partners for the above-mentioned matters to streamline the process.
- *Publishing Distribution Contents.* Once the distribution contents are published on the targeted social media platforms, we receive accurate publishing results data on a real-time basis from the social media platforms.
- *Post-publishing Tracking.* We keep track of the marketing results and effects after publishing, and provide to advertisers relevant reports and accurate data packages. We also optimize our plans for advertisers based on such reports and data packages and to further increase the accuracy of our analysis and plans.

PRICING

SaaS Products

We offer merchants different pricing plans to meet their needs and requirements. We currently offer three kinds of plans, namely standard, advanced, and deluxe editions with three corresponding levels of prices. We price our SaaS products based on various factors, including our cost, product positioning, merchant scale, and sales channels. Channel partners are required to market our products according to the price we established and have no significant performance obligations towards the merchants. Therefore, we are the principal and recognize revenue at the gross fee charged to merchants. We recognize the differences between the gross fee billed to our merchants by the channel partners and the fee billed to channel partners by us as a contract acquisition cost. See “– Sales Channel – SaaS Products – Channel Partners” and “Financial Information – Critical Accounting Policies and Estimates – Revenue Recognition – SaaS Products”.

Targeted Marketing

We charge for our targeted marketing using different pricing models, primarily CPC, CPM, and CPA. CPC, which stands for Cost-Per-Click, is a performance-based metric. Under CPC, we charge advertisers when and if a customer clicks on the advertisement we published for the advertiser. CPC suits advertisers pursuing the performance of an advertisement, as a click on the advertisement indicates a customer's interest in the distribution content, making such customer the

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advertiser’s potential customer. Under CPA, namely Cost-Per-Action, we charge our advertisers if a customer clicks on the advertisement and performs a specific action such as registering an account or creating a virtual character. On the other hand, CPM, which stands for Cost-Per-Mille, depends on the number of viewers of the advertisement. Under CPM, we charge our advertisers based on 1,000 impressions. CPM suits advertisers aiming to increase the exposure of their brands, products or services.

Whether we charge advertisers by CPC, CPM or CPA or a combination of any of these three models depends on various considerations taking into account the business needs of each advertiser, their brands, budgets, and the targeting social media platforms for marketing. See “– Sales Channel – Targeted Marketing – Channel Partners” and “Financial Information – Critical Accounting Policies and Estimates – Revenue Recognition – Targeted Marketing” for further details.

SALES CHANNEL

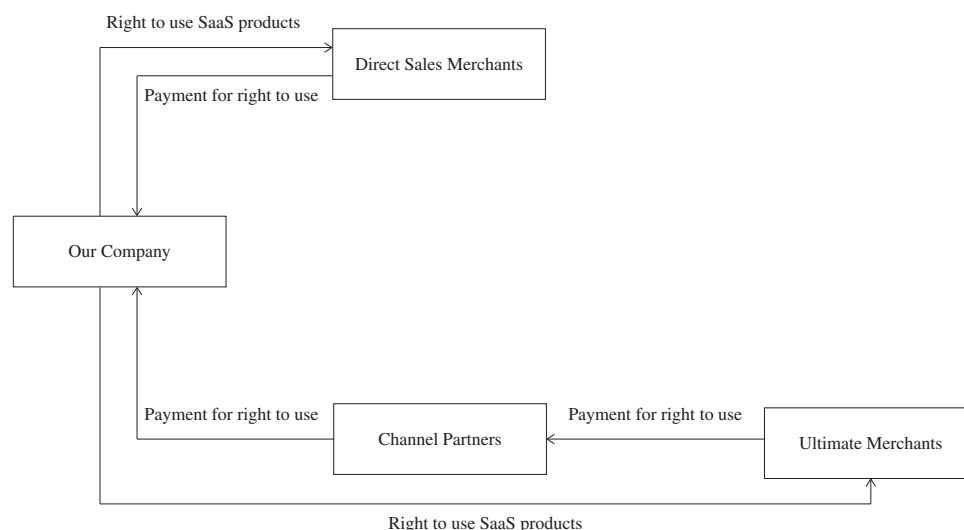
SaaS Products

We generate sales of our SaaS products primarily through our own direct sales force and nationwide local channel partners. Our direct sales force consists of field sales teams in more than 10 cities across China, including Shanghai, Beijing, Hangzhou, Guangzhou, Shenzhen, Chengdu, Nanjing, Suzhou, Wuhan, and Changsha. We generally rely on our channel partners to market our SaaS products in the rest of China.

The following table sets forth our SaaS products segment revenue breakdown by sales channels for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2015		2016		2017		2017		2018	
	RMB’000	%	RMB’000	%	RMB’000	%	RMB’000	%	RMB’000	%
Direct sales	15,250	13.4	50,913	29.0	99,413	37.9	43,871	35.8	53,865	34.7
Channel partners	98,758	86.6	124,763	71.0	163,224	62.1	78,539	64.2	101,427	65.3
Total	114,008	100.0	175,676	100.0	262,637	100.0	122,410	100.0	155,291	100.0

The following flow chart illustrates the sales and fund flow of the sales channels of our SaaS products:



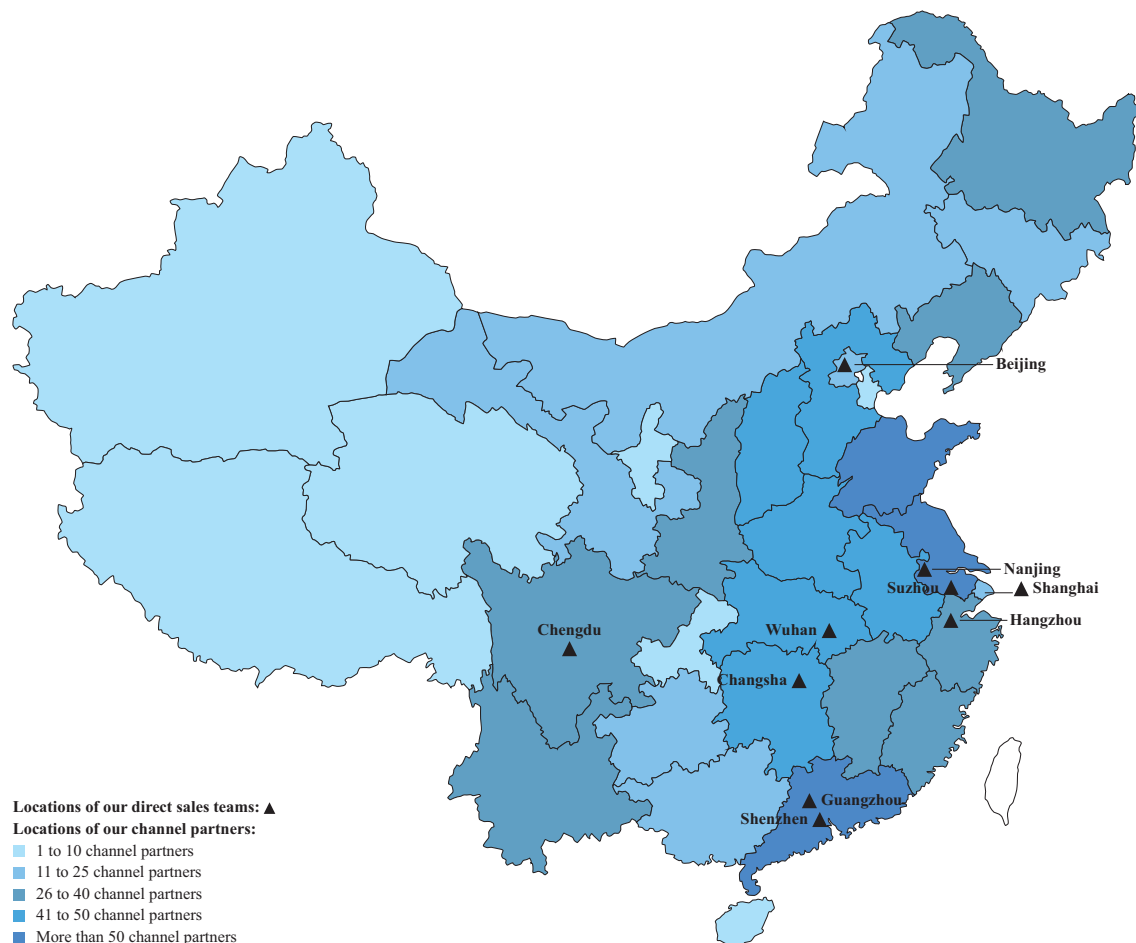
Direct Sales

Our direct sales force focuses mainly on developing local SMBs in the ten cities where our field sales teams are based. We typically enter into direct sales agreement with merchants in these ten cities. Merchants are required to pay the full price upfront before we deliver the SaaS products. We generally do not allow product returns or exchanges after the merchants have commenced use of the product. Salient terms of the direct sales agreement include (i) specific product and price, (ii) product delivery method and schedule, (iii) applicable laws and regulations in respect of our products, (iv) our right to curb any illegal activities conducted by our merchants by using our products, report such activities to relevant authorities, and close the merchants' accounts, and (v) terms and renewal.

Channel Partners

In addition to direct sales, we also employ a channel partnership model for the marketing and sales of our SaaS products in China, under which we sell SaaS products to channel partners who are responsible for receiving orders and collecting payments from the relevant merchants, or further sell our products through their respective sub-channel partners. Under the channel partnership model, channel partners assist us to market and promote our SaaS products to merchants. Channel partners approach merchants by leveraging their industry expertise and merchant relationships. According to Frost & Sullivan, it is standard industry practice to engage local channel partners to market in the software products industry in China. We do not enter into sales agreements with channel partners' clients or their sub-channel partners. The relationship between a channel partner and us is that of a principal and agent relationship.

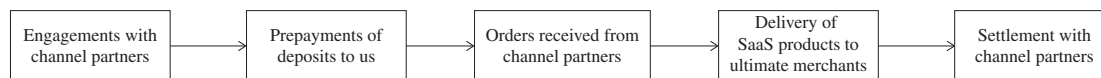
The following map illustrates the geographical distribution of our direct sales teams and channel partners for our SaaS products as of June 30, 2018.



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Business Process

The following diagram illustrates the business process of sales through channel partners:



- *Engagement with channel partners.* We review the application materials submitted by channel partners and enter into agreements with qualified candidates who satisfy our selection criteria detailed below.
- *Prepayment of deposits.* We require channel partners to pay and maintain a certain amount of deposit before they purchase our SaaS products. We determine the amount of deposit with reference to the channel partner's purchase prospects.
- *Orders received from channel partners.* We offer a variety of standardized SaaS products and customized products according to specific requirements. We receive orders from channel partners and commence preparations of the relevant SaaS products.
- *Delivery of SaaS products.* After necessary technical preparations, we deliver the relevant SaaS products to the ultimate merchants represented by the relevant channel partners.
- *Settlement with channel partners.* We charge channel partners the discounted list price of the relevant SaaS products by deducting the same against their prepayments.

Selection of Channel Partners

We have an extensive network of 917 channel partners, as of June 30, 2018. We believe the network effect of our large channel partner base will help us attract new merchants and promote our products and services in a cost-effective manner. Among such 917 channel partners, 182 were also channel partners of our targeted marketing business.

We select our channel partners based on various criteria. Our detailed selection standards and requirements are formalized and attached to our sales agreement with the channel partners as part of the entire agreement to guarantee the high quality of service that our channel partners provide to merchants.

The main selection criteria of a channel partner candidate are summarized as follows:

- *Business Strategy Alignment.* We look for channel partners with a similar business vision to ours, and who are willing to develop their business together with ours and increase their core competence through cooperating with us.
- *Business Competence and Experience.* Our channel partners are required to have a certain amount of minimum registered capital and operational and business competency in relevant recognized industries such as mobile Internet, and promotion and marketing services.
- *Sales Resources.* Our channel partners are required to have sufficient local sales and marketing resources with an expertized sales team of at least 30 dedicated software sales and services staff.
- *Exclusivity.* Our channel partners are not permitted to sell any products or services that compete with ours.

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The following table sets forth the movement of the number of our channel partners during the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2015	2016	2017	2018
As of the beginning of the period	508	582	698	765
Additions of channel partners.	115	136	103	180
Termination of channel partners	(41)	(20)	(36)	(28)
As of the end of the period	582	698	765	917

During the Track Record Period, we had a net increase in the number of total channel partners. We discontinued our relationships with 41 channel partners in 2015, 20 channel partners in 2016, 36 channel partners in 2017, and 28 channel partners in the six months ended June 30, 2018, mainly based on our review of the results of our channel partners and reasons relating to the channel partners' own business operations.

To the best of our knowledge, most of our channel partners are independent third parties. However, we sold SaaS products to two channel partners owned or managed by two of our former employees during the Track Record Period. Revenue from such channel partners amounted to less than 1% of our total revenue during the Track Record Period.

Sales Agreement with Channel Partners

Salient terms of our channel partner agreement include the following:

- *Term of cooperation, renewal and termination.* The channel partner agreement typically has a term of one year and will automatically renew for another one year if neither party elects to terminate. We are entitled to terminate the agreement if the channel partner breaches its obligations or fails to reach the agreed sales targets.
- *Designated marketing and sales area.* We designate the geographical area within which our channel partners are allowed to market and sell our products and services. A channel partner is generally not allowed to market and sell outside its designated area.
- *Sales targets.* Channel partners are required to reach quarterly sales targets tailor-made for different cities in China as specified in the agreement. Should channel partners fail to meet the sales targets, we may downgrade such channel partners or discontinue our business relationship with them.
- *Deposit.* We charge our channel partners a fixed amount of deposit which is refundable once the agreement terminates through no fault of the channel partner.
- *Pricing, payment and settlement.* We determine the unit price of each SaaS product and provide a price list for each product with the channel partners. Channel partners are required to market our products according to the list prices. Channel partners are required to make a certain amount of prepayment to us after execution of the agreement and make payments to us in relation to the sales of our products going forward. We provide a certain discount off the list price of our SaaS products to our channel partners. We generally settle payments with our channel partners by bank transfer.

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- *Return and exchange policy.* We generally do not allow product returns or exchanges after the merchants have commenced use of the product.
- *Sub-channel partners.* Channel partners are entitled to engage sub-channel partners and be fully responsible for the management, and sales and marketing activities of sub-channel partners. Channel partners shall ensure that the sub-channel partners satisfy our channel partner selection criteria.
- *Exclusivity.* Channel partners are prohibited from marketing any product that competes with ours during the term of the agreement.

Management of Channel Partners

Maintaining a robust network of channel partners and an effective working relationship with each of them is important for us to increase sales and ensure merchants' satisfaction. We manage our channel partners in the following ways:

- *Performance monitoring and review measures.* We review our channel partners' performance quarterly. We adopt a point-based review system for our channel partners with reference to the quarterly sales targets, incidents of complaints from merchants, and business and service competency in relation to our products. For example, channel partners are entitled to a certain number of points if they successfully reach the sales targets and are required to reach a minimum number of performance points to pass the review.
- *Prevention of undue competition.* Our channel partners are prohibited from selling or promoting in other geographical regions beyond those designated by us. They are also required to sell or promote our SaaS products strictly following our standard prices. When we receive complaints of such violations from merchants or other channel partners, we conduct investigations accordingly and are entitled to penalize such channel partners by reducing their fees or terminating the business relationship upon their confirmation of such violation.
- *Anti-cannibalization measures.* We take the following measures to prevent cannibalization among channel partners: (i) we specify in the sales agreements the designated areas for the respective channel partners and prohibit them from selling or promoting in other areas, (ii) we limit the number of channel partners in each designated geographical region with reference to the specific region's economic development level, and (iii) we have in place a comprehensive set of rules and procedures to avoid cannibalization among channel partners within same designated area or across different designated areas. In particular, channel partners within the same area are required to strictly follow the "first come, first served" principle when approaching the same merchant client. Any channel partner is forbidden to approach a merchant outside of its designated area without both our and the existing channel partner's written consent.
- *Return policy.* Our channel partners generally do not have the contractual right to return products to us. We retain the discretion to allow channel partners to return or exchange their purchases in the circumstance that products purchased by channel partners mismatch with the merchants' needs. The channel partners have to follow our approval process to request a refund. During the Track Record Period, we did not experience any material product returns by our channel partners. Total returns of software products in 2015, 2016, and 2017 and the six months ended June 30, 2018 accounted for 0.5%, 0.1%, 0.1%, and 0.1% of our revenue of SaaS products, respectively.

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- *Brand name management.* During the term of the agreement, channel partners are authorized to use our registered trademarks. Channel partners are prohibited to sub-license our trademarks to third parties or operate or market in the name of our subsidiaries or branches.
- *Pricing management.* Channel partners are required to market our SaaS products according to the list prices we provide. We have a right to adjust the list prices as needed with reference to prevailing rates in the market.
- *Inventory risk management.* We believe we do not have material inventory risk as channel partners are generally required to pay us the price of the SaaS product before we activate the products to the merchants.
- *Marketing support and training.* We provide marketing support and training to our channel partners to equip them better to serve merchants. For example, we offer subsidies to selected channel partners for marketing our products on search engine sites, newspapers, magazines, videos, TV programs, etc. High grossing sales staff of our channel partners are invited to our Shanghai headquarters for a three-day training session free of charge. Our sales managers of each region provide a seven-day training session for local channel partners, including products training and sales techniques training, as well as assisting local channel partners to expand in local markets.

Targeted Marketing

We commenced our targeted marketing in 2016. We generate sales of our targeted marketing primarily through our own direct sales force and channel partners. We charge advertisers or channel partners who represent their respective advertisers based on different pricing models such as CPC, CPM or CPA for the provision of our targeted marketing. Media publishers grant to us rebates in the form of prepayments for the media publishers' services or cash mainly based on the gross spend of advertisers, according to the relevant agreement between the media publishers and us. The prepayments can be applied by us for future purchases of advertising traffic for our targeted marketing. The amount of revenue we recognize from targeted marketing is affected by our role under each particular contract with advertisers. For contracts where we act as principal, we recognize revenue on a gross basis while for contracts where we act as agent, we recognize revenue on a net basis.

The salient terms of targeted marketing agreements pursuant to which we recognize revenue on a gross basis and on a net basis are summarized as follows:

- *Gross basis.* Under this type of agreement, we charge advertisers based on, or adjusted by, specified actions such as download, installation or registration of the mobile device user, or CPA, and media publishers charge us based on CPM or CPC. We are the principal in this arrangement and control the specified service before that service is transferred to a customer in this arrangement because (i) the specified service purchased by advertisers is a successful acquisition of or specific action from users. We are primarily responsible for delivering the specified service to advertisers, and have the discretion in determining how to achieve the CPA and how much to pay media publishers based on CPM or CPC, (ii) we are subject to certain risk of loss to the extent that the cost paid to media publishers for clicks or impressions cannot be compensated by the total consideration obtained from advertisers according to the number of user acquisitions or specific user actions, and (iii) we have the latitude to determine the cost per action charged to advertisers. Therefore, we report revenue earned from advertisers

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and costs paid to media publishers related to these transactions on a gross basis. Under this arrangement, the rebates earned from media publishers are recorded as reduction of cost of sales. The rebates received from media publishers which are recorded as reduction of cost of sales were nil, nil, RMB34.9 million, and RMB19.5 million in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively.

- Net basis.* Under this type of agreement, we charge advertisers based on CPM or CPC, which is the same pricing mechanism that media publishers charge us. In some circumstances, we offer discounts or rebates to advertisers as part of promotion activities. Media publishers grant to us rebates in the form of prepayments for the media publishers' services or cash mainly based on the gross spend of the advertisers. Under such arrangements, we are not the principal as we do not control the specified service before that service is transferred to advertisers because (i) the specified service being purchased by the advertiser is the viewership (CPM) or the number of clicks (CPC) of the advertisement. Media publishers, rather than our Group, are primarily responsible for providing the media publishing service. We do not have any commitment to the advertiser regarding the effectiveness of the advertisement, (ii) the media advertisement space is not owned by us, and we do not have any commitments to purchase the advertising space, and (iii) we charge advertisers based on CPM or CPC, which is the same pricing mechanism that media publishers charge us. Although we have some discretion in determining the price charged to advertisers in the form of discounts and rebates given to them, we determine that we are the agent in the transaction based on the weight of the aforementioned factors. We are not the principal in executing these transactions as we are acting on behalf of media publishers. Therefore, we report the amount received from advertisers and the amounts paid to media publishers related to these transactions on a net basis. The revenues under net basis were nil, RMB10.3 million, RMB94.8 million, and RMB91.4 million in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively.

For further details on our revenue recognition policy, see “Financial Information – Critical Accounting Policies and Estimates – Revenue Recognition – Targeted Marketing”.

The following table illustrates the gross billing, revenue, rebates, cost of sales, gross profit, and other costs recognized under gross method and net method under our targeted marketing segment during the Track Record Period:

	Year ended December 31,		Six months ended June 30,	
	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Gross method				
Gross billing	3,415	206,339	42,752	101,457
Less: costs and tax ⁽¹⁾	193	29,762	2,514	16,028
Revenue	3,222	176,576	40,238	85,429
Cost of sales ⁽²⁾	304	155,273	30,490	76,291
Rebates from media publishers (as reduction of cost of sales).	–	34,901	9,774	19,512
Gross profit	2,918	21,303	9,748	9,138

Notes:

- Costs and tax recognized under gross method consist of sales discounts granted to key customers and VAT.
- Cost of sales recognized under gross method represents cost of purchase of advertising traffic from media publishers, staff cost of targeted marketing operation team and tax surcharges.

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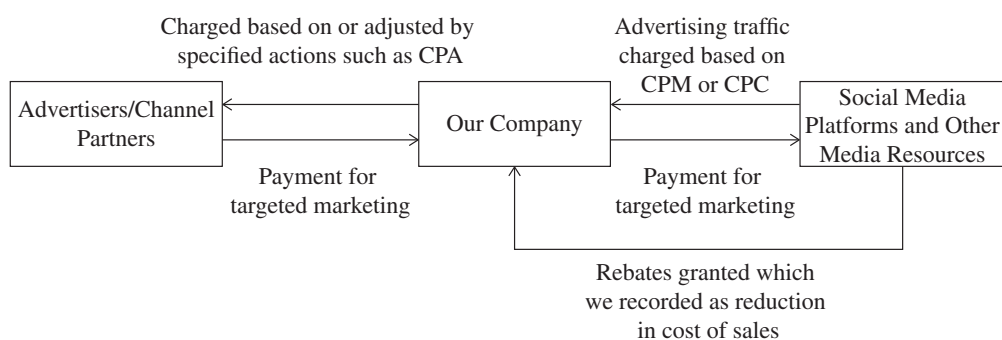
	Year ended December 31,		Six months ended June 30,	
	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Net method				
Gross billing	170,377	726,636	252,385	864,587
Rebates received from media publishers	13,693	131,830	52,402	160,121
Less: costs and tax ⁽¹⁾	160,101	631,838	203,057	773,225
Revenue	10,276	94,798	49,328	91,362
Cost of sales ⁽²⁾	24	478	242	579
Gross profit	10,252	94,320	49,086	90,783

Notes:

- (1) Costs and tax recognized under net method consist of sales discounts granted to key customers, rebates granted to channel partners, cost of purchase of advertising traffic from media publishers and VAT.
- (2) Cost of sales recognized under net method represents tax surcharges.

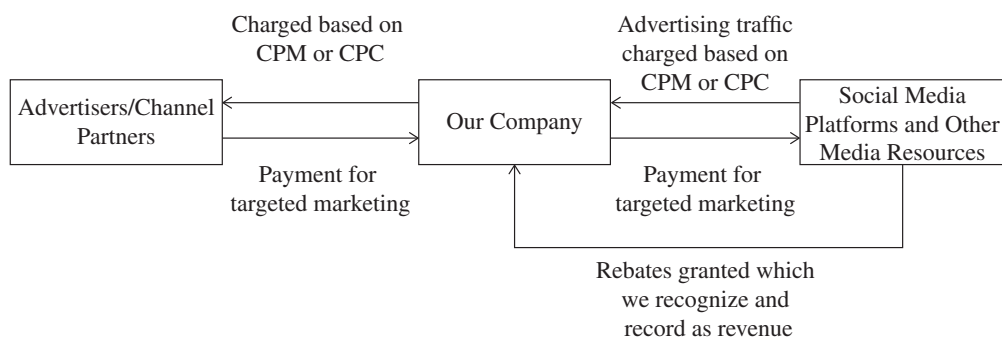
The following flowchart illustrates the fund flow of the two revenue recognition methods under our targeted marketing business:

Gross basis



Under the gross basis for revenue recognition, media publishers charge us for the purchase of advertising traffic either on a CPC or CPM basis and we, acting as principal under our contracts with advertisers and channel partners, charge the advertisers or channel partners based on or adjusted by specified actions as our revenue and recognize rebates subsequently received from media publishers as reductions in our cost of sales.

Net basis



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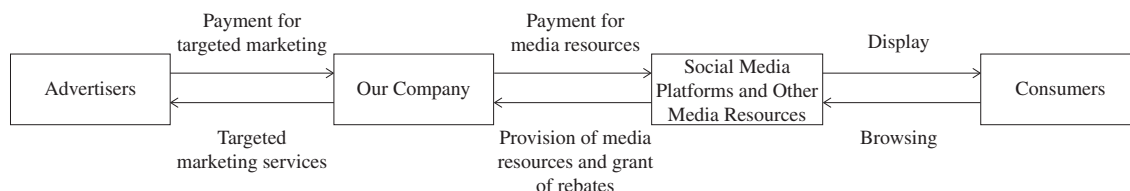
Under the net basis for revenue recognition, media publishers charge us for the purchase of advertising traffic either on a CPC or CPM basis, and we, acting as an agent under our contract with advertisers and channel partners, charge the advertisers or channel partners on the CPC or CPM basis as well for the advertising services provided and recognize rebates subsequently received from media publishers as our revenue.

The following table sets forth our gross billing breakdown under our targeted marketing segment by sales channels for the periods indicated:

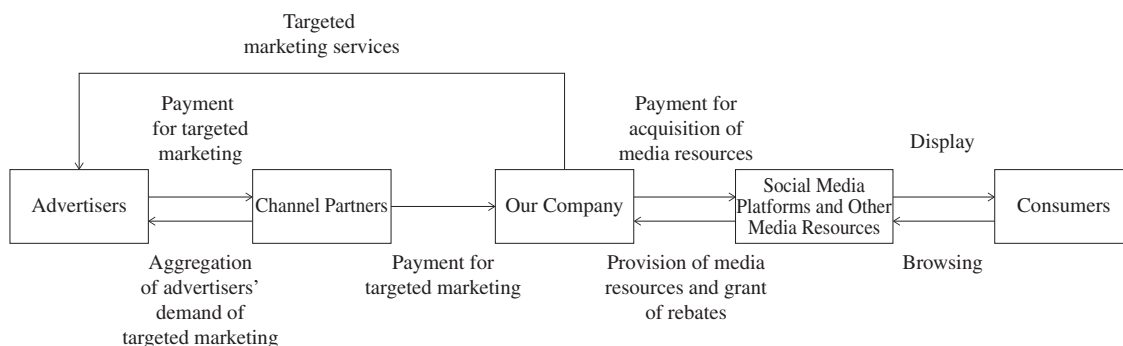
	Year ended December 31,				Six months ended June 30,			
	2016		2017		2017		2018	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Direct sales	62,338	35.9	619,083	66.4	185,612	62.9	653,047	67.6
Channel partners	111,454	64.1	313,892	33.6	109,525	37.1	312,998	32.4
Total	173,792	100.0	932,975	100.0	295,137	100.0	966,045	100.0

The following flowchart illustrates the service and fund flow of the two sales channels under our targeted marketing business:

Direct sales



Channel Partners



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Direct Sales

Our direct sales team for targeted marketing is centered in Shanghai and stationed in provinces where our branches are located, such as Jiangsu, Zhejiang, Guangdong, Hubei, Sichuan, and Shandong provinces. We typically enter into annual sales agreements with our advertisers under direct sales model. Salient terms of the direct sales agreement primarily include: (i) an initial term of one year subject to renewal upon our consent, (ii) services to be provided by us including marketing campaign design, marketing campaign optimization, advertisement back-end management, analytics and reporting of marketing performance, (iii) marketing price and payment method, (iv) our right to review and help amend the distribution contents for legality purpose, and (v) our advertisers are obligated to cooperate to amend the contents accordingly.

Channel Partners

Similar to sales through channel partners with respect to our SaaS products, we also employ a channel partnership model for the marketing and sales of our targeted marketing in China. The relationship between a channel partner and us is that of a buyer and seller relationship. We charge channel partners based on different pricing models such as CPC, CPM or CPA for the provision of targeted marketing for advertisers that the channel partners represent. We do not enter into sales agreements with our channel partners' advertiser clients directly. According to Frost & Sullivan, it is customary practice to engage local channel partners to market online advertising in China.

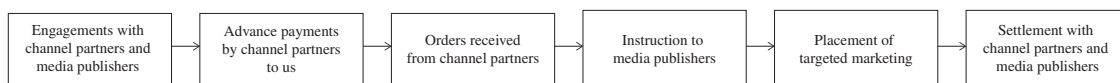
The following map illustrates the geographical distribution of our direct sales teams and channel partners for our targeted marketing as of June 30, 2018:



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Business Process

The following flowchart illustrates the business process of sales through our channel partners:



- *Engagement with channel partners and media publishers.* We review the application materials submitted by channel partners and enter into agreements with the qualified candidates who meet our selection criteria detailed below. We typically enter into annual agreements with media publishers.
- *Advance payments by channel partners.* We require channel partners to pay and maintain a certain amount of advance payments before they purchase targeted marketing. The amount of advance payments is determined by us with reference to the channel partner's purchase prospects.
- *Orders received from channel partners.* We receive targeted marketing orders from channel partners from time to time. The targeted marketing fee will be set based on various pricing models such as CPC, CPM, and CPA.
- *Instruction to media publishers.* We work with media publishers to place the targeted marketing advertisements on the relevant social media platforms.
- *Placement of targeted marketing.* The relevant advertisements are placed on the relevant social media platforms for the desired length of time.
- *Settlement with channel partners and media publishers.* We charge channel partners a targeted marketing fee by deducting the same against their advance payments. We settle with media publishers according to the rates agreed. In addition, media publishers grant to us rebates based on the gross spend on purchasing advertising inventory at their social media platforms.

Selection of Channel Partners

We have an extensive network of 810 active channel partners as of June 30, 2018. Among such 810 active channel partners, 182 were also channel partners of our SaaS products. We believe that the network effect of our large channel partner base helps us attract new advertisers and promote our targeted marketing in a cost-effective manner. Active channel partners refer to channel partners who use our targeted marketing within a stipulated period.

We select our channel partners for our targeted marketing business following a similar criteria as our channel partners for our SaaS products business. The detailed selection standards and requirements are attached to our agreements with the channel partners as an integral part of such agreements.

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The following table sets forth the movement in the number of our active channel partners during the periods indicated:

	Year ended December 31,		Six months ended June 30,
	2016	2017	2018
As of the beginning of the period	–	290	682
Additions of active channel partners	290	449	198
Non-active channel partners	–	(57)	(70)
As of the end of the period	290	682	810

There were 57 and 70 channel partners in 2016 and 2017 who did not use our targeted marketing in 2017 and the six months ended June 30, 2018, respectively, either due to their own business considerations or because we did not transact with them based on our review of the relevant orders. We did not cease business relationships with such channel partners since the agreements with them remain effective. We believe such channel partners may purchase our targeted marketing in the future.

To the best of our knowledge, most of our channel partners are independent third parties. However, we provided services to two channel partners owned or managed by three of our former employees during the Track Record Period. Revenue from such channel partners amounted to less than 1% of our total revenue during the Track Record Period.

Cooperation Agreement with Channel Partners

We typically enter into an annual agreement with our channel partners. Salient terms of the channel partner agreements include:

- *Term, renewal and termination.* The channel partner agreement typically has a fixed initial term and will automatically renew for one year upon our consent. Channel partners are entitled to terminate the agreements unilaterally if the marketing campaign fails to reach the agreed marketing performance due to our failure to deliver marketing service agreed in the agreement.
- *Designated geographic region.* There is no specific designated geographic territory for our channel partners under our targeted marketing business.
- *Sales targets.* We set monthly, quarterly, and annual sales targets for our channel partners, based on which we grant to qualified channel partners rebates and rewards.
- *Rebates.* We grant rebates to channel partners who meet certain sales targets as agreed. In 2016, 2017 and the six months ended June 30, 2018, the rebates granted to channel partners amounted to RMB3.9 million, RMB4.9 million, and RMB3.8 million, respectively.
- *Pricing.* The targeted marketing service price we charge for our channel partners primarily follows the media costs charged by the media publishers. The main pricing model for targeted marketing includes CPC, CPM, and CPA from which the advertisers can choose based on their specific marketing needs.

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- *Payment and settlement.* Channel partners are required to make a certain amount of prepayment to us after execution of the agreement and make payments to us in relation to the targeted marketing we render going forward. Channel partners are obligated to maintain a certain amount of value in their accounts with us. We generally settle payments with our channel partners by way of bank transfer.
- *Return and exchange policy.* We generally do not allow returns or exchanges after the relevant advertisement is delivered.
- *Exclusivity.* The agreement is silent on whether the channel partners could market other companies' similar marketing services.

Management of Channel Partners

We manage our channel partners in various respects, including the following:

- *Performance monitoring and review measures.* We adopt a point-based review system for our channel partners with reference to the cities where they operate, the duration of their cooperation with us, quarterly sales targets, quarterly active accounts, level of cooperation, market exposure, and regulatory non-compliance incidents.
- *Inventory risk management.* We believe we do not have material inventory risk because we do not create advertisement content or media resources for our channel partners. We provide targeted marketing to our channel partners after we enter into relevant service agreements with them.
- *Marketing support.* We provide comprehensive marketing support to our channel partners, including building sales systems, dividing operation systems such as project execution and collaboration between design and planning, public relationship marketing activities such as meeting marketing, attending conferences and summits and collecting marketing leads, and support for training system such as a combination of online and offline training and on-site visits. In order to maintain sustainable, stable, and competitive star-level channel partners, we have adopted our promotion scheme for our channel partners.
- *Trademark use management.* We authorize channel partners to use our trade marks for purposes of marketing our service during the term of the cooperation agreement. Channel partners are prohibited from sub-licensing our trademarks to third parties.

MARKETING AND BRANDING

We realize brand promotion and marketing through a combination of online and offline marketing campaigns. We build and increase our brand awareness through online channels such as search engines, social media promotion and targeted advertisement distribution. Complementary to our online marketing efforts, we also participate in offline events such as industry fairs and meetings (described in further detail below) to build our brand image comprehensively as well as increase brand reputation and influence.

Comprehensive brand image building through cross-channel online marketing

We publicize our new products and other new developments on a variety of media platforms, including our WeChat Official Account, Baidu Baijia, Toutiao, Sina, Sohu, and Netease to communicate and interact with our target and other potential clients and increase their recognition of our corporate value and brand.

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We increase our brand exposure and improve our reputation, leveraging the reports on well-recognized media on hot topics relating to us such as our products, cooperation with key accounts merchants and large events, covering all kinds of portal media, technology media, finance and economics media, and industry vertical media. Through the distribution of news articles and in-depth industry articles, we enhance our brand image as an intelligent business service provider and further attract the attention of clients and the wider media.

Expanding brand influence through multi-dimension offline promotion

We build our brand image mainly through large offline events such as press conferences and national tours for new product releases and our Weimob Open Day through which we promote our product strategy and industry trends, as well as bring first-hand sharing of industry forward-looking insights and practical experience. In 2017, we held promotional meetings with more than 1,000 attendees in various cities, including Chengdu, Guangzhou, Beijing, and Changsha.

Offline Industry Exhibitions and Summits

In attending e-commerce and catering industry exhibitions and summits, such as Yiwu International Commodities Fair, China Food and Drinks Fair, and China Food and Catering Expo, we demonstrated to our potential clients our product advantages and service capabilities. Through such meetings with members of specific industry verticals, we attracted the interest and attention of certain target clients, increased our brand awareness and reputation, and improved our conversion rates.

“Hurricane” Brand Marketing Campaign and Regional Conferences

In order for merchants to better understand our WeChat Mini Program products, we launched a nationwide “Hurricane” brand marketing campaign and regional marketing conferences to increase our competitiveness and influence in certain regions. We have successfully hosted two seasons of “Hurricane” campaigns, more than ten Weimob Mini Programs sessions, and more than 20 marketing summit meetings, covering major cities in China, such as Beijing, Shanghai, Tianjin, and Chongqing, and have attracted significant attention from local merchants and businesses.

AFTER-SALES SERVICES

As we upgrade and optimize our products on a continuous basis, we also provide a series of after-sales services to ensure that our clients are sufficiently and adequately equipped in their daily use of our products. We have also set up an efficient system to collect, record, process, track, and analyze client complaints. Our major after-sales services include:

- *Manuals and handbooks.* Video tutorials, user manuals, and FAQs of our products are available both on our official website and the backend for our merchants.
- *One-on-one after-sale guidance.* We designate an exclusive after-sales service staff for each of our merchants.
- *Accounts building services.* We provide initial accounts building for new merchants, such as application and authentication of WeChat Official Accounts and WeChat Mini Programs, basic setting up, membership cards, and official websites.

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- *Online training.* We provide our merchants with scheduled online training presented by our research and development team ensuring that our merchants are familiarized with the various functions of our products in a timely manner. Such training includes operation demonstration, real-time Q&A, and operation coaching.
- *Offline training.* We provide scheduled offline training to our merchants as well, helping our merchants fully understand our products through guidance on product functions and backend operation training, collecting feedback from our merchants and optimizing our products and services on a continuous basis.
- *Data-related services.* Our after-sales services include data-related services, such as reports of member data, store orders and marketing activities, and accounts analysis.

We also assist our channel partners in building their own after-sales services team as part of our continuous cooperation with these channel partners.

OUR RELATIONSHIP WITH TENCENT

Tencent

Tencent Mobility is one of our shareholders. Immediately following the completion of the Global Offering, Tencent Mobility will be entitled to exercise voting rights attached to Shares of our Company, representing approximately 2.9% of the total issued share capital of our Company (assuming that it will not exercise its pre-emptive right to subscribe for any Offer Shares in the Global Offering. See “History, Reorganization and Corporate Structure – Shareholders’ Right” for details).

Cooperation with Tencent

Tencent is our important business partner in relation to our SaaS products, targeted marketing and our cloud-based technology infrastructure. Tencent’s role in our business is summarized in the following:

Operating Environment of Our SaaS Products

We primarily deliver our SaaS products on WeChat in the form of WeChat Mini Programs and WeChat Official Accounts. Merchants primarily use our SaaS products to build their social media storefronts on the WeChat platform and manage critical operations, including products display, orders and payments process, customer relationship management, and social media marketing campaigns. As of the Latest Practicable Date, substantially all of our revenue generated from sales of SaaS products was contributed by the delivery of our SaaS products in the form of WeChat Mini Programs or WeChat Official Accounts. In 2015, 2016, 2017, and the six months ended June 30, 2018, revenue generated from our SaaS products amounted to RMB114.0 million, RMB175.7 million, RMB262.6 million, and RMB155.3 million, accounting for 100.0%, 92.9%, 49.2%, and 46.8%, respectively, of our total revenue. We do not need to enter into any agreement with Tencent to deliver our SaaS products to our merchants.

Publisher of Our Targeted Marketing

We offer targeted marketing to advertisers primarily through Tencent’s social media platforms, including advertisements on WeChat Moments, WeChat Official Account, QQ, QZone, Tencent News, and Tencent Video. We consider Tencent’s social media platforms as our critical media publishers in relation to our targeted marketing business. We commenced our targeted marketing business in 2016. Our purchase of advertising traffic on Tencent’s social media platforms in 2016 and 2017, and the six months ended June 30, 2018 accounted for 96.0%, 96.6%, and 96.9% of our total purchase of advertising traffic, respectively.

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We charge advertisers based on different pricing models such as CPC, CPM or CPA for our targeted marketing. Tencent grants to us rebates in the form of prepayments balance or cash, based on the advertising gross spend of the advertisers according to the agreement between Tencent and us. The prepayments can be applied by us for future purchases of advertising traffic for our targeted marketing. The amount of revenue we recognize from targeted marketing is affected by our role under each particular contract with advertisers. In 2016, 2017, and the six months ended June 30, 2018, the carrying amount of the prepayment balance that had been recognized as revenue was RMB6.0 million, RMB85.3 million, and RMB124.4 million, respectively. For contracts where we act as principal, we recognize revenue on a gross basis while for contracts where we act as agent, we recognize revenue on a net basis. For further details on our revenue recognition policy, see “Financial Information – Critical Accounting Policies and Estimates – Revenue Recognition – Targeted Marketing”.

During the Track Record Period, we recognized a substantial portion of our revenue from our targeted marketing segment on a net basis, as such, our revenue under targeted marketing consisted substantially of rebates granted by Tencent and hence Tencent was our largest client from an accounting perspective during the Track Record Period. However, we consider our advertisers to be our ultimate clients and the source of revenue of our targeted marketing business because the demand from advertisers is the ultimate driver of social media advertisements on Tencent’s social media platforms.

The following reflects the salient terms of the social advertisement cooperation agreement we entered into with Tencent:

- *Term.* The agreement is valid for one year and would automatically renew for another one year unless either party expressly does not wish to renew. The current agreement was entered into on April 1, 2017 and would be effective from January 1, 2018, and expire on December 31, 2018. According to its terms, the current agreement will automatically renew for another one year upon its expiry on December 31, 2018.
- *Registration.* We are required to register a social media marketing service provider account (騰訊社交平台廣告服務商賬戶) with Tencent.
- *Pricing.* The advertisers are charged at CPC, CPM, CPA or other pricing model subject to the specific requirements of different Tencent social media channels.
- *Payment and top-up.* We are required to make a prepayment to Tencent to use its social media advertisement service and are also responsible for maintaining sufficient value in our service provider account with Tencent.
- *Rebate.* Tencent provides us with rebates in the form of prepayments balance or cash, based on our gross spend of the Tencent social media advertisement service. Prepayments balance is granted to our service provider account with Tencent. Cash rebates will be made to our bank account registered with Tencent. Such rebates are determined in accordance with policies promulgated by Tencent from time to time. We recognize rebates from media publishers including Tencent as revenue under the arrangements that we are determined as an agent. Under such model, our clients are the media publishers from an accounting perspective and thus the amounts received from Tencent would be our revenue.
- *Termination.* The agreement may be terminated by mutual consent.

Service Provider of Our Cloud-Based Technology Infrastructure

We primarily use Tencent Cloud as the cloud data server and hosting service provider for our cloud-based technology infrastructure. The cloud services provided by Tencent include cloud computing services and physical cloud database servers, which provide us with the infrastructure and hardware environment to develop and deliver our SaaS products and targeted marketing. We entered into an annual cloud service agreement with Tencent, which is subject to renewal every year if neither party elects to terminate the agreement. The current agreement was entered into on June 23, 2017, was renewed automatically on expiry on June 27, 2018, and will expire on June 26, 2019. Although the cloud service agreement with Tencent is subject to annual renewal, we believe we can continue to access Tencent's cloud data server and hosting service because of our market leadership in WeChat-based third-party service market and targeted marketing for SMBs on Tencent's social networking service platforms and our cooperative relationship with Tencent. In 2016, 2017, and the six months ended June 30, 2018, the relevant cloud service expenses accounted for 0.4%, 2.5%, and 3.5%, respectively, of our cost of sales. We did not incur any such expense in 2015.

Reliance on Tencent

Tencent's platforms and services have played an important role in the delivery of our SaaS products and targeted marketing services. We primarily deliver our SaaS products on WeChat and place targeted marketing on Tencent's social media platforms. We also primarily use Tencent Cloud as our cloud data server and hosting service provider. In the worst case scenario, if we lose access to Tencent's platforms and services, our results of operations and financial conditions would be materially and adversely affected. For details, see "Risk Factors – Risks Relating to Our Business and Industry – We rely on Tencent's platforms and services to conduct our businesses". Nevertheless, having considered these factors, our Directors believe that we have been operating our business independently from Tencent. While we intend to continue to strengthen our business cooperation with Tencent, we believe our future strategic partnership with Tencent will grant us advantages in respect of user traffic and media resources, and further strengthen our market position.

According to Frost & Sullivan, it is the industry norm not to enter into long-term cooperation agreements in relation to continued access to Tencent's platforms and services. Tencent generally enters into cooperation agreements with third-party service providers on an annual basis, as the two parties may need to renew stipulation of the rights and obligations, pricing mechanism, payment mechanism, as well as rebate conditions. Furthermore, according to Frost & Sullivan, China's social network platform market is dominated by a small number of major providers, and Tencent owns the largest social network platforms, namely WeChat and QQ, as measured by user bases. In addition, Tencent is one of the few companies which provide open API of social platforms to third-party service providers and allow them to help SMBs build up online presence on their platforms. Therefore, it is difficult for our SaaS products business to use the platforms or services of an alternative provider to reduce the level of reliance on Tencent. The targeted marketing for SMBs market in China is also dominated by a small number of major providers who have large user bases. Tencent is the leading social networking service provider in China and a dominant digital media content provider. Therefore, it is difficult for our targeted marketing business to use the platforms or services of an alternative provider to reduce the level of reliance on Tencent.

We are an important participant in the WeChat ecosystem

According to Frost & Sullivan, we were one of the first collaborators on WeChat Official Accounts in 2013, and one of the first to offer SaaS products through the WeChat Mini Program interface, which was launched in 2017. We were the leading WeChat-based third-party service provider in terms of revenue in 2017, with a market share of 15.3%, as well as in terms of the number of paying merchants in 2017. According to Frost & Sullivan, we were also the leading targeted marketing provider for SMBs on Tencent's social networking service platforms in terms of gross billing in both 2016 and 2017, accounting for 11.2% and 17.0% of the market share, respectively.

Our leading position in the WeChat-based third-party service market plays an important role in the WeChat ecosystem. Our large client base, advanced technologies, and continuous provision of cutting-edge products and services on the WeChat platform promote the development of WeChat ecosystem and benefits all parties in the ecosystem at the same time, through acquiring and retaining users for WeChat, while fully utilizing and further developing the various functions of WeChat. Therefore, we believe the relationship between Tencent and us is mutually beneficial.

WeChat is China's largest social media platform

WeChat and other Tencent's social networking platforms, on which we deliver our SaaS products and targeted marketing, are established and operated by Tencent. According to Frost & Sullivan, with Asia's largest user base among mobile instant messaging software, the open platform provided by WeChat quickly won the favor of many SMBs. WeChat third-party service market is mainly based on WeChat's open API interface, which creates huge commercial value through WeChat's large user base. Since Tencent allowed social advertising on WeChat Moments in 2015, many third-party marketing service providers for SMBs have emerged. Furthermore, the launch of Wechat Mini Program in January 2017 further broadened the third-party service market, as it attracts SaaS products providers to help SMBs to build up online presence and improve marketing performance via WeChat Mini Program.

Our SaaS products are primarily designed for SMBs to establish and expand their online presence and manage a series of critical operations utilizing WeChat Mini Program or WeChat Official Account to capitalize the user traffic provided by WeChat. Our targeted marketing is also primarily delivered in the form of advertisements on WeChat Moments, QQ, QZone, and other Tencent's social networking platforms. Therefore, we naturally cooperated with Tencent in delivering our products and services at its platforms. The agreements with Tencent, in relation to purchase of social advertisement inventory at Tencent's social networking platforms, were entered into on normal commercial terms in the ordinary course of business of our Company as well as Tencent.

Our products and services can be delivered on other platforms

Our SaaS products are not only provided in the form of WeChat Mini Programs but also in H5 mode, which allows us to offer and deliver H5-based commerce and marketing services to merchants on web or mobile platforms other than WeChat. Further, as part of our strategy to develop more attractive cloud service offerings to merchants, we have continuously invested in the research and development of new SaaS products. See “– Our Offerings Pipeline”.

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Further, we actively research and develop products and services to be delivered outside of Tencent's platforms and aim to establish our own ecosystem. For example, our Marketing Cloud and Sales Cloud offer CRM and other back-office functionalities which can be utilized outside of the Tencent ecosystem. Further, in October 2017, we launched Weimob Cloud platform, a PaaS, which integrates our core services offerings on one single platform and is open for use by third-party developers. This allows us to build a proprietary cloud-based ecosystem and provide a greater selection of applications and better services to our merchants. As of the Latest Practicable Date, we had amassed almost 400 third-party developers using our platform and had more than 600 applications developed by such third-party developers on our platform. We will continue to invest in Weimob Cloud platform to create a more sophisticated and encompassing environment to provide enhanced value propositions to merchants, third-party developers, and consumers at large.

In addition, our targeted marketing provides advertisers with offerings to be launched on other media resources other than Tencent's social media networking platforms. In addition, we have been cooperating with other media publishers to deliver our targeted marketing, including Baidu and Zhihu, during the Track Record Period. The revenue generated from targeted marketing delivered at other media publishers accounted for 0.0%, 24.1%, 3.2%, and 2.1%, respectively, of the revenue of our targeted marketing during the Track Record Period. Our big data analytics allows us to provide targeted marketing to advertisers on various online platforms.

With respect to our cloud server and hosting service, we also employed other data server service providers in relation to our cloud-based technology infrastructure. To the extent we are not able to maintain a cooperative relationship with Tencent Cloud, we believe that we will be able to source another service provider with similar quality and commercial terms.

CLIENTS

Our major clients are (i) Tencent, who grants to us rebates in connection with our targeted marketing, (ii) merchants who, or through our channel partners, purchase our SaaS products, and (iii) advertisers who, or through our channel partners, purchase our targeted marketing. We do not rely on clients from specific industry verticals. Revenue generated from our largest client for the years ended December 31, 2015, 2016, 2017, and the six months ended June 30, 2018, accounted for 3.8%, 5.2%, 17.1%, and 27.1%, respectively, of our total revenues during those periods. Our largest client for 2016, 2017, and the six months ended June 30, 2018, was Beijing Tencent Culture Media Company Limited, which granted us rebates in connection with our targeted marketing.

Revenue generated from our five largest clients for the years ended December 31, 2015, 2016, 2017, and the six months ended June 30, 2018, accounted for 11.6%, 12.4%, 37.0%, and 47.8%, respectively, of our total revenues during those periods. Our five largest clients for 2016, 2017, and the six months ended June 30, 2018, were Beijing Tencent Culture Media Company Limited and advertisers from whom our revenue was recognized on a gross basis. We have established business relationships with our five largest clients for 2017 for at least one year. See “— Our Relationship with Tencent” and “Financial Information – Critical Accounting Policies and Estimates”.

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The following table shows the details of our five largest clients during the Track Record Period:

Client	Type of products/services purchased	Principal business	% of our total revenue	Scale of operations (Registered capital) (RMB)	Date of incorporation
2015					
Beijing Zhuoyue Fengshang Technology Company Limited (北京卓越風尚科技有限公司) (channel partner) . . .	SaaS products	Software design and service of application software	3.8%	1,330,000	August 24, 2009
Beijing Enjiena International Business Services Company Limited (北京恩杰納國際商務服務有限公司) (channel partner) . . .	SaaS products	Design of software and sale of computer and software	2.5%	500,000	April 17, 2013
Guangzhou Weiyue Information Technology Company Limited (廣州微粵信息科技有限公司) (channel partner) . . .	SaaS products	Computer technology development and sale and service of software	2.1%	2,070,000	April 24, 2014
Guangzhou Xianghe Biotechnology Company Limited (廣州向禾生物科技有限公司) (Then known as Guangzhou Zimei Information Technology Company Limited (廣州孜美信息科技有限公司)) (channel partner) . . .	SaaS products	Development of information technology, computers, and electronic products	2.0%	500,000	December 25, 2013
Tianjin Jingwei Baiying Internet Technology Company Limited (天津經緯百盈網絡科技有限公司) (channel partner)	SaaS products	Development, promotion, service and advisory of internet technology and hardware, and software of computers	1.2%	5,000,000	October 10, 2013

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Client	Type of products/services purchased	Principal business	% of our total revenue	Scale of operations (Registered capital) (RMB)	Date of incorporation
2016					
Beijing Tencent Culture Media Company Limited	<i>Note 1</i>	Advertisement design, production and distribution, and acting as an advertising agency	5.2%	5,000,000	July 16, 2014
Beijing Enjiena International Business Services Company Limited (北京恩杰納國際商務服務有限公司) (channel partner) . . .	SaaS products	Design of software, and sale of computer and software	2.3%	500,000	April 17, 2013
Chongqing Leichi Advertising Media Company Limited (重慶雷馳廣告傳媒有限公司) (channel partner)	SaaS products	Development of computer information technology, and acting as an advertising agency	1.7%	1,000,000	August 28, 2012
Beijing Zhuoyue Fengshang Technology Company Limited (北京卓越風尚科技有限公司) (channel partner) . . .	SaaS products	Software design and service of application software	1.7%	1,330,000	August 24, 2009
Hefei Huozhong Internet Technology Company Limited (合肥火種網絡科技有限公司) (channel partner)	SaaS products	Development and sale of computer hardware, production and distribution of domestic advertisement, and advertising agency	1.6%	1,000,000	December 13, 2013
2017					
Beijing Tencent Culture Media Company Limited	<i>Note 1</i>	Advertisement design, production and distribution, and advertising agency	17.1%	5,000,000	July 16, 2014

BUSINESS

Client	Type of products/services purchased	Principal business	% of our total revenue	Scale of operations (Registered capital) (RMB)	Date of incorporation
Ranshi Technology (Beijing) Company Limited (冉十科技(北京)有限公司) (channel partner) . . .	Targeted marketing	Advertisement production and distribution, advertising agency, and software development	7.2%	20,000,000	November 16, 2012
Hunan Fangchengshi Advertising Media Company Limited (湖南方程式廣告傳媒有限責任公司) (advertiser)	Targeted marketing	Advertisement design, production and distribution, and advertising agency	4.3%	2,000,000	June 8, 2016
Shenzhen Hexun Huagu Information Technology Company Limited (深圳市和訊華谷信息技術有限公司) (advertiser)	Targeted marketing	Advertising, webpage design, and enterprise image design	4.3%	10,000,000	May 31, 2012
Shanghai Only Vision Enterprise Development Company Limited (上海唯一視覺企業發展有限公司) (advertiser)	Targeted marketing	Advertisement design, production and distribution, communicating and photography services	4.0%	31,060,000	October 30, 2015

Six months ended June 30, 2018

Beijing Tencent Culture Media Company Limited	<i>Note 1</i>	Advertisement design, production and distribution, and advertising agency	27.1%	5,000,000	July 16, 2014
Hunan Fangchengshi Advertising Media Company Limited (湖南方程式廣告傳媒有限責任公司) (advertiser)	Targeted marketing	Advertisement design, production and distribution, and advertising agency	7.9%	2,000,000	June 8, 2016
Shanghai Only Vision Enterprise Development Company Limited (上海唯一視覺企業發展有限公司) (advertiser)	Targeted marketing	Advertisement design, production and distribution, photography services	5.5%	31,060,000	October 30, 2015

BUSINESS

Client	Type of products/services purchased	Principal business	% of our total revenue	Scale of operations (Registered capital) (RMB)	Date of incorporation
Guiyang Yunyan Laise Wedding Photography Services (貴陽雲岩萊色婚紗攝影服務部) (advertiser)	Targeted marketing	Photography services	4.7%	Note 2	July 16, 2015
Shanghai Zhiqu Advertising Company Limited (上海智趣廣告有限公司) (channel partner)	Targeted marketing	Advertisement design, production and distribution, advertising agency, and development of computer technology	2.6%	10,000,000	April 1, 2013

Notes:

- (1) Beijing Tencent Culture Media Company Limited was our largest client from accounting perspective because we received rebates based on the gross spend on advertising inventory on Tencent social media platforms.
- (2) Guiyang Yunyan Laise Wedding Photography Services is registered as an individual industrial and commercial household (個體工商戶) in China, and the concept of registered capital is not applicable.

We have a large client base of merchants and advertisers. Although we generated a substantial portion of targeted marketing revenue in the form of rebates from Tencent social media platforms from an accounting perspective during the Track Record Period, we consider our advertisers to be our ultimate clients and the source of revenue of our targeted marketing business. The number of our SaaS products paying merchants was 23,895, 36,344, 51,494, and 56,313, as of December 31, 2015, 2016, 2017, and June 30, 2018, respectively. The number of advertisers using our targeted marketing was 3,217, 17,681, and 14,189 in 2016, 2017, and the six months ended June 30, 2018, respectively.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest clients.

BUSINESS

SUPPLIERS

Our major suppliers are media publishers and suppliers of cloud computing servers, bandwidth, advertising, logistics and payment services. Charges from our largest supplier for the years ended December 31, 2015, 2016, 2017, and the six months ended June 30, 2018 accounted for 17.5%, 20.3%, 79.9%, and 73.0%, respectively, of our cost of sales during those periods. Our largest supplier for 2017, and the six months ended June 30, 2018 was Beijing Tencent Culture Media Company Limited, from which we purchased advertising traffic. Charges from our five largest suppliers for the years ended December 31, 2015, 2016, 2017, and the six months ended June 30, 2018 accounted for 50.9%, 30.5%, 84.0%, and 78.3%, respectively, of our cost of sales during those periods.

The following table shows the details of our five largest suppliers during the Track Record Period:

Supplier	Type of products/services provided	Principal business	% of our total cost of sales	Scale of operations (Registered capital) <i>(RMB in millions)</i>	Years of relationship
2015					
Supplier A	Cloud computing servers	Internet data center and service	17.5%	1,000	1
Supplier B	Short message service	IT hardware and software development and sales, value-added telecommunication service	15.6%	200	1
Supplier C	IT equipment	IT hardware and software development and sales	12.5%	1	1
Supplier D	SaaS products operation contracting service	Applied software service	3.2%	5.5	1
Supplier E	IT service	IT hardware and software development and sales	2.2%	2,406	1
2016					
Supplier A	Cloud computing servers	Internet data center and service	20.3%	1,000	2
Supplier E	IT service	IT hardware and software development and sales	3.3%	2,406	2
Supplier F	SaaS products operation contracting service	Advertisement design, creation, agency and distribution	3.3%	0.8	1

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Supplier	Type of products/services provided	Principal business	% of our total cost of sales	Scale of operations (Registered capital) <i>(RMB in millions)</i>	Years of relationship
Supplier B	Short message service	IT hardware and software development and sales, value-added telecommunication service	2.8%	200	2
Supplier G	Short message service	Telecommunication and Internet technology and service	0.8%	50	2
2017					
Beijing Tencent Culture Media Company Limited	Advertising traffic	Advertisement design, production and distribution, and acting as an advertising agency	79.9% ⁽¹⁾	5	2
Tencent Cloud Computing (Beijing) Co., Ltd.	Cloud computing servers	Value-added telecommunication service; technology development and sales	2.5% ⁽²⁾	120	2
Supplier A	Cloud computing servers	Internet data center and service	1.0%	1,000	3
Supplier H	Advertising traffic	Technology development and sales; advertisement design, creation, agency and distribution	0.4%	100	1
Supplier E	IT service	IT hardware and software development and sales	0.3%	2,406	3
Six months ended June 30, 2018					
Beijing Tencent Culture Media Company Limited	Advertising traffic	Advertisement design, production and distribution, and acting as an advertising agency	73.0% ⁽³⁾	5	3
Tencent Cloud Computing (Beijing) Co., Ltd.	Cloud computing servers	Value-added telecommunication service; technology development and sales	3.5% ⁽⁴⁾	120	3
Supplier I	SaaS products operation contracting service	Internet technology development and sales	0.8%	0.5	1

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Supplier	Type of products/services provided	Principal business	% of our total cost of sales	Scale of operations (Registered capital) <i>(RMB in millions)</i>	Years of relationship
Supplier J	SaaS products operation contracting service	Internet technology development and sales	0.7%	1	1
Supplier E	IT service	IT hardware and software development and sales	0.3%	2,406	4

Notes:

- (1) 82.4% from Tencent in total, if taking into account the purchase from Tencent Cloud Computing (Beijing) Co., Ltd. in 2017
- (2) 82.4% from Tencent in total, if taking into account the purchase from Beijing Tencent Culture Media Company Limited in 2017
- (3) 76.5% from Tencent in total, if taking into account the purchase from Tencent Cloud Computing (Beijing) Co., Ltd. in the six months ended June 30, 2018
- (4) 76.5% from Tencent in total, if taking into account the purchase from Beijing Tencent Culture Media Company Limited in the six months ended June 30, 2018

We expect that we will continue to use Tencent Cloud for our cloud-based technology infrastructure and to purchase and promote a significant portion of marketing content opportunities from platforms or products developed by Tencent Group, including WeChat Moments and WeChat Official Accounts. See “Risk Factors – Risks Relating to Our Business and Industry – Loss of any media publishers and changes in our contract terms with any of our media publishers may materially and adversely affect our business and results of operations” and “Risk Factors – Risks Relating to Our Business and Industry – Any interruptions or delays in services from third-parties, including data center hosting facilities and cloud computing server providers and other hardware and software vendors, or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business and results of operations”.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

OUR TECHNOLOGY AND INFRASTRUCTURE

Our Data Assets and Big Data Analytics Capabilities

Our data assets are the backbone of our solutions and data analytics capabilities. The high volumes of traffic over our platforms have brought us large amounts of data, and our SaaS products have enabled us to accumulate user data under various scenarios. Our data assets primarily include customers’ basic profile, behavior data and transaction data from various channels and under various scenarios. In addition, our platform stores a huge amount of business data of the merchants. Therefore, we have built a proprietary and professional big data center for better management and analysis of such data.

BUSINESS

Our Weimob data center is based on CDH community open source technology and is deeply optimized by our experienced engineers to enhance its function. We have self-developed and implemented various advanced technologies, including database synchronization within seconds, general authorization management, and data flow monitoring. We have built up more than ten assisting systems, which are able to process TB-level data every day, and our SLA had been higher than 99.9% as of the Latest Practicable Date.

Our data engineers achieve a comprehensive understanding of our merchants by cleaning, modeling, analyzing and mining such data, and build customer insights to provide better experience and more targeted services for our merchants and their customers. Meanwhile, we also help our merchants increase their operational efficiency through BI reports. We have built various big data applications such as precise targeting, customer profile analysis, traffic analysis, personalized recommendation, and marketing results prediction, through which we are able to obtain more effective data to optimize our models and increase accuracy of data. We plan to provide more data-driven value-added services in the future, including marketing automation and fintech services.

AI and Machine Learning

Our algorithm engineering team explores areas of AI and machine learning on a continuous basis. We have built up our own algorithm database in AI, combining scenarios such as marketing automatization, user experience optimization and big data risk management, including image classification based on deep learning, image segmentation, CTR prediction, query classification, document topic modeling, feature mining and OCR.

For example, we have been trying to develop image recognition technology, and have made achievements in, among other areas, image classification, product recognition from image, image risk management, and face recognition. Our platform aims to keep providing our clients and their customers with more precise and convenient services using image recognition technology.

We have also conducted forward-looking analyses in natural language processing, semantic analysis, thematic analysis, emotion analysis, voice recognition, voice generation, and other fields. Together with the establishment of an industry database, we are developing relevant technologies to provide our clients with comprehensive artificial intelligent services, including smart customer services, smart assistant, and smart voice calling and responding.

Our Infrastructure

Our platform is built on a highly scalable and reliable cloud-based technology architecture through our cooperation with Tencent Cloud. This allows us to process large amounts of data on a real-time basis and ensures high speed and stable performance on a large scale to accommodate more merchants and their customers and support the increased complexity and diversity of our business operations.

Key features of our infrastructure are set out below:

- *Reliability and availability.* Our platform is built up on servers in geographically dispersed data centers that are fault-tolerant. This ensures the high reliability of our platform. We believe that our platform is at the heart of our merchants' businesses, therefore we employ a highly redundant, horizontally scalable, and shared architecture to ensure the resiliency and high availability of our platform. As of the Latest Practicable Date, the SLA of our infrastructure had been higher than 99.9%, and we had not experienced any material service interruption during the Track Record Period.

BUSINESS

- *Scalability.* We use microservice technology to build the cloud-based architecture of our platform, which allows us to easily scale our computing resources and support sudden traffic and order spikes from our merchants. We host our platform in hybrid cloud-based servers which are developed and optimized by our engineers. We have benchmarked our platform to handle at least 200,000 requests per second and 30,000 transactions per second, based on performance testing results.
- *High Performance.* Our merchants and their customers require ultra-fast user experience in today's era of mobile Internet. Therefore, we use advanced technologies such as Single Page, Client-Cache, Hybrid (a development frame) and React to conduct large optimization for end users, and combine BGP network and CDN to provide end users with the fastest experience. Our current median response times of services are less than 200 milliseconds and more than 95% of the contents load and display within two seconds. Moreover, our platform supports tens of millions of visitors.
- *Security.* Our platform has obtained recognition of the Graded Protection of National Network Security – Grade Three. We use double firewall technology, together with Tencent Dayu Distributed Defense (騰訊大禹安全), to build our external firewall, whose DDoS peak defense reaches 300GB and safe defense capabilities cover both challenge collapsar attack defense and Web Intrusion defense. We leverage our self-developed big data smart risk control engine to effectively help our merchants prevent business security issues such as frauds, cheating, and attacks. In addition, we protect our merchants' data by adopting advanced encryption, two-factor authentication, intrusion detection systems, as well as other technologies.

PaaS Middle Layer and Weimob Cloud Platform

- We have been focused on leveraging cutting edge and special technologies to build an advanced and powerful platform. Based on our operational experience in various industries, we have built up a powerful PaaS platform, covering our SCRM capabilities, complete with e-commerce transaction capabilities, advanced marketing capabilities and precise data capabilities. We believe that our PaaS platform is one of our core competitive areas.
- Leveraging our PaaS platform, through reuse and integration, we are able to deliver a high-quality SaaS product within a short period of time, which enables us to keep providing solutions for various industry verticals based on their changing needs through our continuous product and technology innovation.
- We also open our PaaS platform capabilities to third-party developers and business partners, encouraging them to provide different creative application for our merchants. This will enrich our products as well as the technology ecosystem. We further guarantee the security and reliability of our open platform through auth2.0 identification authentication and flow control.

Excellent User Experience

We have built a user interaction technology frame covering interaction design, visual design and UI technology. Based on this frame, we use assembly modularization technology to enable different businesses to share the assemblies and therefore build a user interaction interface with visual uniformity within a short time. Our user interaction technology frame covers mobile devices, including mobile phones, tablets, and PC devices. Using technologies such as WeChat Mini Program technology, Single Page, Client-Cache, Hybrid, and React, our user interaction framework can operate on mobile ends, which enables us to quickly build WeChat Mini Programs and mobile stores with excellent user experience.

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RESEARCH AND DEVELOPMENT

We have a team of experienced engineers dedicated to research and development. As of June 30, 2018, our 278 research and development staff have expertise in mobile Internet information technology, large-scale distributed application technology, big data computing technology and AI technology, together representing approximately 16.3% of our total number of employees. Our research and development expenses amounted to RMB16.9 million, RMB40.0 million, RMB44.3 million and RMB28.4 million during the Track Record Period.

Our IT engineers are based in our Shanghai office. In addition to hiring experienced candidates from well-established Internet and software companies, we also cooperate with top universities in China to recruit outstanding graduates each year. We compete aggressively for talent in IT engineering to help us address challenges and maintain our technological edge.

Our aim is to provide our IT engineers with a comfortable work environment to stimulate their creativity and efficiency. We adopt a flat organizational structure and project systems to establish teams based on the dynamic needs of various projects, to accomplish our goal together.

Our research and development team works under comprehensive and strict procedures covering demand analysis, project initiation, design and development, and testing and launching to effectively control costs as well as guarantee product quality. We evaluate our research and technology team, not only based on product quality, project quality, and technology abilities, but also based on soft aspects such as customer satisfaction, and sales performance.

We regard the development of a basic technology and development tool kit as important because a favorable development environment helps improve efficiency significantly as well as reducing systematic risks. We have built a complete technology system, including infrastructure, micro services frame, development tool kits and development frame and powerful PaaS platform. We value technology accumulation and innovation. We also established our technology committee consisting of Mr. Huang Junwei, our Chief Technology Officer, as chairman and our other key research and development personnel, focusing on planning and analyzing our core technologies, actively exploring and conducting forward-looking analysis in areas such as big data analysis, large-scale distributed applications, user interaction technologies, machine learning, and AI. Meanwhile, we regard the combination of application and technology as important. Therefore, we hold scheduled hackathon sessions to foster creativity in both our technical and non-technical staff in a team environment.

COMPETITION

The markets in which we operate are highly competitive. Our competitors include cloud-based commerce and marketing service providers for SMBs in China, targeted marketing providers for SMBs on Tencent's social networking service platforms as well as WeChat-based third-party service providers in China. We believe the principal competitive factors in our industries are functionality of the products and services, user experience, technology capabilities, sale capabilities, pricing and brand recognition, and reputation. In addition, new and enhanced technologies may further increase competition in our industries. We believe that we are well-positioned to compete effectively based on the foregoing factors. However, some of our current or potential competitors may be able to develop products and services better accepted by the merchants and advertisers or may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, regulations or clients' requirements. See "Risk Factors – Risks Relating to Our Business and Industry – We face intensive competition in the markets we operate and may not be able to compete successfully against our existing and future competitors". For more information of the competitive landscape of our industries, see "Industry Overview".

BUSINESS

INTELLECTUAL PROPERTY

We regard our proprietary domain names, copyrights, trademarks, trade secrets, and other intellectual property, critical to our business operations. We rely on a combination of patents, copyrights, trademarks, trade secret laws, and restrictions on disclosure to protect our intellectual property.

As of the Latest Practicable Date, we had registered:

- 39 trademarks in China;
- 87 domain names in China; and
- 55 software copyrights in China, relating to our SaaS products and targeted marketing.

For detailed information about our material intellectual property, see “Appendix IV – Statutory and General Information – Further Information about our Business – Intellectual Property Rights”.

We implement a set of comprehensive measures to protect our intellectual property, in addition to making trademark and patent registration applications. Key measures include: (i) establishing a dedicated intellectual properties legal taskforce to guide, manage, supervise and monitor our daily work regarding intellectual properties, (ii) applying for registration of our intellectual properties before we start our business, (iii) timely registration, filing and application for ownership of our intellectual properties, (iv) actively tracking the registration and authorization status of intellectual properties and take action in a timely manner if any potential conflicts with our intellectual properties are identified, (v) separating physical areas for technology development areas and business secrets protection areas which are only accessible with authorization under strict visiting rules, and (vi) clearly stating all rights and obligations regarding the ownership and protection of intellectual properties in all employment contracts and commercial contracts we enter into.

As of the Latest Practicable Date, we had not been subject to any material dispute or claims for infringement upon third parties’ trademarks, licenses and other intellectual property rights in China.

EMPLOYEES

As of June 30, 2018, we had 2,092 full-time employees, the majority of whom are based in Shanghai, China. The following table sets forth the number of our employees by function and geographic locations:

Employee Function	Number of employees	% of Total
Sales and Marketing	1,239	59.2
Research and Development	360	17.2
Operations	360	17.2
Administration	133	6.4
Total	2,092	100.0

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Employee Location	Number of employees	% of Total
Shanghai	1,207	57.7
Beijing	208	10.0
Guangzhou	143	6.8
Shenzhen	84	4.0
Sichuan	108	5.2
Hangzhou	91	4.3
Suzhou	39	1.9
Nanjing	57	2.7
Changsha	34	1.6
Others	121	5.8
Total	2,092	100.0

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 a result, we have a strong track record in attracting and retaining our core employees. As of June 30, 2018, over 52.0% of our employees had prior experience in technology companies.

We primarily recruit our employees in China through internal references and recommendations, and online channels such as third-party employment websites. As a matter of policy, we provide a robust training program for new employees that we hire. We believe such programs are effective in equipping them with the skill set and work ethics we require of our employees. We also provide regular and specialized trainings both online and offline, tailored to the needs of our employees in different departments.

We further established Weimob University as a training center for our employees in January 2016. Our Weimob University was founded by our Chief Executive Officer, Mr. Sun, and consists of five colleges specializing in management, marketing, operations, technology, and products, respectively, providing various training programs for our employees. Our training curriculums are tailored to new employees, current employees and management members based on their roles and skill levels. Through these trainings, we ensure that our staff's skill sets remain up-to-date and enable them to discover and meet our clients' needs. We believe our training culture has contributed to our ability to recruit and retain qualified employees.

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.

We enter into standard contracts and agreements regarding confidentiality, intellectual property, employment, commercial ethic policies, and non-competition with most of our executive officers, managers, and employees. These contracts typically include a non-competition provision effective during and up to one to three years after termination of their employment with us and a confidentiality provision effective during and after their employment with us.

Our employees have not formed any employee union or association. We believe we maintain a good working relationship with our employees and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

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INSURANCE

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman insurance, insurance policies covering damages to our network infrastructures or information technology systems, nor any insurance policies for our properties. During the Track Record Period, we did not make any material insurance claims in relation to our business. See “Risk Factors – Risks Relating to Our Business and Industry – We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise” for further details.

HEALTH, SAFETY AND ENVIRONMENTAL MEASURES

We do not operate any production facilities. Therefore, we are not subject to significant health, safety or environmental risks. We do not expect to incur any material liabilities or expenditures in these respects. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

PROPERTIES

Our corporate headquarters is located at Weimob Building, No. 258 Changjiang Road, Baoshan District, Shanghai, China. As of the Latest Practicable Date, we have not owned any properties, and we are leasing 16 properties in the PRC with an aggregate gross floor area of 15,456.66 square meters. Our leased properties are primarily used for office purposes.

As of the Latest Practicable Date, the lessor of our leased office space in Tianjin, with an aggregate gross floor area of 3,156.6 square meters, had not provided us with valid title certificates or relevant authorization documents evidencing their right to lease the property to us. As a result, the underlying lease may not be valid, and we may not be able to continue to use such property. If the lessor does not have the right to lease such property and is challenged by any third party, we may have to bear additional expenses, which primarily consist of relocation costs. In addition, as of the Latest Practicable Date, the actual land use and property use of two of our leased office spaces had been inconsistent with their permitted scope. If the owners of these two properties are required by competent authorities to rectify such land use and property use, we may also have to bear relocation costs and other additional expenses. If a relocation is required, we believe that we will be able to relocate our office premises quickly without incurring material relocation costs, given the supply of alternative properties offering similar rents and facilities.

Pursuant to applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we had not obtained the lease registration for 15 properties we leased in China, primarily due to the difficulty of procuring our lessors' cooperation to register such leases. The registration of such leases will require the cooperation of our lessors. We will take all practicable and reasonable steps to ensure that the unregistered leases are registered. Our PRC Legal Advisors have advised us that the lack of registration of the lease agreements will not affect the validity of the lease agreements under PRC laws, and have also advised us that a maximum penalty of RMB10,000 may be imposed for non-registration of each lease. The estimated total maximum penalty is RMB150,000.

BUSINESS

As of June 30, 2018, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, as advised by our PRC Legal Advisors, we had obtained all material licenses and permits required for our business operations (i.e. business licenses of our PRC subsidiaries) in the PRC, and such business licenses had remained in full effect. We are not required to obtain any other material licenses or permits in conducting our business operations in China. In particular, based on the confirmation of Shanghai Communications Administration (上海市通信管理局), the competent regulatory authority for regulating value-added communications business in Shanghai, we are not required to obtain ICP license to conduct our SaaS products and targeted marketing businesses. Our PRC Legal Advisors have advised us that there is no material legal impediment to renewing business licenses for our PRC subsidiaries.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may become involved in legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance.

RISK MANAGEMENT AND INTERNAL CONTROL

We established, and currently maintain, risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations. We are dedicated to continually improving these systems. We adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as information technology, financial reporting, compliance, and human resources. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiaries and functional departments.

Information Security and Operational Risk Management

To ensure the healthy and sustainable development of our business, we are dedicated to building and maintaining well-functioning information security management and operational risk management systems, including policies and procedures. We will continue our efforts in improving these systems.

Information Security Management

We pay close attention to risk management relating to our information technology, as storage and protection of our user data and other related information is critical to us. Sensitive data and information in our business operations provided to merchants are recorded and stored on the Tencent Cloud. Such information includes, but is not limited to, users' personal information (such as cell phone number, delivery address, WeChat profile picture, WeChat name, age and gender), transaction record, and activity log. We have kept all sensitive user data and information in our database since our inception, and maintain such information unless deletion is required by relevant laws and regulations or requested by the relevant users. User information which we store does not involve information relating to payments, such as credit card information.

In general, according to our service agreement and governing laws and regulations, upon signing up with us, users agree and authorize us and our merchants (that they specifically visit) to use their personal information, such as WeChat profile picture, WeChat name, cell phone number, and information generated from certain services, such as delivery address and the recipient's name. To ensure the security of user information, we, and our merchants providing such services, have obligations to keep such information confidential.

We have adopted a rigorous encrypted algorithm to store sensitive data and strictly execute a data accessing and transmitting policy to ensure the confidentiality of our user data. We have also developed strict internal control and data accessing mechanisms and detailed approval and operation procedures regarding user data processing. Under such mechanisms and procedures, any operation violating information security regulations will result in internal disciplinary action. In general, the information that our staff have access to is anonymous and desensitized. Our staff are expected to undertake training on data protection, which we organize regularly.

We also have a comprehensive data backup system to encrypt and store data on servers in different locations in order to minimize the risk of data loss. In addition, we conduct data restore tests to examine the status of the backup system on a regular basis.

Furthermore, we have set up a specialized information security team which is directly lead by our Chief Technology Officer. The information security team is responsible for inspecting and reporting any suspicious data deriving and transmitting activities, as well as enhancing our data protection system pursuant to the changes of laws and regulations and technology development. Meanwhile, this team takes charge of reviewing, discussing and improving our technologies in managing information security and our internal control system to ensure adequate protection is given to our user data.

Operational Risk Management

Through the services we provide, merchants can publish content (including but not limited to articles, pictures, products, and activities) on WeChat Official Accounts, WeChat Mini Programs, and other medias. The media platforms themselves are expected to satisfy their obligations of reviewing and checking such content according to applicable laws and regulations. At the same time, as a technical service provider, we would also supervise contents published by merchants to ensure healthy contents within the Internet ecosystem. Related measures taken include the use of a content review system and a complaint and reporting system.

BUSINESS

We pay detailed attention to the review of contents published by merchants. We have developed a proprietary intelligent content review system, which leverages the machine learning technology to judge within several seconds whether the contents published by merchants (including texts, graphics, and videos) have violated or is likely to violate policies, and we manage this accordingly, through measures such as blocking publishing. At the same time, we created an operational risk management group, members of which conduct comprehensive artificial reviews of suspicious contents and important components combining the results from the intelligent content review system. Currently, such artificial review can be completed within 10 minutes.

In addition, users can give feedback or report any contents violations of merchants through different channels (such as customer hotlines, QQ and WeChat Official Accounts). Our operational risk management group will delete or remove offending contents and punish relevant merchants (such as close the store) according to applicable laws and regulations.

Regulatory Compliance Risk Management

In order to effectively manage our compliance and legal risk exposures, we adopt strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations.

In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter into with our merchants, channel partners, advertisers and suppliers. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations our business contracts and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

We also have in place detailed internal procedures to ensure that our in-house legal department reviews our products and distribution contents, including upgrades to existing products, for regulatory compliance before such products and distribution contents are made available to the general public. Our in-house legal department is responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities, within the prescribed regulatory timelines.

We continually improve our internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. We undertake compliance management over various aspects of our operations and employee activities. We have also established an accountability system in respect of employees' violations of laws, regulations and internal policies. In addition, we continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

We have an employee handbook in place, which has been approved by our management and distributed to all our employees. This contains internal rules and guidelines regarding basic working rules, work ethics, confidentiality, negligence, anti-bribery, and anti-corruption. We provide our employees with regular training and resources to explain the guidelines contained in the employee handbook.

BUSINESS

Financial Reporting Risk Management

We have in place a set of policies in connection with our financial reporting risk management, such as financial system management, assets protection management, budget management, and operation analysis management. We also have procedures in place to implement such policies, and our financial department reviews our management accounts based on such procedures. In addition, we provide regular training to our financial department staff to ensure they understand our accounting policies and procedures.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our services, technology and innovation, significant ones of which are set forth below:

Award/Recognition	Award year	Awarding Institution/Authority	Entity/Product
Best Service Provider in Regional and Industry Channels of Tencent Social Advertising (騰訊社交廣告區域與行業渠道年度最佳服務商)	2017, 2016	Tencent	Weimob Development
Golden Tripod Award – Best 10 Informatization Entities in Catering Industry in China (金鼎獎-中國餐飲業十佳信息化企業)	2017	China Hospitality Association	Smart Restaurant
Best 10 Service Providers Award in Industry Innovation (2017產業創新領域十佳綜合服務商獎)	2017	Yi Ou	Weimob Development
TopDigital Golden Award in Entity Service (TopDigital企業服務類金獎)	2017	TopDigital	Weimob Development
TopDigital Innovation Award (TopDigital創新專項獎).	2017	TopDigital	Weimob Development
Outstanding Mobile E-commerce Retail Service Provider – Silu E-commerce Annual Fengyun Award (傑出移動電商零售服務商-2015思路電商服務年度風雲獎).	2015	Ebrun	Weimob Development
Best Third-party Service Provider on WeChat (2014年度最佳微信第三方服務商).	2015	Shanghai Business Daily	Weimob Development

RELATIONSHIP WITH THE SUBSTANTIAL SHAREHOLDERS GROUP

THE SUBSTANTIAL SHAREHOLDERS GROUP

The Substantial Shareholders Group, namely Mr. Sun, Mr. You and Mr. Fang, and their respective holding entities, is a group of individuals acting in concert with each other and is the single largest shareholder group of our Company. On July 23, 2018, Mr. Sun, Mr. Fang and Mr. You signed the acting in concert confirmation, pursuant to which, Mr. Sun, Mr. Fang and Mr. You confirmed, among other things, that they had been acting in concert in our Group with each other since May 2014, and would continue to act in the same manner in our Group upon Listing until the date (i) when Mr. Sun, Mr. Fang or Mr. You cease to hold any equity interest in our Company, or (ii) when the acting in concert arrangement is terminated in writing by Mr. Sun, Mr. Fang and Mr. You, whichever is earlier.

As of the Latest Practicable Date, the Substantial Shareholders Group is interested in approximately 28.36% of the total issued share capital of our Company. Immediately upon completion of the Capitalization Issue and the Global Offering, the Substantial Shareholders Group will be interested in approximately 24.11% of the total issued share capital of our Company, comprising (i) Shares representing approximately 15.97% of the share capital of our Company held by Sun SPV, (ii) Shares representing approximately 3.53% of the share capital of our Company held by You SPV, (iii) Shares representing approximately 1.10% of the share capital of our Company held by Fang SPV, and (iv) Shares representing approximately 3.50% of the share capital of our Company held by the Weimob Teamwork under the RSU Plan (of which Mr. Sun is the settlor and the administrator).

Since January 1, 2017 and up to the Latest Practicable Date, the Substantial Shareholders Group constitutes the controlling shareholder of our Group as defined under Rule 1.01 of the Listing Rules by being in a position to control (i) the composition of a majority of the board of directors of our Company through the right to appoint four out of seven members of our Board, and (ii) the composition of a majority of the board of directors of our key subsidiary, Weimob Development, where (a) the board of directors consisted only of the members of the Substantial Shareholders Group from January 1, 2017 to April 2018 and (b) the majority of the board of directors consisted of members of the Substantial Shareholders Group since May 2018 up to the Latest Practicable Date. Immediately upon completion of the Global Offering, the Substantial Shareholders Group will no longer be entitled to appoint any member of our Board. As such, the Substantial Shareholders Group will cease to be our controlling shareholder but will remain as our single largest shareholder group immediately upon the completion of the Global Offering.

None of the Shareholders will hold more than 30% shareholding in our Company individually (nor whose shareholding will be larger than the shareholding of the Substantial Shareholders Group) and none of them will be considered as a controlling shareholder or substantial shareholder for the purpose of the Listing Rules.

Other Business Held by the Substantial Shareholders Group

As of the Latest Practicable Date, our Group principally offers a wide array of cloud-based commerce and marketing solutions to merchants and advertisers through our SaaS products and targeted marketing (“**B2B Business**”).

In addition to their interest in our Group, the Substantial Shareholders Group also held directorships and/or equity interest in certain companies which principally (i) operate e-commerce platforms that provide a wide selection of merchandise for buyers to browse, explore and purchase from third-party sellers, including household goods, food and beverage, fresh produce, cosmetics and other personal care items, and etc. (“**B2C Business**”), and (ii) operate an online platform that

RELATIONSHIP WITH THE SUBSTANTIAL SHAREHOLDERS GROUP

redirects users to online financial platforms operated by financial service providers (“**FinTech Business**”), including but not limited to Weimob Enterprise, Shanghai Xiaomeng Investment Management Company Limited* (上海小萌投資管理有限公司) (“**Xiaomeng Investment**”), Shanghai Mengdian Information Technology Company Limited* (上海萌店信息科技有限公司) (“**Mengdian**”) and Shanghai Mengdian Financial Information Service Company Limited* (上海萌店金融信息服務有限公司) (“**Mengdian Financial**”). Weimob Enterprise, our predecessor and the then holding company of our business, was established in the PRC in April 2013. In preparation for the Listing, we undertook a corporate reorganization and transferred all of our business to Weimob Development in September 2016. Since then, Weimob Enterprise ceased to be part of our Group and was superseded by Weimob Development. See “History, Reorganization and Corporate Structure – Our Predecessor, Weimob Enterprise, and Our Major Subsidiary and Operating Entity, Weimob Development” in this prospectus for further details. As at the Latest Practicable Date, Weimob Enterprise was held as to 83.13% by Xiaomeng Investment and 16.87% by other third parties and serves as an investment holding company. Xiaomeng Investment was established in the PRC in March 2016. As at the Latest Practicable Date, it was held as to 80% by Mr. Sun and 20% by Mr. You. Xiaomeng Investment principally engages in (i) the B2C Business through its subsidiary, Mengdian, a company established in the PRC in January 2016 and was held as to 53.85% by Xiaomeng Investment and 46.15% by Weimob Enterprise; and (ii) the FinTech Business through its wholly-owned subsidiary, Mengdian Financial, a company established in the PRC in August 2015.

On the basis that none of such companies is involved in B2B Business nor intends to engage in B2B Business, the directorships and/or equity interest held by the Substantial Shareholders Group would not give rise to any material competition issue under Rule 8.10 of the Listing Rules. As of the Latest Practicable Date, the Substantial Shareholders Group did not intend to inject their equity interest in such companies into our Group.

Confirmation

Neither any member of the Substantial Shareholders Group nor any of our Directors was, as of the Latest Practicable Date, interested in any business which competes, or is likely to compete, directly or indirectly, with the business of our Group or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM THE SUBSTANTIAL SHAREHOLDERS GROUP

Having considered the following factors, we believe that we are capable of carrying on our business independently from the Substantial Shareholders Group and their close associates after completion of the Global Offering:

Management Independence

Our daily operational and management decisions are made collectively by our Board and our senior management. Our Board consists of four executive Directors and three independent non-executive Directors. Mr. Sun is our Chairman of the Board, Mr. You and Mr. Fang are executive Directors. Notwithstanding that Mr. Sun, Mr. You and Mr. Fang are members of the Substantial Shareholders Group, our Directors are of the view that our Company is capable of maintaining management independence due to the following reasons:

- (1) Each of our Directors is aware of his fiduciary duties as a director of our Company which requires, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest.

RELATIONSHIP WITH THE SUBSTANTIAL SHAREHOLDERS GROUP

- (2) In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum.
- (3) Our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of the Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with the members of the Substantial Shareholders Group or their respective associates; (b) our independent non-executive Directors account for more than one-third of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience, and most of them have experience as independent directors of listed companies and will be able to provide professional and experienced advice to our Company. In conclusion, the Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole.
- (4) We will establish corporate governance measures and adopt sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and the Substantial Shareholders Group, which would support our independent management. See “– Corporate Governance Measures”.

Having considered the above factors, our Directors are satisfied that they are able to perform their managerial roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from the Substantial Shareholders Group after the Listing.

Operational Independence

Our Group holds all the relevant material licenses, qualifications and permits required for conducting our Group’s business. Our Group has sufficient capital, facilities and employees to operate our business independently from the Substantial Shareholders Group and their close associates. Our Group also has independent access to our clients. We have our own accounting and financial department, human resources and administration department, internal control department and technology department (including research and development function). We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business.

We believe that we are capable of carrying on our business independently of the Substantial Shareholders Group and their respective close associates. Our Directors confirmed that our Group will be able to operate independently from the Substantial Shareholders Group and their respective close associates after the Listing.

Financial Independence

Our Group has an independent internal control, accounting and financial management system as well as an independent finance department which makes financial decisions according to our Group’s own business needs. Our Group’s accounting and finance functions are independent of the Substantial Shareholders Group.

RELATIONSHIP WITH THE SUBSTANTIAL SHAREHOLDERS GROUP

During the Track Record Period and up to the Latest Practicable Date, there were certain non-trade amounts due to the Substantial Shareholders Group and their respective close associates. See “Financial Information – Related Party Transactions” and Note 32 and 35 of the Accountant’s Report as set out in Appendix I for more details. As at the Latest Practicable Date, we have repaid these amount in full. Our source of funding was independent from the Substantial Shareholders Group and none of members of the Substantial Shareholders Group or their respective close associates, financed our operations during the Track Record Period.

Based on the aforesaid, our Directors believe that we have the ability to conduct our business independently from the Substantial Shareholders Group and their respective close associates from a financial perspective and are able to maintain financial independence from the Substantial Shareholders Group and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and the Substantial Shareholders Group:

- (a) Where a Shareholders’ meeting is held for considering proposed transactions in which the Substantial Shareholders Group has a material interest, the Substantial Shareholders Group shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting.
- (b) Where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting.
- (c) In the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and the Substantial Shareholders Group, the Substantial Shareholders Group shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements.
- (d) Our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company’s cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.
- (e) Any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders’ approval requirements (if applicable) under the Listing Rules.
- (f) We have appointed Haitong International Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors’ duties and corporate governance.

Based on above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Substantial Shareholders Group and/or other Directors to protect minority Shareholders’ rights after Listing.

CONNECTED TRANSACTIONS

Upon Listing, transactions between us and our connected persons will constitute our connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

The table below sets forth the parties who will become our connected persons upon Listing and the nature of their relationship with our Group:

Name of our connected persons	Connected Relationship
Mr. Sun.	Mr. Sun is our Director and our substantial Shareholder, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules.
Mr. Fang	Mr. Fang is our Director and our substantial Shareholder, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules.
Mr. You.	Mr. You is our Director and our substantial Shareholder, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules.
Weimob Enterprise	Weimob Enterprise is held as to 83.13% by Xiaomeng Investment, which was in turn held as to 80% by Mr. Sun and 20% by Mr. You as at the Latest Practicable Date, and 16.87% by other third parties, and therefore an associate of Mr. Sun and therefore a connected person of our Company under Rule 14A.07(4) of the Listing Rules.
Xiaomeng Investment (together with Weimob Enterprise and their respective subsidiaries, "WE Group")	Xiaomeng Investment is held as to 80% by Mr. Sun and 20% by Mr. You, being an associate of Mr. Sun and therefore a connected person of our Company under Rule 14A.07(4) of the Listing Rules.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions	Applicable Listing Rules	Waivers sought	Historical amounts for the year ended December 31, and six months ended June 30, 2018 <i>(RMB in thousand)</i>	Proposed annual cap for the year ending December 31, <i>(RMB in thousand)</i>
Exempt Continuing Connected Transaction				
1. . . . Trademark License Agreements	14A.34, 14A.52, 14A.53 and 14A.76	N/A	N/A	N/A
Non-exempt Continuing Connected Transaction				
2. . . . Advertising Cooperation Framework Agreement	14A.34, 14A.35, 14A.49, 14A.52, 14A.53 to 59, 14A.71, 14A.76 and 14A.105	Announcement requirement under Chapter 14A of the Listing Rules	2015: – 2016: 5,930 2017: 18,274 20181H: 880	2018: 18,200 2019: 18,200 2020: 18,200

CONNECTED TRANSACTIONS

EXEMPT CONTINUING CONNECTED TRANSACTION

1. Trademark License Agreements

On April 21, 2017 and April 21, 2018, Weimob Development entered into agreements with Weimob Enterprise, pursuant to which Weimob Enterprise agreed to license its certain registered trademarks to Weimob Development for use on a royalty-free basis (the “**Trademark License Agreements**”). As of the Latest Practicable Date, Weimob Enterprise has also agreed to assign such registered trademarks to Weimob Development and we are in the process of completing relevant transfer and registration procedures. The term of such Trademark License Agreements commenced from April 21, 2017 to December 31, 2023 and from April 21, 2018 to December 31, 2023, respectively. For details of such registered trademarks, see “Statutory and General Information – C. Further Information about Our Business – 2. Intellectual property rights – 2.1.3 Trademarks licensed by Weimob Enterprise” in Appendix IV to this prospectus. Considering the nature of such registered trademarks and the strategic importance of such registered trademarks to the stability of our Group’s business and operations, the Joint Sponsors and our Directors are each of the view that the entering into of the Trademark License Agreements for a period longer than three years is in the interests of our Company and our Shareholders as a whole.

As such registered trademarks are licensed to our Company on a royalty-free basis at nil consideration where the highest applicable percentage ratio is less than 0.1% on an annual basis, such transaction constitutes a de minimis continuing connected transaction and would be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

2. Advertising Cooperation Framework Agreement

Background of WE Group and Advertising Cooperation

Weimob Enterprise, our predecessor and the then holding company of our business, was established in April 2013. In preparation for the Listing, we undertook a corporate reorganization and transferred all of our business to Weimob Development in September 2016. Since then, Weimob Enterprise ceased to be part of our Group and was superseded by Weimob Development. See “History, Reorganization and Corporate Structure – Our Predecessor, Weimob Enterprise, And Our Major Subsidiary and Operating Entity, Weimob Development” in this prospectus for further details. As at the Latest Practicable Date, Weimob Enterprise was held as to 83.13% by Xiaomeng Investment and 16.87% by other third parties and serves as an investment holding company.

Xiaomeng Investment was an investment holding company established in the PRC in March 2016. As at the Latest Practicable Date, it was held as to 80% by Mr. Sun and 20% by Mr. You. Xiaomeng Investment principally engages in (i) the B2C Business through its subsidiary, Mengdian (established in the PRC in January 2016 and was held as to 53.85% by Xiaomeng Investment and 46.15% by Weimob Enterprise), providing an e-commerce platform with a wide selection of merchandise for buyers to browse, explore and purchase from third-party sellers, including household goods, food and beverage, fresh produce, cosmetics and other personal care items, and etc.; and (ii) the FinTech Business through its wholly-owned subsidiary, Mengdian Financial (established in the PRC in August 2015), operating an online platform that redirects users to online financial platforms operated by financial service providers.

CONNECTED TRANSACTIONS

We cooperate with Tencent with respect to our SaaS products, targeted marketing and cloud-based technology infrastructure. With respect to targeted marketing, we consider Tencent's social media platforms as our critical media publishers. We have registered as a social media marketing service provider account with Tencent and entered into social advertisement cooperation agreement with Tencent to purchase advertising traffic on Tencent's social media platforms for our targeted marketing. For details, see "Business – Our Relationship with Tencent". We are China's leading targeted marketing provider for SMBs on Tencent's social networking service platforms measured by gross billing in 2017, according to Frost & Sullivan. Taking into account the leading position of Tencent in the social media industry and our leading position in the WeChat-based third-party service market, the access and use of our targeted marketing services on Tencent's social networking service platforms would enable WE Group to gain more popularity and reach more potential clients, and also provide us a stream of recurring revenue. As such, since our targeted marketing launched in 2016, we provided and will continue to provide WE Group with targeted marketing services, which is primarily delivered in the form of advertisements on WeChat Moments, QQ and other social media platforms.

Description of the Agreement

On December 5, 2018, our Company (for itself and on behalf of our subsidiaries) entered into a framework agreement with Weimob Enterprise and Xiaomeng Investment (for themselves and on behalf of their respective subsidiaries), pursuant to which, our Group shall provide targeted marketing services to WE Group through (i) our digital marketing platform integrated with analytics and optimization technology and (ii) premium media sources (the "**Advertising Cooperation Framework Agreement**"). The precise scope of service, fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.

The term of the Advertising Cooperation Framework Agreement will commence on the Listing Date and expire on December 31, 2020.

Fee Arrangement

In consideration for the advertising services provided by us, we will charge WE Group following the costs charged to us by the relevant media publisher and using different pricing models such as CPC or CPM, or a combination of these two models, depending on the means of cooperation and the platforms where the advertising services are provided:

- Cost-Per-Click ("**CPC**"): charged on the basis of the number of clicks of online consumers;
- Cost-Per-Mille ("**CPM**"): charged on the basis of the number of impressions (expressed in thousands) generated by online consumers;
- other fee arrangements agreed by the parties.

Pricing Policy

We charge the advertising services provided for WE Group using either CPC or CPM models. Under such pricing models, the media publisher charges us for the purchase of advertising traffic on a CPC or CPM basis, and we, being an agent for the media publisher, charge WE Group on the CPC or CPM basis as well for the advertising services provided and recognize rebates subsequently received from the media publisher as our revenue. Such pricing policy is normally applicable to our other advertisers using our targeted marketing which are independent from us at the time of the transactions.

CONNECTED TRANSACTIONS

Reasons and Benefits

We are the leading targeted marketing providers for SMBs on Tencent’s social networking service platforms in China and it is in our ordinary course of business to offer targeted marketing services to merchants and advertisers through WeChat Moments and WeChat Official Account, QQ and QZone and other high-quality online marketing channels. WE Group requires our targeted marketing services to optimize their marketing efforts and to achieve their brand promotion and we can generate additional revenue for our Group by providing our targeted marketing services to WE Group.

Historical Amounts

Purchase of advertising traffic on behalf of WE Group for the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018 are set out in the table below:

	For the year ended December 31,			For the six months ended June 30,
	2015	2016	2017	2018
	<i>(RMB in thousands)</i>			<i>(RMB in thousands)</i>
Purchase of advertising traffic on behalf of WE Group ⁽¹⁾	–	5,930	18,274	880

Note:

- (1) During the Track Record Period, we acted as agent in such transaction with WE Group and recognized revenue on a net basis. For further details on our revenue recognition policy, see “Financial Information – Critical Accounting Policies and Estimates – Revenue Recognition – (ii) Targeted marketing.”

Annual Caps and Basis of Caps

The proposed annual caps for the purchase of advertising traffic on behalf of WE Group under the Advertising Cooperation Framework Agreement for the three years ending December 31, 2020 are set out as follows:

	For the year ending December 31,		
	2018	2019	2020
	<i>(RMB in thousands)</i>		
Purchase of advertising traffic on behalf of WE Group . . .	18,200	18,200	18,200

The proposed annual caps were determined with reference to the historical amounts of our transactions with WE Group.

Listing Rules Implications

As the highest applicable percentage ratio for each of the proposed annual caps for the three years ending December 31, 2020 is expected to exceed 0.1% but below 5% on an annual basis, the transactions under the Advertising Cooperation Framework Agreement will constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

CONNECTED TRANSACTIONS

INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant framework agreement for the continuing connected transaction are fair and reasonable, and no less favorable to us than terms available to or from Independent Third Parties, and the connected transactions are carried out under normal commercial terms, we will adopt the following internal control procedures upon the Listing:

- our Board and various internal departments of our Company (including the finance and legal departments) will be jointly responsible for evaluating the terms under relevant framework agreement for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps;
- our Board and various internal departments of our Company will regularly monitor the fulfillment status and the transaction updates under the relevant framework agreements. In addition, the management of our Company will also regularly reviews the pricing policies of the relevant framework agreements; and
- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the pricing policy.

WAIVER APPLICATIONS

In respect of the continuing connected transactions described above under the Advertising Cooperation Framework Agreement, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules for the three years ending December 31, 2020 is expected to be more than 0.1% but less than 5% on an annual basis. Accordingly, the continuing connected transactions under the Advertising Cooperation Framework Agreement are subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with the announcement requirement under Rules 14A.35 of the Listing Rules in respect of the transactions under Advertising Cooperation Framework Agreement, provided that the total amount of transactions for each of the three years ending December 31, 2020 will not exceed the relevant proposed annual caps as set out in this section.

The independent non-executive Directors and auditors of our Company will review whether the transactions under the above continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant framework agreements as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

CONNECTED TRANSACTIONS

DIRECTORS' CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that the non-exempt continuing connected transaction set out above has been and will be entered into in the ordinary and usual course of our business on normal commercial terms which are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and the proposed annual caps in respect of such non-exempt continuing connected transaction are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

JOINT SPONSORS' CONFIRMATION

Based on the documentation and data provided by our Company and participation in due diligence and discussions with us, the Joint Sponsors believe that the aforesaid non-exempt continuing connected transaction has been and will be entered into in the ordinary and usual course of our business on normal commercial terms which are fair and reasonable, and in the interests of our Company and our Shareholders as a whole, and the proposed annual caps in respect of such non-exempt continuing connected transaction are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Upon Listing, the Board will consist of seven Directors, comprising four executive Directors and three independent non-executive Directors. The following table provides certain information about the Directors:

Name	Age	Positions	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. SUN Taoyong (孫濤勇)	31	Founder and Executive Director	April 2013	January 30, 2018	Participating in formulation of business plans, strategies and major decisions of our Group, responsible for the overall management of our Group
Mr. FANG Tongshu (方桐舒)	34	Co-founder and Executive Director	July 2013	June 27, 2018	Participating in formulation of business plans, strategies and major decisions of our Group, responsible for overall operation and management of the software business
Mr. YOU Fengchun (游鳳椿)	30	Co-founder and Executive Director	December 2015	June 27, 2018	Participating in formulation of business plans, strategies and major decisions of our Group, responsible for overall planning and operation of the targeted marketing business
Mr. HUANG Junwei (黃駿偉)	39	Executive Director	September 2014	June 27, 2018	Participating in the overall technological policies, product research and development and the establishment of technological platforms of our Group
Mr. SUN Mingchun (孫明春)	47	Independent non-executive Director	July 2018	July 30, 2018	Providing independent opinion and judgment to the Board
Mr. LI Xufu (李緒富)	52	Independent non-executive Director	July 2018	July 30, 2018	Providing independent opinion and judgment to the Board
Mr. TANG Wei (唐偉)	43	Independent non-executive Director	July 2018	July 30, 2018	Providing independent opinion and judgment to the Board

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. SUN Taoyong (孫濤勇), aged 31, 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). 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 34, is the Co-founder of our Group. Mr. Fang currently serves as an executive Director and Senior Vice President 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 is currently attending junior college programs in business administration at Nankai University (南開大學) through online courses with an expected graduation date in June 2019.

Mr. YOU Fengchun (游鳳椿), aged 30, is the Co-founder of our Group. Mr. You currently serves as an executive Director and Senior Vice President 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, from May 2012 to December 2015, Mr. You served as a Vice President of Shanghai Fuda Medical Group Co., Ltd. (上海復大醫療集團有限公司).

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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. HUANG Junwei (黃駿偉), aged 39, is an executive Director and the Chief Technology Officer of our Company. Mr. Huang also serves as the vice president and chief technology officer of Weimob Development since September 2014. Mr. Huang is mainly responsible for overall technological policies, product research and development, and the establishment of technological platforms. Mr. Huang has over 10 years of experience in software product research and development.

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

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

Independent Non-executive Directors

Dr. SUN Mingchun (孫明春), aged 47, is an independent non-executive Director of our Company. Dr. Sun has over 20 years of experience in finance.

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

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

DIRECTORS AND SENIOR MANAGEMENT

Dr. LI Xufu (李緒富), aged 52, 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). 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 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 43, 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).

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.

Save as disclosed above, none of our Directors held any directorship in any public companies, the shares of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Group:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a senior management	Roles and responsibility
Mr. SUN Taoyong (孫濤勇)	31	Founder, Chairman and Chief Executive Officer	April 2013	July 30, 2018	Participating in formulation of business plans, strategies and major decisions of our Group, responsible for the overall management of our Group
Mr. FANG Tongshu (方桐舒)	34	Co-founder and Senior Vice President	July 2013	July 30, 2018	Participating in formulation of business plans, strategies and major decisions of our Group, responsible for overall operation and management of the software business
Mr. YOU Fengchun (游鳳椿)	30	Co-founder and Senior Vice President	December 2015	July 30, 2018	Participating in formulation of business plans, strategies and major decisions of our Group, responsible for overall planning and operation of the targeted marketing business
Mr. HUANG Junwei (黃駿偉)	39	Chief Technology Officer	September 2014	July 30, 2018	Participating in the overall technological policies, product research and development and the establishment of technological platforms of our Group
Mr. CAO Yi (曹懿)	41	Chief Financial Officer and Joint Company Secretary	August 2016	July 30, 2018	Overseeing the overall financial management, financial matters and strategic development of our Group
Mr. FEI Leiming (費雷鳴)	38	Chief Human Resources Officer	January 2017	July 30, 2018	Overseeing the planning and operation of human resources of our Group

For biographical details of Mr. SUN Taoyong, Mr. FANG Tongshu, Mr. YOU Fengchun and Mr. HUANG Junwei, see “– Directors” in this section.

DIRECTORS AND SENIOR MANAGEMENT

Mr. CAO Yi (曹懿), aged 41, 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 38, 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.

Save as disclosed herein, none of the senior management of our Company held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. CAO Yi (曹懿) was appointed as one of the joint company secretaries of our Company on July 30, 2018. Mr. Cao is also a member of senior management of our Company. See “– Senior Management” in this section for his biography.

Ms. NG Sau Mei (伍秀薇), aged 41, was appointed as one of the joint company secretaries of our Company on July 30, 2018. Ms. Ng is currently a senior manager of the listing services department of TMF Hong Kong Limited (達盟香港有限公司), a company engaged in the business of providing corporate services. Ms. Ng has over 15 years of professional experience in the company secretarial field. Ms. Ng has been an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom since September 2007. Ms. Ng currently serves as the joint company secretary for various companies listed on the Stock Exchange, including Beijing Digital Telecom Co., Ltd. (北京迪信通商貿股份有限公司) (stock code: 6188), JNBY Design Limited (江南布衣有限公司) (stock code: 3306) and Niraku GC Holdings, Inc. (stock code: 1245). Ms. NG obtained her bachelor’s degree in Laws from City University of Hong Kong in November 2001 and master’s degree in Laws from University of London in December 2017.

BOARD COMMITTEES

Audit Committee

We established an audit committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control of our Group, oversee the audit process, risk management process and external audit functions. The audit committee consists of three members, namely, Mr. TANG Wei, Dr. SUN Mingchun and Dr. LI Xufu. The chairman of the audit committee is Mr. TANG Wei.

Remuneration Committee

We established a remuneration committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The remuneration committee consists of three members, namely, Dr. SUN Mingchun, Dr. LI Xufu and Mr. SUN Taoyong. The chairman of the remuneration committee is Dr. SUN Mingchun.

Nomination Committee

We established a nomination committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board on the appointment of members of the Board, and ensure the diversity of members of the Board. The nomination committee consists of three members, namely, Mr. SUN Taoyong, Dr. SUN Mingchun and Dr. LI Xufu. The chairman of the nomination committee is Mr. SUN Taoyong.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION POLICY

For the three years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension schemes contributions paid and benefits in kind granted to our Directors and chief executive by us and our subsidiaries was RMB2.152 million, RMB2.337 million, RMB2.637 million and RMB1.458 million, respectively. For further details on the remuneration of each Director during the Track Record Period, please refer to the information set out in the Accountant's Report in Appendix I.

For the three years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018, the five highest paid individuals of our Group included three, four, three and three Directors, respectively, whose remunerations are included in the aggregate amount of fees, salaries, allowances, discretionary bonus, pension scheme contributions paid and benefits in kind granted to the relevant Directors set out above. For the three years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension scheme contributions paid and benefits in kind granted to the remaining two, one, two and two highest paid individuals who are neither a Director nor chief executive of our Group were RMB0.955 million, RMB0.718 million, RMB6.782 million and RMB2.405 million, respectively. For further details on the remuneration of the five highest paid individuals during the Track Record Period, see Note 8(a) of the Accountant's Report in Appendix I.

During the Track Record Period, no emoluments were paid out by our Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office. None of our Directors had waived any remuneration during the Track Record Period.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending December 31, 2018, will be approximately RMB4.1 million.

In order to incentivize our Directors, senior management and other employees for their contribution to our Group and to retain suitable personnel in our Group, we adopted the RSU Scheme on July 1, 2018. For further details, see "F. – RSU Scheme" in Appendix IV to this prospectus.

Save as disclosed in this prospectus, no other payments have been made, or are payable, by any member of our Group to the Directors during the Track Record Period.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Group will comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules with the exception for code provision A.2.1, which requires the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Sun currently serves as the Chairman of the Board, executive Director and chief executive officer of our Company. Throughout our business history, Mr. Sun has been the key leadership figure of our Group who has been primarily involved in the strategic development, overall operational management and major decision making of our Group. Taking into account the continuation of the implementation of our business plans, our Directors consider Mr. Sun the best candidate for both positions and the present arrangements are beneficial and in the interests of our Company and our Shareholders as a whole.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code for each financial year and comply with the “comply or explain” principle in our corporate governance report which will be included in our annual reports upon Listing.

Board Diversity Policy

We have adopted a diversity policy of the Board which sets out the objective and provides that all appointments of the members of the Board should be made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective. Our nomination committee will review and assesses the composition of the Board and make recommendations to the Board on appointment of members of the Board. Meanwhile, our 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. Upon Listing, our nomination committee will review our diversity policy of the Board and compliance with the Corporate Governance Code to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the diversity policy of the Board on annual basis.

MANAGEMENT PRESENCE

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, see “Waivers from Strict Compliance with Listing Rules – Management Presence in Hong Kong”.

COMPLIANCE ADVISOR

Our Company has appointed Haitong International Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company on the following matters:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (iii) where we propose to use the proceeds of the initial public offering in a manner different from that detailed in this prospectus or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The terms of the appointment of Haitong International Capital Limited will commence from (and including) the Listing Date and end on (and including) the date on which we comply with Rules 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors or chief executive officer as of the Latest Practicable Date, immediately following the completion of the Capitalization Issue and the Global Offering, the following persons are expected to have an interest and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised)	
		Number of Shares	Approximate percentage in our Company	Number of Shares	Approximate percentage in our Company
Mr. Sun	Settlor of a discretionary trust ⁽¹⁾⁽²⁾ ; interest held jointly with other persons ⁽³⁾	96,975	28.36%	484,875,000	24.11%
Cantrust (Far East) Limited	Trustee ⁽¹⁾	64,229	18.78%	321,145,000	15.97%
Youmi Investment Limited	Interest in controlled corporation ⁽¹⁾	64,229	18.78%	321,145,000	15.97%
Sun SPV	Beneficial interest ⁽¹⁾	64,229	18.78%	321,145,000	15.97%
Mr. Fang	Interest in controlled corporation ⁽⁴⁾ ; interest held jointly with other persons ⁽³⁾	96,975	28.36%	484,875,000	24.11%
Fang SPV	Beneficial interest ⁽⁴⁾	4,444	1.30%	22,220,000	1.10%
Mr. You	Settlor of a discretionary trust ⁽⁵⁾ ; interest held jointly with other persons ⁽³⁾	96,975	28.36%	484,875,000	24.11%
Infiniti Trust (Asia) Limited	Trustee ⁽⁵⁾	14,203	4.15%	71,015,000	3.53%
Fount Investment Limited	Interest in controlled corporation ⁽⁵⁾	14,203	4.15%	71,015,000	3.53%
You SPV	Beneficial interest ⁽⁵⁾	14,203	4.15%	71,015,000	3.53%

Notes:

- Sun SPV is a company incorporated in the British Virgin Islands, and is wholly-owned by Youmi Investment Limited. Youmi Investment Limited is beneficially owned by the Youmi Trust, which was established by Mr. Sun as the settlor, appointor and investment manager. Cantrust (Far East) Limited is the trustee of the Youmi Trust, and Mr. Sun and his family members are the beneficiaries of the Youmi Trust. Mr. Sun is also a director of the Sun SPV. As such, each of Mr. Sun, Cantrust (Far East) Limited and Youmi Investment Limited is deemed to be interested in our Shares held by Sun SPV.
- As at the Latest Practicable Date, Mr. Sun is the Settlor of the RSU Plan and is deemed to be interested in our Shares held by the Weimob Teamwork. For further details of the RSU Plan, see “Statutory and General Information – F. RSU Plan” in Appendix IV.

SUBSTANTIAL SHAREHOLDERS

3. Mr. Sun, Mr. Fang and Mr. You are parties acting in concert (having the meaning ascribed thereto in the Takeovers Code) 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.
4. Fang SPV is wholly-owned by Mr. Fang. Under the SFO, Mr. Fang is deemed to be interested in our Shares held by Fang SPV.
5. You SPV is a company incorporated in the British Virgin Islands, and is wholly-owned by Fount Investment Limited. Fount Investment Limited is beneficially owned by the Fount Trust, which was established by Mr. You as the settlor, appointor and investment manager. Infiniti Trust (Asia) Limited is the trustee of the Fount Trust, and Mr. You and his family members are the beneficiaries of the Fount Trust. Mr. You is also a director of the You SPV. As such, each of Mr. You, Infiniti Trust (Asia) Limited and Fount Investment Limited is deemed to be interested in our Shares held by You SPV.

Except as disclosed above, our Directors and our chief executive officer are not aware of any other person who will, immediately prior to and following the completion of the Global Offering and the Capitalization Issue, have any interest and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in the circumstances at general meetings of our Company.

SHARE CAPITAL

SHARE CAPITAL

As of the Latest Practicable Date, the authorized and issued share capital of our Company is as follows:

Authorized Share Capital:	(US\$)
499,794,992 ordinary Shares of US\$0.0001 each	49,979.4992
91,031 series C preferred Shares of US\$0.0001 each	9.1031
113,977 series D preferred Shares of US\$0.0001 each	11.3977
Total	50,000

Issued Share Capital:	(US\$)
136,923 ordinary Shares of US\$0.0001 each	13.6923
91,031 series C preferred Shares of US\$0.0001 each	9.1031
113,977 series D preferred Shares of US\$0.0001 each	11.3977
Total	34.1931

The issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering will be as follows:

Issued Share Capital:	US\$	Approximate percentage of issued share capital (%)
341,931 Shares in issue immediately before the Capitalization Issue . .	34.1931	0.0%
1,709,313,069 Shares to be issue under the Capitalization Issue	170,931.3069	85.0%
301,700,000 Shares to be issued under the Global Offering	30,170.0000	15.0%
2,011,355,000 Shares in total	201,135.5000	100.0%

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this prospectus and will qualify and rank equally for all dividends or other distributions declared, made or paid on our Shares on a record date which falls after the date of this prospectus.

ALTERATION OF SHARE CAPITAL

Our Company may from time to time by ordinary resolution or special resolution (as the case may be) of shareholders alter the share capital of our Company. For a summary of the provisions in the Articles regarding alterations of share capital, see “Summary of the Constitution of the Company and Cayman Companies Law – Summary of the Constitution of the Company – 2. Articles of Association – 2.5 Alteration of Capital” in Appendix III.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Our Company has only one class of Shares, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Companies Law and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution (i) increase its share capital; (ii) consolidate and divide its share capital into shares of larger amount; (iii) subdivide its shares into shares of smaller amount; and (iv) cancel any shares which have not been taken or agreed to be taken by any person. In addition, our Company may subject to the provisions of the Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. See “Summary of the Constitution of the Company and Cayman Companies Law – Summary of the Constitution of the Company – 2. Articles of Association – 2.5 Alteration of capital” in Appendix III for further details.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate nominal value of our Shares in issue immediately following completion of the Capitalization Issue and the Global Offering; and
- the aggregate nominal value of Shares repurchased by us under the authority referred to “– General Mandate to Repurchase Shares” in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which our Company’s next annual general meeting is required by the Articles of Association or any other applicable law of the Cayman Islands to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

See “Statutory and General Information – A. Further Information about our Company and Subsidiaries – 4. Written resolutions of the shareholders of our Company dated December 6, 2018” in Appendix IV for further details of this general mandate to allot, issue and deal with the Shares.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Global Offering.

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in “Statutory and General Information – A. Further Information about our Company and Subsidiaries – 4. Written resolutions of the shareholders of our Company dated December 6, 2018” in Appendix IV.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any other applicable law of the Cayman Islands to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See “Statutory and General Information – A. Further Information about our Company and our Subsidiaries – 4. Written resolutions of the shareholders of our Company dated December 6, 2018” in Appendix IV for further details of the repurchase mandate.

OUR RSU PLAN

The RSU Plan was adopted on July 1, 2018 to recognize and reward participants for their contribution to our Group, to attract best available personnel to provide service to our Group, and to provide additional incentives to them to remain with and further promote the success of our Group’s business. Each RSU is a right to receive (i) a Share; or (ii) an equivalent value in cash with reference to the market value of a Share on the date on which such Share is sold as determined by the trustee in its absolute discretion, less any tax, fees, levies, stamp duty and other charges applicable. In order to allow release of Shares to beneficiaries upon vesting of each RSU under the RSU Plan, Mr. Sun Taoyong, who had instructed his wholly-owned subsidiary, Yomi.sun Holding Limited, to transfer all 14,099 Shares to the trustee. A summary of the principal terms of the RSU Plan is in the “Statutory and General Information – F. RSU Plan” in Appendix IV.

FINANCIAL INFORMATION

The following discussion and our analysis should be read in conjunction with our combined financial statements included in the Accountant's Report in Appendix I, together with the accompanying notes. Our combined financial statements have been prepared in accordance with HKFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this prospectus, including but not limited to the sections headed "Risk Factors" and "Business".

For the purposes of this section, unless the context otherwise requires, references to 2015, 2016, and 2017 refer to our fiscal years ended December 31 of such years.

OVERVIEW

We are the leading provider of cloud-based commerce and marketing solutions and targeted marketing services on Tencent's social networking service platforms for SMBs in China in terms of revenue in 2017. Through our SaaS products, we offer a variety of intelligent business solutions tailored for industry verticals, and our targeted marketing services enable businesses to advertise to a select audience on China's leading digital content platforms. According to Frost & Sullivan, we had a market share of 5.8% in the cloud-based commerce and marketing solutions market for SMBs in China and a market share of 4.2% in the cloud-based commerce and marketing solutions market for all business sizes in China in 2017, both as measured by revenue. We deliver our SaaS products and targeted marketing services primarily through China's leading social media platform, WeChat, where we are also the largest third-party service provider for SMBs in terms of revenue and number of paying merchants in 2017 with a market share of 15.3% as measured by revenue, according to Frost & Sullivan.

We have a large and rapidly growing client base. We had approximately 2.7 million registered merchants for our SaaS products and targeted marketing as of June 30, 2018, providing us with a large potential client base that we can monetize on a recurring basis. Our large and growing client base has provided us with a vast library of big data that we can leverage to better understand client needs and further refine our product and service offerings to improve customer experience.

We experienced significant growth during the Track Record Period. Our total revenue increased from RMB114.0 million in 2015 to RMB189.2 million in 2016 and further to RMB534.0 million in 2017, representing a CAGR of 116.4%. Our total revenue increased from RMB212.0 million in the six months ended June 30, 2017 to RMB332.1 million in the six months ended June 30, 2018. Our gross profit increased from RMB98.2 million in 2015 to RMB166.9 million in 2016 and further to RMB344.2 million in 2017, representing a CAGR of 87.2%. Our gross profit increased from RMB166.4 million in the six months ended June 30, 2017 to RMB231.0 million in the six months ended June 30, 2018.

As of June 30, 2018, we recorded net liability primarily because we recorded redeemable and convertible preferred shares in connection with the Pre-IPO Investments as non-current liabilities. Excluding the carrying amounts of the redeemable and convertible preferred shares of RMB2,326.4

FINANCIAL INFORMATION

million as of June 30, 2018, our adjusted net assets would have been RMB370.5 million. All the redeemable and convertible preferred shares will be converted into ordinary shares of the Company immediately prior to the completion of the Global Offering, and the liabilities of the redeemable and convertible preferred shares would be derecognized and accounted for as an increase in equity upon the Listing and the Global Offering. We expect our net liability position will turn into a positive equity position upon the Listing.

BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on January 30, 2018. We are an investment holding company. Our combined financial information has been prepared in accordance with the HKFRS issued by the HKICPA and is presented in Renminbi, unless otherwise stated. Our combined financial information has been prepared under the historical cost convention. The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires our management to exercise their judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our combined financial information, are disclosed in Note 4 of the Accountant's Report in Appendix I.

We have adopted a full retrospective application of HKFRS 9 and HKFRS 15, which we have applied on a consistent basis throughout the Track Record Period. We have assessed the effects of adopting HKFRS 9 and HKFRS 15 in respect of our financial statements and have identified the following areas affected as a result:

HKFRS 9

HKFRS 9 requires the recognition of impairment provisions of financial assets measured at amortized cost based on expected credit losses. In general, advance payments were required for most of our paying merchants and advertisers and our trade receivables were primarily due from high credit rating paying merchants and advertisers with no historical default record. Therefore, our expected credit loss was close to zero, and we had assessed that the adoption of the new impairment methodology would not result in significant differences in our bad debt provision.

In addition, HKFRS 9 requires the separation of components of fair value changes in financial liabilities relating to our own credit risk and market risk. Components of fair value changes relating to our own credit risk are recognized in our other comprehensive income ("OCI"). Amounts recorded in our OCI related to our own credit risk are not subject to recycling in profit or loss, but are transferred to our retained earnings when realized. We recognize fair value changes relating to market risk in our profit or loss. In the years ended December 31, 2015, 2016, and 2017, and the six months ended June 30, 2018, fair value changes relating to our own credit risk of RMB0.5 million, RMB0.2 million, nil, and RMB2.6 million recorded in our OCI, respectively, would have been presented in our profit and loss statement should HKAS 39 have been applied throughout the Track Record Period.

HKFRS 15

HKFRS 15 requires a separate presentation of contract assets and contract liabilities in our combined statement of financial position. This has resulted in certain reclassifications in relation to our unamortized contract acquisition costs and unsatisfied performance obligations. As of December 31, 2015, 2016, 2017, and June 30, 2018, our contract assets of RMB61.5 million, RMB117.5 million, RMB163.1 million, and RMB178.6 million, respectively, would have been

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presented as prepayments to distributors should HKAS 18 have been applied throughout the Track Record Period. As of December 31, 2015, 2016, 2017, and June 30, 2018, our contract liabilities of RMB105.2 million, RMB243.0 million, RMB338.0 million, and RMB359.2 million, respectively, would have been presented as deferred revenue should HKAS 18 have been applied throughout the Track Record Period. We assessed that the adoption of HKFRS 15 would not result in significant differences in our amount of revenue recognized during the Track Record Period as the timing of revenue recognition under HKFRS 15 is the same as under HKAS 18.

Taking into account the above, we are of the view that adopting the standards of HKFRS 9 and HKFRS 15 did not have a significant impact on our combined financial position and performance during the Track Record Period.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, some of which are outside of our control. These factors include but are not limited to the following:

General Factors

Our business and operating results are impacted by general factors affecting the broader PRC cloud-based commerce and marketing solutions industry, including:

- China's overall economic growth and level of per capita disposable income;
- growth in digital channels and usage of SaaS products and targeted marketing;
- performance of, and the perceived value associated with, SaaS products and targeted marketing; and
- governmental policies, initiatives and incentives affecting the cloud-based commerce and marketing solutions industry.

Any unfavorable change in any of these general industry conditions may have a negative impact on the demand for our products and services, and materially affect our results of operations.

Company Specific Factors

Our Ability to Expand Our Paying Client Base

As we generate our revenue from sales of our SaaS products to merchants, and from sales of targeted marketing to advertisers, the number of paying merchants and advertisers (together, our clients) who use our SaaS products and targeted marketing are crucial to our results of operations and continued revenue growth. In particular, expanding our number of paying merchants and advertisers provides a large potential base from which we can monetize on a recurring basis and increase both the (i) ARPU for our SaaS products, and (ii) average spend per advertiser for targeted marketing. For example, revenue from our sales of SaaS products increased from RMB114.0 million in 2015 to RMB175.7 million in 2016, and further to RMB262.6 million in 2017, which was primarily driven by increases in our number of paying merchants and the ARPU for our SaaS products. Further, our revenue from targeted marketing increased from RMB13.5 million in 2016 to RMB271.4 million in 2017, primarily due to a significant increase in our number of advertisers. Continued expansion of our client base may also help strengthen our brand and reputation within the cloud-based commerce and marketing solutions industry, thereby attracting more clients for our products and services.

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In addition, a large and expanding client base provides an invaluable source of big data for us which we can leverage to better understand our clients' needs and preferences, and, to an extent, their customers' needs and preferences. We are, therefore, able to further refine our product and service offerings to improve our clients' overall experience, which is pivotal to the success of our business and future growth.

Continuous Innovation, Expansion, and Monetization of Our Product and Service Offerings

Part of our business strategy involves converting merchants who use our free SaaS products into paying SaaS users, upselling to our existing merchants and cross-selling between our SaaS products and targeted marketing. As our merchants realize the benefits of the products and services we provide, they become more inclined to pay for or upgrade their experience with more premium editions of our SaaS products and additional services as well as targeted marketing, thereby increasing our ARPU and, in turn, contributing towards our revenue growth and results of operations. For merchants who are paying software users, we currently offer different pricing plans to meet their varying needs, namely our standard, advanced, and deluxe editions with three corresponding levels of prices. For further information on our different pricing plans, see "Business – Pricing".

Additionally, we constantly seek to expand our product and service offerings through updates and new releases, to enrich our clients' experience and cater to their evolving business needs and requirements. This includes offering SaaS products tailored for a wider spectrum of industry verticals. Therefore, continuous innovation and development of our products and services, including the features and solutions we offer therein, are crucial for us to support our clients' development and to remain at the forefront of the cloud-based commerce and marketing solutions industry. Such innovation will require strengthened research and development capabilities. For example, in October 2017, we launched our Weimob Cloud platform, a PaaS we designed for third-party developers to create more customized applications for merchants. For further information on our Weimob Cloud platform, see "Business – Our Product and Service Offerings – Weimob Cloud Platform".

Our Ability to Manage our Costs and Reach Operational Efficiencies

Our staff costs relating to sales and marketing personnel, as well as contract acquisition costs charged by our channel partners for the sales of our SaaS products, form a significant portion of our total selling and distribution expenses. Therefore, our ability to engage our clients and expand our client base, while at the same time controlling our client acquisition-related costs and expenses, including maintaining our operational efficiencies, is important for our profit level and overall results of operations.

As we expand the scale and scope of our business and product offerings, we expect to benefit from various economies of scale to improve our cost structure, such as selling and distribution expenses, and general and administrative expenses. During the Track Record Period, these expenses generally decreased as a percentage of our revenue. Our selling and distribution expenses accounted for 91.1%, 107.0%, 56.0%, and 56.5% of our revenue in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively. Our general and administrative expenses accounted for 73.7%, 26.8%, 11.2%, and 22.6% of our revenue in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively.

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Combination of Revenue from Targeted Marketing

The amount of revenue we recognize from targeted marketing is affected by our role under each particular contract with advertisers. For contracts where we act as principal, we recognize revenue on a gross basis, while for contracts where we act as agent, we recognize revenue on a net basis. For further details on our revenue recognition policy in this respect, see “– Critical Accounting Policies and Estimates – Revenue Recognition”. The combination of our revenue from targeted marketing, measured by the portion of revenue recognized on a gross basis and net basis, does not impact our gross and net profit, but will affect our gross margin and net margin.

Media publishers grant to us rebates in the form of prepayments for their services or cash mainly based on the gross spend of advertisers, according to the relevant agreement between the publishers and us. The prepayments can be applied by us for future purchases of advertising traffic for our targeted marketing. For contracts where we act as agent, we recognize the amount of rebates granted by media publishers as revenue. Any significant fluctuations in rebates from media publishers may, therefore, continue to have a significant impact on our revenue and results of operations for targeted marketing. Additionally, revenue from our targeted marketing depends on our business relationship with Tencent, as we principally operate our targeted marketing on Tencent’s social networking service platform. In 2017, we were the largest targeted marketing provider for SMBs on Tencent’s social networking service platforms, including WeChat and QQ, as measured by gross billing. For further information, see “Business – Our Relationship with Tencent – Cooperation with Tencent – Publisher of Our Targeted Marketing”.

Strategic Acquisitions and Investments

We plan to acquire and make strategic investments in other businesses with a view to expanding our product offerings, entering into new verticals, strengthening our technological and research and development capabilities, and investing in other mobile or digital sectors which are complementary to our existing operations. Such investments and acquisitions can have a direct impact on our results of operations and financial condition, depending on the amount involved and the subsequent performance of the businesses in which we invest or which we acquire. For example, we entered into an agreement in May 2018 to acquire a majority interest in Guangzhou Xiangminiao, and expect this acquisition to complete in March 2019. This acquisition forms part of our strategy to expand into new industry verticals such as hotels and hospitality, which we expect to support Smart Hotel, our vertical solution launched in July 2018. For further information on our Weimob Cloud platform, see “History, Reorganization and Corporate Structure – Investment in Guangzhou Xiangminiao”.

As such, our ability to identify key acquisition targets and strategic investments may affect the future growth and direction of our business. See “Business – Our Strategies – Exploring strategic partnerships and acquisition opportunities” for further details on our aim of maximizing long-term value through such strategic acquisitions and investments.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Set forth below are accounting policies which we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Notes 2 and 3 to the Accountant's Report in Appendix I.

Revenue Recognition

We provide cloud-based commerce and marketing solutions for SMBs in the PRC and offer a wide variety of commerce and marketing solutions to our clients through our SaaS products and targeted marketing. We recognize revenue from providing services in the accounting period in which the services are rendered. We include amounts collected in excess of revenue recognized as contract liabilities.

(i) SaaS products

We offer SaaS products which are cloud-hosted software. We sell our SaaS products directly to merchants (the SaaS product user), or through our channel partners. We are 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 have discretion in establishing prices for the SaaS products we sell to merchants. Our channel partners have a contractual obligation to follow our pricing guidance and have no significant performance obligation towards those merchants. Therefore, we are the principal and recognize revenue at the gross fee billed to merchants by the channel partners. We recognize the differences between the gross fee billed to our merchants and the fee billed to channel partners as a contract acquisition cost. For further information, see “– Contract Assets (Current Portion)” below.

Revenue from our SaaS products primarily consists of fees that provide merchants access to one or more of the cloud applications for e-commerce, marketing, and customer management with routine customer support. We generally recognize revenue over time on a ratable basis over the contract term, beginning on the date that the service is made available to the merchant. We do not have other rights to consideration in exchange for goods or services that we have transferred to a merchant, when that right is conditioned on something other than the passage of time. As such, we charge contract acquisition costs into selling and distribution expenses on a ratable basis, which is in line with our revenue recognition.

(ii) Targeted marketing

We provide online marketing services. We earn revenue from different business models including (a) agreed rebates earned from certain media publishers or (b) agreed consideration earned from advertisers calculated based on, or adjusted by, specified actions.

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

(a) Agreed rebates earned from certain media publishers

In this arrangement, we charge advertisers based on cost per mille (“CPM”) or cost per click (“CPC”), which is the same pricing mechanism as how media publishers will charge to us. In some circumstances, we offer discounts or rebates to advertisers as part of our promotional activities. Media publishers grant to us rebates in the form of prepayments for media publishers’ services or cash mainly based on the gross spend of the advertisers. The prepayments can be applied by us for future purchases of advertising traffic for our targeted marketing.

In determining whether revenue should be reported on a gross or net basis, while none of the factors individually are considered presumptive or determinative, we are not the principal in this arrangement as we do not control the specified service before that service is transferred to an advertiser, for the following reasons:

- (i) the specified service being purchased by the advertiser is the viewership (CPM) or click (CPC) of its advertisement, therefore the media publisher, rather than ourselves, is primarily responsible for providing the media publishing service and we do not have any commitment to the advertiser regarding the effectiveness of the advertisement;
- (ii) we do not own the media advertisement space, nor do we have any commitments to purchase the advertising space and as such, we do not take on inventory risk; and
- (iii) we charge advertisers based on CPM or CPC, which is the same pricing mechanism that the media publishers charge us.

Although we have some discretion in determining the price charged to advertisers in the form of discounts and rebates given to them, we determine that we are the agent in the transaction based on the weight of the above factors.

Therefore, we act as an intermediary in executing transactions with third parties. We are not the principal in executing these transactions as we are acting on behalf of the media publishers. We report the amount received from advertisers and the amounts paid to the media publishers related to these transactions on a net basis.

The rebates received from media publishers which were recorded as revenue were nil, RMB10.3 million, RMB94.8 million, and RMB91.4 million in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively.

(b) Agreed consideration earned from advertisers calculated based on or adjusted by specified actions

We also generate revenue from providing comprehensive advertisement placement services to advertisers. We charge advertisers based on or adjusted by specified actions such as the downloading, installation or registration of the mobile device user (“CPA”), and media publishers charge us based on CPM or CPC. We also offer discounts or rebates to advertisers as part of our promotional activities, and media publishers grant to us rebates in the form of prepayments for the media publishers’ services or cash mainly based on the gross spend of advertisers.

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While none of the factors are individually considered presumptive or determinative, we are the principal in this arrangement and control the specified service before that service is transferred to a customer in this arrangement due to the following reasons:

- (i) the specified service being purchased by the advertiser is a successful acquisition or specific action from the mobile device users. We are primarily responsible for delivering the specified service to the advertisers and have the discretion to decide which media publisher to use and what type of advertisement to be placed. The media publishers provide media publishing service to us. We obtain control of the right to their service and direct that service to be provided on our behalf in order to obtain a successful action from the mobile device user, and have discretion in determining how much to pay media publishers based on CPM or CPC;
- (ii) we are subject to certain risk of loss, to the extent that the cost paid to media publishers for clicks or impressions cannot be compensated by the total consideration obtained from advertisers according to acquisition or specific actions, which is similar to inventory risk; and
- (iii) we have the latitude to determine the CPA charged to advertisers, and our margin varies as the costs incurred to deliver successful action might vary.

Therefore, we report revenue earned from advertisers and costs paid to media publishers related to these transactions on a gross basis. Under this arrangement, rebates earned from media publishers are recorded as reduction of cost of sales. Such rebates received from media publishers which were recorded as reduction of costs of sales were nil, nil, RMB34.9 million, and RMB19.5 million in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively.

Incentives offered to advertisers under both business models are recognized as a deduction of revenue at the time incentives are granted.

When either party to a contract has performed its role thereunder, we present the contract in our balance sheet as a contract asset or a contract liability, depending on the relationship between our performance and the customer's payment. A contract asset is our right to consideration in exchange for services that we have transferred to a customer.

If a customer pays consideration or we have a right to an amount of consideration that is unconditional, before we transfer services to the customer, we have a contract liability when the payment is received or a receivable is recorded (whichever is the earlier). A contract liability is our obligation to transfer services to a customer for which we have received consideration from the customer. A receivable is recorded when we have 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.

Incremental costs incurred to obtain a contact, if recoverable, are capitalized and presented as assets and subsequently amortized when the related revenue is recognized.

Current and Deferred Income Tax

Income tax expense or credit for a 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.

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(i) Current income tax

We calculate our current income tax charge on the basis of tax laws enacted or Substantively enacted at the balance sheet dates in the countries where our subsidiaries operate and generate taxable income. Our management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

We provide deferred income tax in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, we do not recognize deferred tax liabilities if they arise from the initial recognition of goodwill. Neither do we account for deferred income tax 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. We determine deferred income tax using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

We recognize deferred tax assets only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

We do not recognize deferred tax liabilities and assets for temporary differences between the carrying amount and tax bases of investments in foreign operations if we are able to control the timing of the reversal of the temporary differences, and if it is probable that the differences will not reverse in the foreseeable future.

We offset deferred tax assets and liabilities 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. We offset current tax assets and tax liabilities where we or our subsidiaries have a legally enforceable right to offset and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

We recognize current and deferred tax in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, we also recognize such tax in other comprehensive income or directly in equity, respectively.

Capitalized Development Costs

We recognize costs associated with maintaining software programs as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by us are recognized as intangible assets when the following criteria are met: (i) it is technically feasible to complete the software so that it will be available for use, (ii) our management intends to complete the software and use or sell it, (iii) there is an ability to use or sell the software, (iv) it can be demonstrated how the software will generate probable future economic benefits, (v) adequate technical, financial, and other resources are available to complete the development, and to use or sell the software, and (vi) the expenditure attributable to the software during its development can be reliably measured.

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

We record capitalized development costs as intangible assets which we amortize from the point at which the asset is ready for use. Development costs occur when the relevant SaaS products are recognized as intangible assets, but the corresponding project is still in progress and has not yet been finalized.

Acquired software licenses represent financial system software licenses which we purchase from external vendors, and which we measure at cost.

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COMBINED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth a summary of our combined statements of comprehensive income, with line items in absolute amounts and as percentages of our revenue for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(Unaudited)</i>				
	<i>(RMB in millions)</i>				
Revenue	114.0	189.2	534.0	212.0	332.1
Cost of sales	(15.8)	(22.3)	(189.8)	(45.6)	(101.1)
Gross profit	98.2	166.9	344.2	166.4	231.0
Selling and distribution expenses	(103.8)	(202.4)	(299.2)	(139.6)	(187.8)
General and administrative expenses	(84.0)	(50.7)	(59.7)	(32.5)	(75.1)
Other income	0.6	1.4	14.8	0.2	7.8
Other (loss)/gains, net	(0.2)	(0.4)	2.7	3.5	5.1
Operating (loss)/profit	(89.2)	(85.2)	2.8	(2.1)	(19.0)
Finance costs	–	–	–	–	(0.6)
Finance income	0.2	0.1	0.1	0.0	0.1
Change in fair value of financial liabilities other than from own credit risk	(8.6)	(1.0)	–	–	(600.9)
(Loss)/profit before income tax	(97.6)	(86.1)	2.8	(2.1)	(620.5)
Income tax credit/(expense)	9.1	5.1	(0.2)	2.1	0.9
(Loss)/profit for the year/period	(88.6)	(80.9)	2.6	0.0	(619.5)
Other comprehensive (loss)/income, net of tax					
Items that will not be subsequently reclassified to profit or loss – Change in fair value of financial liabilities from own credit risk	(0.5)	(0.2)	–	–	(2.6)
Total comprehensive (loss)/income for the year/period	(89.1)	(81.2)	2.6	0.0	(622.2)

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue primarily from the sales of SaaS products and targeted marketing to merchants and advertisers, respectively, in the PRC. The following table sets forth a breakdown of our revenue by business segment in absolute amounts and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2015		2016		2017		2017		2018	
Revenue	%		%		%		%		%	
	<i>(Unaudited)</i>									
	<i>(RMB in millions, except percentages)</i>									
SaaS products	114.0	100.0	175.7	92.9	262.6	49.2	122.4	57.7	155.3	46.8
Targeted marketing	–	–	13.5	7.1	271.4	50.8	89.6	42.3	176.8	53.2
Total	114.0	100.0	189.2	100.0	534.0	100.0	212.0	100.0	332.1	100.0

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SaaS products

We generate sales of our SaaS products and related services primarily through our own direct sales team and a nationwide network of local channel partners. During the Track Record Period, our revenue from the sales of our SaaS products increased primarily due to increases in the number of paying merchants for our SaaS products. For further details on our revenue recognition policy, see “– Critical Accounting Policies and Estimates – Revenue Recognition”.

The following table sets forth a breakdown of our revenue for SaaS products, number of paying merchants and ARPU for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
Revenue (<i>RMB in millions</i>)	114.0	175.7	262.6	122.4	155.3
Number of paying merchants ⁽¹⁾	23,895	36,344	51,494	43,400	56,313
ARPU (<i>RMB</i>)	4,771	4,834	5,100	2,821	2,758

Note:

- (1) Number of paying merchants refers to the number of paying merchants for our SaaS products as of the end of the relevant year or period.

The following table sets forth a breakdown of our revenue from SaaS products by product in absolute amounts and as a percentage of our revenue from SaaS products for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2015		2016		2017		2017		2018	
Revenue ⁽¹⁾	%		%		%		%		%	
	<i>(Unaudited)</i>									
	<i>(RMB in millions, except percentages)</i>									
Commerce Cloud ⁽²⁾	74.5	65.3	124.1	70.6	191.4	72.9	88.9	72.6	118.2	76.1
Marketing Cloud ⁽³⁾	39.5	34.7	51.6	29.4	71.2	27.1	33.5	27.4	37.1	23.9
Total	114.0	100.0	175.7	100.0	262.6	100.0	122.4	100.0	155.3	100.0

Notes:

- (1) We did not generate revenue from our Sales Cloud or Weimob Cloud platform during the Track Record Period.
- (2) Commerce cloud primarily comprises Wei Mall, Ke Lai Dian and Smart Restaurant. For further information, see “Business – Our Product and Service Offerings – SaaS Products – Commerce Cloud”.
- (3) Marketing cloud primarily comprises Wei Station (and its predecessors), Wei Forms and Marketing Assistant. For further information, see “Business – Our Product and Service Offerings – SaaS Products – Marketing Cloud”.

Targeted marketing

We commenced targeted marketing in 2016. We recognize revenue generated under our contracts with advertisers, where we act as principal, on a gross basis. We recognize revenue generated under our contracts with advertisers, where we act as agent, on a net basis. For further details on our revenue recognition policy, see “– Critical Accounting Policies and Estimates – Revenue Recognition”.

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Media publishers grant to us rebates in the form of prepayments for the media publishers' services or cash mainly based on the gross spend of advertisers according to the relevant agreement between the publishers and us. The prepayments can be applied by us for future purchases of advertising traffic for our targeted marketing. As such, during the Track Record Period, some of our revenue recognized on a net basis under targeted marketing consisted of the amount of rebates granted by the publishers during the Track Record Period. For further information on such rebates, see "Business – Our Relationship with Tencent – Cooperation with Tencent – Publisher of Our Targeted Marketing".

The following table illustrates the reconciliation of our gross billing and our revenue under targeted marketing during the Track Record Period:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(RMB in millions)</i>				
Gross billing	–	173.8	933.0	295.1	966.0
Less advertising traffic charges from media publishers	–	(160.3)	(661.6)	(205.6)	(789.3)
Revenue.	–	13.5	271.4	89.6	176.8

The following table sets forth a breakdown of our revenue recognized according to timing of revenue recognition during the Track Record Period pursuant to HKFRS 15:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(Unaudited)</i>				
	<i>(RMB in millions)</i>				
Timing of revenue recognition					
At a point in time	–	13.5	271.4	89.6	176.8
Over time	114.0	175.7	262.6	122.4	155.3
Total.	114.0	189.2	534.0	212.0	332.1

The following table sets forth a breakdown of our number of advertisers and average spend per advertiser for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2016	2017	2017	2018
Gross billing <i>(RMB in millions)</i>	173.8	933.0	295.1	966.0
Number of advertisers ⁽¹⁾	3,217	17,681	7,211	14,189
Average spend per advertiser <i>(RMB)</i>	54,023	52,767	40,929	68,084

Note:

- (1) Number of advertisers refers to the number of advertisers who purchase our targeted marketing services within a relevant year or period. We calculate our number of advertisers on an accumulative basis and derive our average spend per advertiser by dividing the gross billing for a year or period by the number of advertisers for the corresponding year or period. As a result, our average spend per advertiser in a full year may not be directly comparable to our average spend per advertiser in an interim period, and *vice versa*.

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Our average spend per advertiser increased significantly from RMB40,929 in the six months ended June 30, 2017 to RMB68,084 in the six months ended June 30, 2018, primarily driven by the increasing popularity of targeted marketing and demand by advertisers, supported at the same time by the enhanced capabilities of social media platforms.

Our average spend per advertiser decreased slightly from RMB54,023 in 2016 to RMB52,767 in 2017. As we commenced our targeted marketing in 2016, we focused our efforts on a small number of advertisers with higher spend. As the significant increase in the number of advertisers in 2017 was attributable to the inclusion of a large number of SMBs with lower average spend, the overall average spend per advertiser decreased slightly in 2017.

Cost of Sales

Our cost of sales primarily consists of (i) advertising traffic cost for targeted marketing, which represents media costs we pay to publishers to purchase advertising traffic in connection with our targeted marketing revenue which we recognize on a gross basis, (ii) staff costs, which represents the salaries of employees involved in our software maintenance and operation services, (iii) broadband and hardware costs, which we incur when we purchase hardware, broadband services and renting servers from third party service suppliers, (iv) contract operation services costs, which represents outsourced services costs of our third party service provider to host and operate the WeChat Official Account or WeChat Mini Program of certain of our merchants, (v) amortization of intangible assets, which represents the amortization of our intangible assets relating to self-developed software, (vi) taxes and surcharges, and (vii) depreciation and amortization.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the periods indicated:

Cost of Sales	Year ended December 31,						Six months ended June 30,			
	2015		2016		2017		2017		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(Unaudited)</i>									
	<i>(RMB in millions, except percentages)</i>									
Advertising traffic cost for targeted marketing revenue	–	0.0	0.3	1.3	154.4	81.4	30.3	66.6	75.0	74.2
Staff costs	3.8	24.1	10.0	44.9	16.0	8.4	7.3	16.0	8.7	8.6
Broadband and hardware costs	10.6	67.1	7.7	34.6	9.5	5.0	4.2	9.2	5.3	5.2
Contract operation services costs	1.1	7.0	2.5	11.2	1.7	0.9	0.6	1.3	2.3	2.3
Amortization of intangible assets	–	0.0	1.2	5.4	5.4	2.8	2.1	4.6	7.6	7.5
Taxes and surcharges	0.3	1.8	0.5	2.2	2.7	1.4	1.0	2.2	2.1	2.1
Depreciation and amortization	0.0	0.0	0.1	0.4	0.1	0.1	0.1	0.1	0.1	0.1
Total	15.8	100.0	22.3	100.0	189.8	100.0	45.6	100.0	101.1	100.0

During the Track Record Period, the two largest components of our cost of sales were advertising traffic cost for targeted marketing revenue and staff costs. Our advertising traffic cost increased from RMB0.3 million in 2016 to RMB154.4 million in 2017 and increased from RMB30.3 million in the six months ended June 30, 2017 to RMB75.0 million in the six months ended June 30, 2018, in line with the growth of our targeted marketing. Our staff costs increased from RMB3.8 million in 2015 to RMB10.0 million in 2016 and further to RMB16.0 million in 2017, and increased from RMB7.3 million in the six months ended June 30, 2017 to RMB8.7 million in the six months ended June 30, 2018, primarily driven by the increase in our number of employees in line with our overall business growth.

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The following table sets forth a breakdown of our cost of sales by business segment in absolute amounts and as a percentage of our cost of sales for the periods indicated:

Cost of Sales	Year ended December 31,						Six months ended June 30,			
	2015		2016		2017		2017		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(Unaudited)									
	(RMB in millions, except percentages)									
SaaS products	15.8	100.0	22.0	98.5	34.0	17.9	14.9	32.6	24.3	24.0
Targeted marketing	–	–	0.3	1.5	155.8	82.1	30.7	67.4	76.9	76.0
Total	15.8	100.0	22.3	100.0	189.8	100.0	45.6	100.0	101.1	100.0

Gross Profit

The following table sets forth a breakdown of our gross profit by business segment in absolute amounts and as a percentage of revenue, or gross margins, for the periods indicated:

Gross Profit	Year ended December 31,						Six months ended June 30,								
	2015		2016		2017		2017		2018						
	Amount	%	Gross Margin	Amount	%	Gross Margin	Amount	%	Gross Margin	Amount	%	Gross Margin			
	(Unaudited)														
	(RMB in millions, except percentages)														
SaaS products	98.2	100.0	86.1	153.7	92.1	87.5	228.6	66.4	87.0	107.5	64.6	87.8	131.0	56.7	84.4
Targeted marketing	–	–	–	13.2	7.9	97.8	115.6	33.6	42.6	58.8	35.4	65.7	100.0	43.3	56.5
Total	98.2	100.0	86.1	166.9	100.0	88.2	344.2	100.0	64.5	166.4	100.0	78.5	231.0	100.0	69.5

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) staff costs of our sales and marketing personnel, (ii) contract acquisition costs charged by our channel partners for the sales of our SaaS products, (iii) rental and property service expenses, (iv) marketing and promotion costs, which primarily represent advertising costs we incur when marketing our SaaS products, and (v) depreciation and amortization. Our selling and distribution expenses accounted for 91.1%, 107.0%, 56.0%, and 56.5% of our revenue in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively.

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The following table sets forth a breakdown of the major components of our selling and distribution expenses for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(Unaudited)</i>				
	<i>(RMB in millions)</i>				
Selling and Distribution Expenses					
Staff costs	24.5	82.7	139.5	66.4	94.7
Contract acquisition costs ⁽¹⁾	65.2	86.3	111.6	52.5	67.8
Rental and property service expenses	4.3	14.2	17.0	10.2	12.2
Marketing and promotion costs	8.4	15.7	25.2	8.2	10.3
Depreciation and amortization	0.1	0.9	2.4	1.2	1.2
Others	1.3	2.6	3.5	1.1	1.6
Total	103.8	202.4	299.2	139.6	187.8

Note:

- (1) Contract acquisition costs refers to the amortization of contract assets for the sales of our SaaS products. For further information, see “– Contract Assets” below. Contract acquisition costs are recognized as part of selling and distribution expenses other than cost of sales because such contract acquisition costs were payments to our channel partners for their marketing and promotion activities to develop new customers and obtain sales contracts, which are selling and distribution expenses in nature. HKAS 1 – Presentation of Financial Statements has been followed to present an analysis of expenses recognized in our combined statement of comprehensive income using a classification based on their function and therefore records the amortization of the contract acquisition cost in our “selling and distribution expenses” rather than “cost of sales”.

During the Track Record Period, the two largest components of our selling and distribution expenses were (i) staff costs for our sales and marketing personnel in relation to the direct sales of our SaaS products and targeted marketing, and (ii) contract acquisition costs charged by our channel partners for the sales of our SaaS products. Staff costs for our sales and marketing personnel increased significantly, mainly driven by the increase in number of sales and marketing employees we hired as a result of our efforts in expanding our existing direct sales teams and setting up additional teams across other provinces in China. Our sales and marketing employees play an important role in expanding and selling our SaaS products and targeted marketing, particularly in cities across China where our sales teams are based. Further, contract acquisition costs charged by our channel partners for the sales of our SaaS products increased significantly during the Track Record Period, in line with our growth in revenue from SaaS products attributable to our channel partners and accounting for 66.0%, 69.2%, 68.4%, and 66.9% of such in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively.

The following table sets forth a breakdown of staff costs under our selling and distribution expenses by business segment:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(Unaudited)</i>				
	<i>(RMB in millions)</i>				
SaaS products	24.5	72.0	104.2	52.5	70.2
Targeted marketing	–	10.7	35.3	13.9	24.5
Staff costs	24.5	82.7	139.5	66.4	94.7

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General and Administrative Expenses

Our general and administrative expenses primarily consist of (i) staff costs for our general and administrative personnel, (ii) rental and property service expenses, (iii) share-based payment expenses (non-employee), (iv) depreciation and amortization in relation to computer equipment, furniture and fixtures, vehicles, leasehold improvement, and software systems used in office administration, (v) listing expenses in connection with the Global Offering, and (vi) other miscellaneous expenses. Our general and administrative expenses accounted for 73.7%, 26.8%, 11.2%, and 22.6% of our revenue in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively.

During the year ended December 31, 2015, 2016 and 2017, and the six months ended June 30, 2017 and 2018, we incurred expenses for purposes of research and development of approximately RMB16.9 million, RMB23.8 million, RMB16.5 million, RMB9.7 million, and RMB7.9 million, respectively, under our general and administrative expenses, of which employee salaries and benefits expenses amounted to approximately RMB16.6 million, RMB23.6 million, RMB15.9 million, RMB9.5 million, and RMB7.5 million, respectively.

The following table sets forth a breakdown of the components of our general and administrative expenses for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(Unaudited)</i>				
	<i>(RMB in millions)</i>				
General and Administrative Expenses					
Staff costs	31.7	32.7	44.6	25.0	29.1
Rental and property service expenses	12.2	14.8	12.1	6.2	6.6
Share-based payment expense – non-employee ⁽¹⁾	36.1	–	–	–	17.5
Depreciation and amortization	0.1	0.2	0.7	0.2	0.4
Listing expenses	–	–	–	–	20.1
Others	3.9	3.0	2.3	1.1	1.4
Total	84.0	50.7	59.7	32.5	75.1

Note:

- (1) Share-based compensation expenses – non-employee for the year ended December 31, 2015 mainly comprised the following:

Pursuant to the share purchase agreement signed on July 13, 2015, Tencent Venture Base acquired 3% equity shares of Weimob Enterprise in August 2015, for a cash consideration of approximately RMB1.3 million, and became the strategic partner of our Group. The fair value of the equity shares issued as of the share issuance date exceeded the cash consideration received and the difference of approximately RMB35.7 million thereof was charged into our combined statement of comprehensive income of 2015. Such share-based compensation expenses for non-employees occurred during the issuance of equity/debt instruments to certain third party investors. As there is no vesting condition attached to the transactions, the differences between the consideration received and fair value of equity/debt instruments were fully recognized as general and administrative expenses on the day of issuance.

During the Track Record Period, the three largest components of our general and administrative expenses were (i) staff costs for our administrative personnel, (ii) rental and property service expenses, and (iii) share-based payment expense (non-employee). During the same period, staff costs for our administrative personnel increased mainly due to an increase in our number of research and development staff. Our rental and property service expenses decreased from RMB14.8 million in 2016 to RMB12.1 million in 2017, primarily due to a decrease in rental spaces allocated to our administrative staff as compared to our sales and marketing staff.

FINANCIAL INFORMATION

Other Income

Our other income consists primarily of government grants and, to a lesser extent, interest on financial assets held as investments. The following table sets forth a breakdown of the components of our other income for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(Unaudited)</i>				
	<i>(RMB in millions)</i>				
Other Income					
Government grants	0.6	1.1	14.8	0.2	7.8
Interest on financial assets held as investments.	–	0.3	0.0	0.0	–
Total	0.6	1.4	14.8	0.2	7.8

Government grants provided to us mainly relate to (i) non-recurring financial assistance from the local government in Shanghai, China, and (ii) VAT refunds for software products which we were entitled to. We expect to continue receiving such VAT refunds in the future. VAT refunds refer to the refund of the 3% excess of VAT calculated with reference to the revenue generated from the sales of our SaaS products registered with the relevant tax authorities. We calculate VAT refunds based on actual sales revenue generated from the registered SaaS products, and recognize VAT refunds on an accrual basis.

Other Net (Losses)/Gains

Our other net (losses)/gains primarily consist of gain on modification of instruments issued to investors, bank charges, and others. The following table sets forth a breakdown of the components of our other net (losses)/gains for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(Unaudited)</i>				
	<i>(RMB in millions)</i>				
Other Net (Losses)/Gains					
Gain on modification of instruments issued to investors	–	–	3.6	3.6	–
Bank charges	(0.1)	(0.3)	(0.2)	(0.1)	(0.2)
Foreign exchange gain	–	–	–	–	5.4
Others, net.	(0.1)	(0.1)	(0.7)	0.0	(0.1)
Total	(0.2)	(0.4)	2.7	3.5	5.1

In January 2017, pursuant to an equity owners and investors' agreement, all preferential rights granted to the then existing instrument holders were canceled, and the fair value change of the instruments before and after the cancelation of preferential rights were recognized as a gain in our combined statements of comprehensive income. As a result, we recognized a fair value gain of RMB3.6 million in 2017. In the six months ended June 30, 2018, we recorded a foreign exchange gain of RMB5.4 million, primarily due to the appreciation of the U.S. dollar against the Renminbi after the completion of the Series D preferred shares financing.

FINANCIAL INFORMATION

Finance Costs

Our finance costs comprise interest expenses of our bank borrowings. We did not incur finance costs in 2015, 2016, and 2017. Our finance costs were RMB572,000 in the six months ended June 30, 2018.

Finance Income

Our finance income comprises interest income from our bank deposits. Our finance income amounted to RMB190,000, RMB50,000, RMB78,000, and RMB51,000 in 2015, 2016, 2017, and the six months ended June 30, 2018, respectively.

Change in Fair Value of Financial Liabilities other than from Own Credit Risk

Our change in fair value of financial liabilities other than from our own credit risk relates to financial instruments issued to investors in 2015, 2016, and 2018. Any increase or decrease in change in fair value of financial liabilities other than from our own credit risk is driven by changes in valuation inputs, such as the value of the underlying instrument issuer. We recorded change in fair value of financial liabilities other than from our own credit risk of RMB600.9 million in the six months ended June 30, 2018, primarily due to the fair value change of the financial instruments issued to Series C and Series D investors. For further details, see Note 26 to the Accountant's Report in Appendix I.

Income Tax Credit/(Expense)

We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which members of our Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, we, being an exempted company with limited liability incorporated under the Cayman Companies Law, are exempted from Cayman Islands income tax.

For our operations in the PRC, we are subject to a general PRC corporate income tax rate of 25%. Our PRC subsidiaries, which have been approved as High and New Technology Enterprises, are subject to a preferential income tax rate of 15% in certain years.

According to the PRC EIT Law, 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 will be reduced from 10% to 5%. During the Track Record Period, we did not have plans requiring our PRC subsidiaries to distribute their retained earnings, and we retained these for purposes of operating and expanding our business in China.

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For the years ended December 31, 2015, 2016, 2017, and the six months ended June 30, 2018, our effective tax rates were (9.3)%, (6.0)%, 6.9%, and (0.2)%. The table below sets forth the detailed calculation:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(Unaudited)</i>				
	<i>(RMB in millions)</i>				
(Loss)/profit before income tax	(97.6)	(86.1)	2.8	(2.1)	(620.5)
Tax calculated at PRC statutory income tax rate of 25%	(24.4)	(21.5)	0.7	(0.5)	(155.1)
Effects of preferential tax rates applicable to different subsidiaries of the Group	–	1.5	(4.4)	(1.5)	1.4
Effect of different tax rate in other jurisdictions	–	–	–	–	149.8
Accelerated research and development deductible expenses.	(2.6)	(0.3)	(0.8)	(0.4)	(1.1)
Expenses not deductible for taxation purpose	11.9	2.6	4.7	2.1	2.0
Utilization of tax losses for which no deferred income tax asset was recognized	–	–	–	0.0	–
Temporary differences and tax losses for which no deferred income tax asset was recognized	6.1	8.0	3.7	1.9	2.0
Decrease in deferred tax assets due to applicable tax rate change	–	4.6	–	–	–
Recognition of deferred tax asset previously not recognized due to temporary difference and tax losses	–	–	(3.7)	(3.7)	–
Income tax (credit)/expense	<u>(9.1)</u>	<u>(5.1)</u>	<u>0.2</u>	<u>(2.1)</u>	<u>(0.9)</u>

Our effective tax rate fluctuated during the Track Record Period primarily as a result of the following:

- (i) we incurred a higher amount of non-tax deductible expenses in 2015 compared to the rest of the Track Record Period due to a non-recurring share-based compensation of RMB35.7 million paid to Tencent Venture Base, which led to an additional RMB8.9 million in taxable expenses (based on the PRC statutory income tax rate of 25%), thereby increasing our effective tax rate for 2015;
- (ii) certain of our PRC subsidiaries conducting SaaS products research and development activities were approved as High and New Technology Enterprises in 2016, resulting in a preferential income tax rate of 15% for them and creating a favorable impact on our effective tax rate; and
- (iii) we incurred a large amount of net loss in the six months ended June 30, 2018 mainly due to fair value changes in our preferred shares, which significantly impacted our effective tax rate for the six months ended June 30, 2018, given our Company is incorporated in the Cayman Islands and is therefore not subject to corporate income tax.

In addition, our effective tax rate during the Track Record Period takes into account the net impact of changes in deferred tax assets previously not recognized and subsequent adjustments as appropriate. For example, we recognized RMB3.7 million in deferred tax assets previously not recognized due to temporary differences and tax losses, which impacted our effective tax rate for 2017.

As of the Latest Practicable Date, we did not have any disputes with any tax authorities.

FINANCIAL INFORMATION

Change in Fair Value of Financial Liabilities from Own Credit Risk

Our change in fair value of financial liabilities from our own credit risk relates to financial instruments issued to investors in 2015, 2016, and the six months ended June 30, 2018. Any increase or decrease in change in fair value of financial liabilities from our own credit risk is driven by changes in valuation inputs, such as the value of the underlying instrument issuer and expected redemption item.

NON-HKFRS MEASURES: ADJUSTED EBITDA AND ADJUSTED NET (LOSS)/PROFIT

To supplement our combined financial statements, which are presented in accordance with HKFRS, we also use adjusted EBITDA and adjusted net (loss)/profit 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)/profit 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 you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under HKFRS.

We define adjusted EBITDA as EBITDA (which is operating (loss) or profit plus depreciation and amortization expenses) for the period adjusted by adding back share-based compensation and one-off listing expenses. We define adjusted net (loss)/profit as net (loss)/profit for the period adjusted by adding back share-based compensation, one-off listing expenses, change in fair value of financial liabilities other than from own credit risk, gain on modification of instruments issued to investors, and tax effects. During the Track Record Period, our one-off listing expenses referred to expenses we incurred in connection with the Global Offering.

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)/profit for the period and net (loss)/profit for the period:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(Unaudited)</i>				
	<i>(RMB in millions)</i>				
Reconciliation of operating (loss)/profit to EBITDA and adjusted EBITDA:					
Operating (loss)/profit for the period	(89.2)	(85.2)	2.8	(2.1)	(19.0)
Add:					
Depreciation	0.2	1.2	3.1	1.5	1.6
Amortization	0.0	1.3	5.4	2.1	7.6
EBITDA	(89.0)	(82.7)	11.3	1.5	(9.8)
Add:					
Share-based compensation	38.5	8.7	11.9	5.3	27.8
One-off listing expenses	–	–	–	–	20.1
Adjusted EBITDA	(50.5)	(74.0)	23.2	6.8	38.1

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	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	<i>(Unaudited)</i>				
	<i>(RMB in millions)</i>				
Reconciliation of net (loss)/profit to adjusted net (loss)/profit:					
Net (loss)/profit for the period	(88.6)	(80.9)	2.6	–	(619.5)
Add:					
Share-based compensation	38.5	8.7	11.9	5.3	27.8
One-off listing expenses	–	–	–	–	20.1
Change in fair value of financial liabilities other than from own credit risk	8.6	1.0	–	–	600.9
Gain on modification of instruments issued to investors	–	–	(3.6)	(3.6)	–
Tax effects	(9.1)	(5.1)	0.2	(2.1)	(0.9)
Adjusted net (loss)/profit	(50.6)	(76.3)	11.1	(0.4)	28.4

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017

Revenue

Our total revenue increased significantly by 56.7% from RMB212.0 million in the six months ended June 30, 2017 to RMB332.1 million in the six months ended June 30, 2018, mainly attributable to an increase in our revenue generated from both our SaaS products and targeted marketing.

SaaS products

Revenue from our SaaS products increased by 26.9% from RMB122.4 million in the six months ended June 30, 2017 to RMB155.3 million in the six months ended June 30, 2018, primarily due to the increased number of paying merchants for our SaaS products. Our number of paying merchants increased from 43,400 in the six months ended June 30, 2017 to 56,313 in the six months ended June 30, 2018, partially offset by the slight decrease in our ARPU from RMB2,821 in the six months ended June 30, 2017 to RMB2,758 in the six months ended June 30, 2018.

Targeted marketing

Revenue from our targeted marketing increased significantly by 97.4% from RMB89.6 million in the six months ended June 30, 2017 to RMB176.8 million in the six months ended June 30, 2018, primarily due to the increase in rebates we received from publishers as a result of a significant increase in gross spend by advertisers. Such increase was largely driven by the significant increase in the number of advertisers who purchased our targeted marketing, from 7,211 in the six months ended June 30, 2017 to 14,189 in the six months ended June 30, 2018, and an increase in average spend per advertiser from RMB40,929 in the six months ended June 30, 2017 to RMB68,084 in the six months ended June 30, 2018.

FINANCIAL INFORMATION

Cost of Sales

Our cost of sales increased significantly by 121.7% from RMB45.6 million in the six months ended June 30, 2017 to RMB101.1 million in the six months ended June 30, 2018. This increase was primarily driven by the increase of RMB44.7 million in recognition of advertising traffic costs in connection with our targeted marketing revenue recognized on a gross basis in the six months ended June 30, 2018, and an increase of RMB5.5 million in the amortization of intangible assets relating to our self-developed software for SaaS products in the six months ended June 30, 2018.

SaaS products

Cost of sales of our SaaS products increased by 63.0% from RMB14.9 million in the six months ended June 30, 2017 to RMB24.3 million in the six months ended June 30, 2018, primarily due to an increase of RMB5.5 million in our amortization of intangible assets relating to our self-developed software for SaaS products as more SaaS products were offered and, to a lesser extent, increases of RMB1.7 million and RMB1.4 million in our contract operation services costs and staff costs, respectively.

Targeted marketing

Cost of sales of our targeted marketing increased significantly by 150.1% from RMB30.7 million in the six months ended June 30, 2017 to RMB76.9 million in the six months ended June 30, 2018, primarily due to our recognition of advertising traffic costs of RMB44.7 million in connection with our targeted marketing revenue recognized on a gross basis in the six months ended June 30, 2018.

Gross Profit and Gross Margin

Our overall gross profit increased by 38.8% from RMB166.4 million in the six months ended June 30, 2017 to RMB231.0 million in the six months ended June 30, 2018, primarily due to the increase in our total revenue.

Our overall gross margin decreased from 78.5% in the six months ended June 30, 2017 to 69.5% in the six months ended June 30, 2018, driven by an increase in the (i) amortization of our intangible assets relating to our self-developed software for SaaS products, thereby increasing the cost of sales for our SaaS products which rose at a greater rate than revenue for our SaaS products, and (ii) cost of sales of our targeted marketing, as a result of our recognition of advertising traffic costs on a gross basis due to the growing proportion of our targeted marketing where we act as principal under our contracts with advertisers.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 34.5% from RMB139.6 million in the six months ended June 30, 2017 to RMB187.8 million in the six months ended June 30, 2018, primarily attributable to increases in (i) staff costs for our sales and marketing personnel from RMB66.4 million in the six months ended June 30, 2017 to RMB94.7 million in the six months ended June 30, 2018 due to our hire of additional sales and marketing staff and increases in our staff salary, and (ii) contract acquisition costs for the sales of our SaaS products, from RMB52.5 million in the six months ended June 30, 2017 to RMB67.8 million in the six months ended June 30, 2018. These increases were in tandem with the expansion of each of our business segments.

FINANCIAL INFORMATION

General and Administrative Expenses

Our general and administrative expenses increased from RMB32.5 million in the six months ended June 30, 2017 to RMB75.1 million in the six months ended June 30, 2018, primarily due to an increase of RMB20.1 million in listing expenses as we did not incur any listing expenses in the six months ended June 30, 2017, the incurrence of RMB17.5 million in share-based payment expenses to Tencent Venture Base, and RMB4.1 million in staff costs as a result of our overall business growth.

Other Income

Our other income increased significantly from RMB0.2 million in the six months ended June 30, 2017 to RMB7.8 million in the six months ended June 30, 2018, primarily as a result of an increase in government grants provided to us in the form of VAT refunds in relation to our SaaS products.

Other Net Losses/Gains

Our other net gains increased by 45.7% from RMB3.5 million in the six months ended June 30, 2017 to RMB5.1 million in the six months ended June 30, 2018, primarily due to a foreign exchange gain of RMB5.4 million related to our receipt of proceeds from our Pre-IPO Investments which were denominated in U.S. dollars. This increase was partially offset by the decrease in a gain of RMB3.6 million on the modification of instruments issued to investors, given it was a one-off gain due to the cancelation of all preferential rights granted to our then existing instrument holders in 2017. We did not have such gain in the six months ended June 30, 2018.

Operating (Loss)/Profit

As a result of the foregoing, we had a net operating loss of RMB19.0 million in the six months ended June 30, 2018, compared to a net operating loss of RMB2.1 million in the six months ended June 30, 2017.

Finance Costs

We recorded finance costs of RMB572,000 in the six months ended June 30, 2018 due to an increase in interest expenses from our bank borrowings.

Finance Income

Our finance income increased from RMB45,000 in the six months ended June 30, 2017 to RMB51,000 in the six months ended June 30, 2018. This was mainly due to an increase in interest income on our bank deposits, reflecting an increase in the average balance of our bank deposits following the completion of our Series C and Series D investment rounds. For further information, see “History, Reorganization and Corporate Structure – Corporate Reorganization and Pre-IPO Investments”.

Change in Fair Value of Financial Liabilities other than from Own Credit Risk

Our change in fair value of financial liabilities other than from our own credit risk relates to financial instruments issued to investors. We recorded change in fair value of financial liabilities other than from own credit risk of RMB600.9 million in the six months ended June 30, 2018, primarily due to the fair value change of the financial instruments issued to our Series C and Series D investors.

FINANCIAL INFORMATION

Income Tax Credit/(Expense)

We had an income tax credit of RMB2.1 million in the six months ended June 30, 2017, and an income tax credit of RMB0.9 million in the six months ended June 30, 2018, primarily due to changes in our deferred tax assets. Our deferred tax assets decreased in the six months ended June 30, 2018, due to the utilization of carry-forward tax losses, while our deferred tax assets increased in the six months ended June 30, 2017, due to the initial recognition of deferred tax assets for certain of our subsidiaries.

Change in Fair Value of Financial Liabilities from Own Credit Risk

Our change in fair value from our own credit risk relates to financial liabilities issued to investors. We recorded a change in fair value of financial liabilities from our own credit risk of RMB2.6 million in the six months ended June 30, 2018, primarily due to the fair value change of the financial instruments issued to our Series C and Series D investors.

Profit for the Period

As a result of the foregoing, we recorded a profit of approximately RMB0.03 million in the six months ended June 30, 2017, compared to a loss of RMB619.5 million in the six months ended June 30, 2018.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenue

Our total revenue increased significantly by 182.2% from RMB189.2 million in 2016 to RMB534.0 million in 2017, primarily due to the increase in revenue generated from both of our SaaS products and targeted marketing.

SaaS products

Revenue from our SaaS products increased by 49.5% from RMB175.7 million in 2016 to RMB262.6 million in 2017. This was primarily due to the increased number of paying merchants for our SaaS products, from 36,344 in 2016 to 51,494 in 2017, and the increased ARPU of our SaaS products from RMB4,834 in 2016 to RMB5,100 in 2017.

Targeted marketing

Revenue from our targeted marketing increased significantly from RMB13.5 million in 2016 to RMB271.4 million in 2017, primarily as a result of a significant increase in gross spend by advertisers. Such increase was largely attributable to the increase in number of advertisers who purchased our targeted marketing, from 3,217 in 2016 to 17,681 in 2017, which was partially offset by a slight decrease in our average spend per advertiser from RMB54,023 in 2016 to RMB52,767 in 2017.

FINANCIAL INFORMATION

Cost of Sales

Our cost of sales increased significantly by 751.1% from RMB22.3 million in 2016 to RMB189.8 million in 2017. This increase was primarily due to increases in (i) advertising traffic cost for targeted marketing from RMB0.3 million in 2016 to RMB154.4 million in 2017, in connection with our growing targeted marketing in 2017, (ii) staff costs from RMB10.0 million in 2016 to RMB16.0 million in 2017, which was in line with our overall business growth, and (iii) amortization of our intangible assets of RMB4.2 million.

SaaS products

Cost of sales of our SaaS products increased by 54.5% from RMB22.0 million in 2016 to RMB34.0 million in 2017, primarily due to an increase in our staff costs from RMB10.0 million in 2016 to RMB16.0 million in 2017. This increase was principally driven by our hire of additional employees in 2017 to support the business growth of our SaaS products.

Targeted marketing

Cost of sales of our targeted marketing increased significantly from RMB0.3 million in 2016 to RMB155.8 million in 2017, primarily due to our recognition of advertising traffic costs of RMB154.4 million in connection with our targeted marketing revenue recognized on a gross basis in 2017.

Gross Profit and Gross Margin

Our overall gross profit increased significantly by 106.2% from RMB166.9 million in 2016 to RMB344.2 million in 2017 as the growth rate of our overall revenue exceeded the growth rate of our cost of sales.

Our overall gross margin decreased from 88.2% in 2016 to 64.5% in 2017, primarily driven by an increase in the cost of sales of our targeted marketing, as a result of our recognition of certain advertising traffic costs on a gross basis due to the growing proportion of our targeted marketing where we act as principal under our contracts with advertisers.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 47.8% from RMB202.4 million in 2016 to RMB299.2 million in 2017, mainly due to increases in (i) staff costs of our sales and marketing personnel from RMB82.7 million in 2016 to RMB139.5 million in 2017 due to our hire of additional sales and marketing staff in 2017, (ii) contract acquisition costs for sales of our SaaS products from RMB86.3 million in 2016 to RMB111.6 million in 2017, (iii) marketing and promotion costs from RMB15.7 million in 2016 to RMB25.2 million in 2017, which was in line with our overall business growth, and (iv) rental and property service expenses from RMB14.2 million in 2016 to RMB17.0 million in 2017 as a result of a rise in our number of sales and marketing personnel and a corresponding increase in rental spaces allocated to them. These increases were in line with the expansion of each of our business segments.

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General and Administrative Expenses

Our general and administrative expenses increased by 17.8% from RMB50.7 million in 2016 to RMB59.7 million in 2017, primarily due to increases in (i) staff costs as we increased our number of research and development staff in 2017, and (ii) average salary level. This increase was partially offset by a decrease in rental and property service expenses from RMB14.8 million in 2016 to RMB12.1 million in 2017 due to a decrease in rental spaces allocated to our administrative staff as compared to our sales and marketing staff.

Other Income

Our other income increased significantly from RMB1.4 million in 2016 to RMB14.8 million in 2017, primarily as a result of government grants provided to us in the form of VAT refunds in 2017.

Other Net (Losses)/Gains

Our other net gains increased significantly from a net loss of RMB0.4 million in 2016 to a net gain of RMB2.7 million in 2017, primarily due to a one-off gain on the modification of preferential rights of RMB3.6 million as a result of the cancelation of all preferential rights granted to our then existing instrument holders.

Operating (Loss)/Profit

As a result of the foregoing, we had a net operating profit of RMB2.8 million in 2017 compared to a net operating loss of RMB85.2 million in 2016.

Finance Income

Our finance income increased from RMB50,000 in 2016 to RMB78,000 in 2017. This was primarily due to an increase in interest income on our bank deposits, reflecting an increase in the average balance of our bank deposits in 2017.

Change in Fair Value of Financial Liabilities other than from Own Credit Risk

Our change in fair value of financial liabilities other than from our own credit risk relates to financial instruments issued to investors. We recorded no change in fair value of financial liabilities other than from our own credit risk in 2017, due to the cancelation of preferential rights granted to the then existing instrument holders in January 2017, which caused the instrument to be converted from debt to equity.

Income Tax Credit/(Expense)

We had an income tax expense of RMB0.2 million in 2017 compared to an income tax credit of RMB5.1 million in 2016, primarily due to the initial recognition of deferred tax assets for certain of our subsidiaries in 2017, the profitability of which improved. We estimate there will be sufficient taxable income in the foreseeable future to utilize the carry-forward tax losses and deductible temporary differences.

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Change in Fair Value of Financial Liabilities from Own Credit Risk

Our change in fair value from our own credit risk relates to financial liabilities issued to investors. We recorded no change in fair value of financial liabilities from our own credit risk in 2017 due to the cancelation of preferential rights granted to our then existing instrument holders in January 2017, which caused the instrument to be converted from debt to equity.

(Loss)/Profit for the Year

As a result of the foregoing, we reported a profit of RMB2.6 million in 2017, compared to a loss of RMB80.9 million in 2016.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Revenue

Our total revenue increased by 66.0% from RMB114.0 million in 2015 to RMB189.2 million in 2016, primarily due to the increase in revenue generated from our SaaS products and the commencement of our targeted marketing business in 2016.

SaaS products

Revenue from our SaaS products increased by 54.1% from RMB114.0 million in 2015 to RMB175.7 million in 2016. This increase was primarily due to the increase in number of paying merchants for our SaaS products from 23,895 in 2015 to 36,344 in 2016 and the increase in our ARPU from RMB4,771 in 2015 to RMB4,834 in 2016.

Targeted marketing

We commenced our targeted marketing business in 2016, and therefore recognized no revenue from targeted marketing in 2015. We recorded revenue of RMB13.5 million from our targeted marketing in 2016.

Cost of Sales

Our cost of sales increased by 41.1% from RMB15.8 million in 2015 to RMB22.3 million in 2016, primarily due to the increase in our staff costs from RMB3.8 million in 2015 to RMB10.0 million in 2016, resulting from an increase in our number of employees for software maintenance and operation services as required by our overall business growth. This increase was partially offset by a decrease of RMB2.9 million in broadband and hardware costs in 2016, primarily as our Company began phasing out sales of hardware as part of our SaaS products to focus on our software SaaS products.

Gross Profit and Gross Margin

Our gross profit increased significantly by 70.0% from RMB98.2 million in 2015 to RMB166.9 million in 2016, primarily as the growth rate of our revenue generated from SaaS products exceeded the growth rate of our cost of sales for SaaS products. Our overall gross margin increased from 86.1% in 2015 to 88.2% in 2016, principally driven by the same reasons set out above.

Gross profit and gross margin of our targeted marketing were RMB13.2 million and 97.8% in 2016, respectively. We commenced our targeted marketing in 2016 and therefore had no gross profit in connection with targeted marketing in 2015.

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Selling and Distribution Expenses

Our selling and distribution expenses increased significantly by 95.0% from RMB103.8 million in 2015 to RMB202.4 million in 2016, primarily due to increases in (i) staff costs of our sales and marketing personnel from RMB24.5 million in 2015 to RMB82.7 million in 2016, as a result of an increase in the number of our sales and marketing employees, (ii) contract acquisition costs charged by channel partners for sales of our SaaS products from RMB65.2 million in 2015 to RMB86.3 million in 2016, due to the increase in sales of our SaaS products through our channel partners in 2016, (iii) marketing and promotion costs from RMB8.4 million in 2015 to RMB15.7 million in 2016, which was in line with our overall business growth, and (iv) rental and property service expenses from RMB4.3 million in 2015 to RMB14.2 million in 2016, resulting from the increase in leased office space for our subsidiaries established across various cities in the PRC.

General and Administrative Expenses

Our general and administrative expenses decreased by 39.6% from RMB84.0 million in 2015 to RMB50.7 million in 2016, primarily due to the recognition of our share-based payment expense of RMB36.1 million in connection with the equity investment in our Company.

Other Income

Our other income increased by 133.3% from RMB0.6 million in 2015 to RMB1.4 million in 2016, primarily as a result of an increase in government grants.

Other Net (Losses)/Gains

Our other net losses increased by 100.0% from RMB0.2 million in 2015 to RMB0.4 million in 2016, primarily due to an increase in our bank charges.

Operating (Loss)/Profit

As a result of the foregoing, our operating losses decreased by 4.5% from RMB89.2 million in 2015 to RMB85.2 million in 2016.

Finance Income

Our finance income decreased from RMB0.2 million in 2015 to RMB50,000 in 2016. This was primarily due to a decrease in interest income on our bank deposits, reflecting a decrease in the average balance of our bank deposits in 2016 as a result of our expanded business scope.

Change in Fair Value of Financial Liabilities other than from Own Credit Risk

Our change in fair value of financial liabilities other than from our own credit risk decreased from RMB8.6 million in 2015 to RMB1.0 million in 2016 as the underlying valuation of our Company increased in 2015.

Income Tax Credit/(Expense)

Our income tax credit decreased by 44.0% from RMB9.1 million in 2015 to RMB5.1 million in 2016, primarily due to the revaluation of deferred tax assets caused by a tax rate change in 2016. Weimob Enterprise was approved as a High and New Technology Enterprise, and has been subject to a preferential income tax rate of 15% since 2016.

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Change in Fair Value of Financial Liabilities from Own Credit Risk

Our change in fair value of financial liabilities from our own credit risk decreased from RMB0.5 million in 2015 to RMB0.2 million in 2016 as the underlying valuation of the expected redemption item decreased in 2016.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 8.7% from RMB88.6 million in 2015 to RMB80.9 million in 2016.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

Net Current Assets/(Liabilities)

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2015	2016	2017	2018	2018
	<i>(RMB in millions)</i>				<i>(Unaudited)</i>
Current assets					
Trade and notes receivables	0.4	14.6	30.6	33.3	72.2
Contract assets	45.4	70.1	93.6	108.2	125.9
Prepayments, deposits and other assets	11.9	41.3	140.9	939.9	437.6
Financial assets measured at fair value through profit or loss	–	11.5	–	–	–
Cash and cash equivalents	8.6	29.0	21.5	857.6	151.3
Total current assets	66.3	166.4	286.6	1,939.1	786.9
Current liabilities					
Bank borrowings	–	–	–	80.0	80.0
Other payables and accruals	35.7	300.7	343.4	1,325.0	216.9
Financial liabilities measured at fair value through profit or losses	–	26.3	–	–	–
Contract liabilities	77.0	141.8	192.9	218.0	251.3
Current income tax liabilities	0.0	–	0.0	–	–
Total current liabilities	112.8	468.8	536.4	1,622.9	548.2
Net current assets/(liabilities)	(46.4)	(302.4)	(249.8)	316.2	238.8

Our net current assets decreased from RMB316.2 million as of June 30, 2018 to RMB238.8 million as of October 31, 2018, primarily due to a decrease of RMB1,152.2 million in our total current assets mainly attributable to a decrease of RMB502.3 million in our prepayments, deposits, and other assets and a decrease of RMB706.3 million in our cash and cash equivalents, which was partially offset by a decrease of RMB1,108.1 million in our other payables and accruals.

We had net current assets of RMB316.2 million as of June 30, 2018 compared to net current liabilities of RMB249.8 million as of December 31, 2017, primarily due to an increase of RMB1,652.5 million in our total current assets mainly attributable to an increase of RMB799.0 million in our prepayments, deposits, and other assets and an increase of RMB836.1 million in our cash and cash equivalents, which was partially offset by an increase of RMB981.6 million in our other payables and accruals.

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Our net current liabilities decreased from RMB302.4 million as of December 31, 2016 to RMB249.8 million as of December 31, 2017, primarily due to an increase of RMB120.2 million in our total current assets, partially offset by an increase of RMB67.6 million in our total current liabilities. The increase in our total current assets was largely due to an increase in our prepayments, deposits, and other assets of RMB99.6 million, an increase in contract assets of RMB23.5 million, and an increase in trade and notes receivables of RMB16.0 million. The increase in our total current liabilities was largely due to increases of RMB42.7 million in our other payables and accruals, and RMB51.1 million in our contract liabilities, respectively.

Our net current liabilities increased significantly from RMB46.4 million as of December 31, 2015 to RMB302.4 million as of December 31, 2016, primarily due to an increase of RMB356.0 million in our total current liabilities, partially offset by an increase of RMB100.1 million in our total current assets. The increase in our total current liabilities was primarily due to an increase of contract liabilities of RMB64.8 million, and an increase in other payables and accruals of RMB265.0 million. The increase in our total current assets was primarily driven by our increase in prepayments, deposits, and other assets of RMB29.4 million, increase in contract assets of RMB24.7 million, an increase in trade and notes receivables of RMB14.2 million, and an increase in cash and cash equivalents of RMB20.4 million.

Trade and Notes Receivables

Our trade receivables mainly relate to cash rebates we expect to receive from Tencent in connection with our targeted marketing, and cash advances we pay to Tencent on behalf of other advertisers under the gross method in connection with our targeted marketing. We typically settle trade receivables with Tencent once every quarter. Our merchants and channel partners are generally required to make advance payments and to ensure sufficient funds in their accounts with us before deliveries of our SaaS products. Although we generally require our advertisers and channel partners to make advance payments and maintain sufficient funds in their accounts with us in connection with our targeted marketing, we sometimes grant a credit term of up to 90 days to our advertisers or channel partners of our targeted marketing with good creditworthiness.

Our notes receivables relate to bank acceptance bills from various advertisers. We sometimes permit our advertisers to use bank acceptance bills on a case-by-case basis.

The following table sets forth our trade and notes receivables as of the dates indicated:

	As of December 31,			As of
	2015	2016	2017	June 30,
	<i>(RMB in millions)</i>			
Trade receivables	0.4	4.6	28.6	33.3
Notes receivables	–	10.0	2.0	0.1
Total	0.4	14.6	30.6	33.3

Our trade receivables increased from RMB0.4 million as of December 31, 2015 to RMB4.6 million as of December 31, 2016, and to RMB28.6 million as of December 31, 2017, and further to RMB33.3 million as of June 30, 2018, primarily due to the continual increase in revenue generated from our targeted marketing as a result of an increase in rebates earned from media publishers in relation to our targeted marketing.

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Our notes receivables decreased from RMB10.0 million as of December 31, 2016 to RMB2.0 million as of December 31, 2017, primarily as we accepted bank acceptance bills of RMB10.0 million in 2016 from an advertiser for targeted marketing with good creditworthiness. Our notes receivables further decreased from RMB2.0 million as of December 31, 2017 to RMB0.1 million as of June 30, 2018, primarily as we received fewer bank acceptance bills from advertisers.

Approximately RMB33.0 million, or 99.2%, of our trade receivables as of June 30, 2018 had been settled as of October 31, 2018.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,			As of
	2015	2016	2017	June 30, 2018
	<i>(RMB in millions)</i>			
0-90 days	0.4	2.9	28.6	33.3
90-180 days	–	1.7	–	–
Total	0.4	4.6	28.6	33.3

The following table sets forth the turnover days of our trade receivables for the periods indicated:

	Year ended December 31,			Six months ended
	2015	2016	2017	June 30, 2018
Trade receivables turnover days ⁽¹⁾	1	5	11	17

Note:

(1) Trade receivables turnover days for a period equals the average of the opening and closing trade receivables balance divided by revenue for the relevant period and multiplied by the number of days in the relevant period.

Our trade receivables turnover days increased from five days in 2016 to 11 days in 2017 and further to 17 days in the six months ended June 30, 2018, primarily because of an increase in the proportion of our targeted marketing revenue. Our trade receivables turnover days increased from one day in 2015 to five days in 2016, primarily because we commenced our targeted marketing in 2016.

As of December 31, 2015, 2016, 2017, and June 30, 2018, we assessed that the expected loss rate for trade and other receivables was immaterial. As a result, we did not recognize any loss allowance provision for trade receivables during the Track Record Period.

Contract Assets (Current Portion)

Contract assets of our Group are contract acquisition costs, which represent the differences between the gross amount billed to the merchant by channel partners and the amount billed to channel partners by us. We recognize revenue generated from sales of our SaaS products through our channel partners on a gross basis. During the Track Record Period, we granted to our channel partners a certain discount to the list price of our SaaS products. We recognize such contract acquisition costs to our channel partners over the contract period as part of our selling and distribution expenses in our profit and loss, the deferred portion of which we recognize as contract assets. See “– Description of Major Components of Our Results of Operations – Selling and Distribution Expenses” above.

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Our contract assets increased from RMB93.6 million as of December 31, 2017 to RMB108.2 million as of June 30, 2018, primarily due to the increase in costs incurred in acquiring our SaaS products contracts through our channel partners.

Our contract assets increased from RMB45.4 million as of December 31, 2015 to RMB70.1 million as of December 31, 2016, and further to RMB93.6 million as of December 31, 2017, primarily due to the increase in costs incurred in acquiring our SaaS products contracts through our channel partners as a result of the overall growth of our SaaS products business, which was in line with the increase in revenue of our SaaS products.

Prepayments, Deposits and Other Assets

Our prepayments, deposits and other assets primarily comprise (i) receivables due from shareholders, (ii) prepayments for purchasing advertising traffic related to targeted marketing revenue, (iii) other receivables in relation to prepayment on behalf of third party advertisers, representing advances paid to Tencent on behalf of certain advertisers which we consider creditworthy in connection with our targeted marketing, (iv) other receivables in relation to prepayment on behalf of related party advertisers, representing advances paid to Tencent on behalf of our related party advertisers, (v) other receivables in relation to payment to related parties, representing liabilities arising from the Non-B2B Business, (vi) prepayments for rent and property management fees, (vii) receivables in relation to value-added tax refunds, (viii) deposits to third parties, (ix) staff advance, (x) prepayments for purchasing intangible assets, (xi) recoverable value-added tax, (xii) prepayments for purchasing advertising services, (xiii) prepayments for outsourcing services, (xiv) prepayments for listing expenses, and (xv) others.

The following table sets forth our prepayments, deposits, and other assets as of the dates indicated:

	As of December 31,			As of
	2015	2016	2017	June 30, 2018
	<i>(RMB in millions)</i>			
Receivables due from shareholders	–	–	–	597.1
Prepayments for purchasing advertising traffic related to targeted marketing revenue	–	30.4	87.2	282.9
Other receivables in relation to prepayment on behalf of advertisers				
– third parties	–	1.2	27.7	21.3
Other receivables in relation to prepayment on behalf of advertisers				
– related parties	–	–	0.0	0.1
Other receivables in relation to payment to related parties	3.2	0.0	–	–
Prepayments for rent and property management fee	0.7	0.5	14.7	13.2
Receivables in relation to value-added tax refund	–	–	5.3	5.5
Deposits – third parties	1.8	2.7	2.6	3.5
Staff advance	1.1	0.7	0.3	1.0
Prepayments for purchasing intangible assets	2.4	–	–	–
Recoverable value-added tax	1.8	4.7	0.8	1.5
Prepayments for purchasing advertising services	0.6	0.2	0.2	0.5
Prepayments for outsourcing services	–	–	–	1.3
Prepayments for listing expenses	–	–	–	6.3
Others	0.3	0.8	2.1	5.7
Total	11.9	41.3	140.9	939.9

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Our prepayments, deposits, and other assets increased significantly from RMB11.9 million as of December 31, 2015 to RMB41.3 million as of December 31, 2016, primarily due to the increase in our prepayments for purchasing advertising traffic related to our targeted marketing as we commenced this business in 2016.

Our prepayments, deposits, and other assets continued to increase significantly from RMB41.3 million as of December 31, 2016 to RMB140.9 million as of December 31, 2017, primarily due to increases in (i) prepayments for purchasing advertising traffic related to our targeted marketing, and (ii) receivables in relation to prepayments on behalf of third party advertisers from Tencent. These increases were in line with the overall growth of our targeted marketing in 2017.

Our prepayments, deposits, and other assets further increased from RMB140.9 million as of December 31, 2017 to RMB939.9 million as of June 30, 2018, primarily due to (i) the increase of RMB195.7 million in prepayments for purchasing advertising traffic in connection with our targeted marketing in 2018, and (ii) an increase in receivables due from shareholders, representing approximately RMB597.1 million in outstanding consideration from relevant shareholders.

Financial Assets Measured at Fair Value through Profit or Loss

Our financial assets measured at fair value through profit or loss represent the wealth management products we purchased from commercial banks in China. The following table sets forth our financial assets measured at fair value through profit or loss as of the dates indicated:

	As of December 31,			As of June 30,
	2015	2016	2017	2018
	<i>(RMB in millions)</i>			
Financial products	–	11.5	–	–
Total	–	11.5	–	–

We had financial assets measured at fair value through profit or loss of RMB11.5 million as of December 31, 2016. As of December 31, 2017, such wealth management products have reached their maturity and we did not make further purchases.

Other Payables and Accruals

Our other payables and accruals primarily comprise (i) payables to purchase equity interest in Weimob Development, (ii) payable to purchase equity interest in Beijing Weimob, (iii) advances from third party advertisers and related party advertisers, both of which represent advances in connection with advertising traffic in relation to our targeted marketing, (iv) payroll and welfare payables relating to salaries and compensation paid out to our employees, (v) liabilities carried from the Non-B2B Business, (vi) amounts due to related parties arising from liability accrued as a result of our reorganization, which were settled in August 2018, (vii) deposits, (viii) other taxes payable, (ix) payables for intangible assets purchase, (x) accruals for listing expenses, and (xi) other miscellaneous payables and accruals.

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The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of
	2015	2016	2017	June 30, 2018
	<i>(RMB in millions)</i>			
Payable to purchase equity interest in Weimob Development ⁽¹⁾	–	–	–	1,050.0
Payable to purchase equity interest in Beijing Weimob	–	–	–	10.0
Advance from advertisers – third party	10.0	21.2	87.6	102.4
Advance from advertisers – related party	–	6.0	8.2	0.6
Payroll and welfare payables	17.0	38.4	65.3	70.4
Liabilities carried from Non-B2B Business	–	151.8	95.2	–
Amount due to related parties	–	70.8	75.1	51.1
Deposits	4.0	5.3	5.5	5.5
Other taxes payable	1.9	0.7	3.8	5.7
Payable for intangible assets purchase	–	1.0	–	–
Accruals for listing expense	–	–	–	23.9
Other payable and accruals	2.8	5.4	2.8	5.4
Total	35.7	300.7	343.4	1,325.0

Note:

(1) As our Company had acquired the entire equity interest in Weimob Development as of June 30, 2018, the consideration that had not been settled by Weimob HK was recognized as other payables in our statements of financial position.

Our other payables and accruals increased from RMB343.4 million as of December 31, 2017 to RMB1,325.0 million as of June 30, 2018, primarily due to (i) the payable of RMB1,050.0 million to buy back equity interest in Weimob Development, and (ii) a listing expense accrual of RMB23.9 million. This was partially offset by decreases in liabilities carried from the Non-B2B Business, the amount due to our related parties and, to a lesser extent, advances from our related party advertisers.

Our other payables and accruals increased from RMB300.7 million as of December 31, 2016 to RMB343.4 million as of December 31, 2017, primarily due to the increase in (i) advances from our advertisers corresponding to the increase in revenue from our SaaS products and targeted marketing, and (ii) payroll and welfare payables as a result of the increase in our number of employees, which was partially offset by the decrease in liabilities carried from the Non-B2B Business.

Our other payables and accruals increased significantly from RMB35.7 million as of December 31, 2015 to RMB300.7 million as of December 31, 2016, primarily because of the balance of payables due to a related party of RMB70.8 million arising from our business reorganization and liabilities carried from the Non-B2B Business of RMB151.8 million. See Note 28 to the Accountant’s Report in Appendix I for further details. The increase in our other payables and accruals in 2016 was also driven by (i) an increase in advance from advertisers as a result of the commencement and growth of our targeted marketing, and (ii) the increase in payroll and welfare payables as a result of the increase in our number of employees in line with our overall business growth.

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Contract Liabilities (Current Portion)

Contract liabilities of our Group mainly arise from the non-refundable advance payments in relation to SaaS products made by customers while the underlying services are yet to be provided. These contract liabilities do not involve any cash outflow. We classify the portion to be recognized within one year after the end of each reporting period as current liabilities in our combined statements of financial position.

We recognized contract liabilities of RMB77.0 million, RMB141.8 million, RMB192.9 million, and RMB218.0 million as of December 31, 2015, 2016, 2017, and June 30, 2018, respectively. The general increase in our contract liabilities was in line with the growth in our SaaS products business during the Track Record Period.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations, bank borrowings, and shareholder equity contribution. After the Global Offering, we intend to finance our future capital requirements through cash generated from our business operations and bank borrowings, together with the net proceeds from the Global Offering. We do not anticipate any changes to the availability of financing to fund our operations in the future.

We had cash and cash equivalents of RMB8.6 million, RMB29.0 million, RMB21.5 million, and RMB857.6 million as of December 31, 2015, 2016, 2017, and June 30, 2018, respectively. As of October 31, 2018, we had aggregate cash and cash equivalents of RMB151.3 million. We had net current liabilities as of December 31, 2015, 2016, and 2017, and net current assets as of June 30 and October 31, 2018. Before 2017, we were not profitable. We also generated negative net cash flows in 2017.

Cash Flow

The following table sets forth our cash flows for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2015	2016	2017	2018
	<i>(RMB in millions)</i>			
Net cash generated from/(used in) operating activities	5.4	7.0	49.4	(136.5)
Net cash used in investing activities	(4.0)	(35.2)	(21.8)	(25.6)
Net cash generated from/(used in) financing activities	7.2	48.6	(35.0)	997.0
Net increase/(decrease) in cash and cash equivalents	8.6	20.4	(7.4)	834.9
Cash and cash equivalents at beginning of year/period	–	8.6	29.0	21.5
Effect on exchange rate difference	–	–	–	1.1
Cash and cash equivalents at end of year/period	8.6	29.0	21.5	857.6

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Net Cash Flows Generated from/(Used in) Operating Activities

Our cash from operating activities consists primarily of revenue from our sales of SaaS products and targeted marketing. Our cash used in operating activities consists primarily of purchase of advertising traffic, staff costs, and rental and property management expenses. Cash flow generated from/(used in) operating activities reflects (i) our profit or loss before tax adjusted for non-cash and non-operating items, such as depreciation and amortization, and (ii) the effects of changes in our working capital.

In the six months ended June 30, 2018, we used RMB136.5 million in net cash for our operating activities. Our net cash used in operating activities is calculated by adjusting our loss before tax of RMB620.5 million by non-cash and other items in a net amount of RMB637.3 million to arrive at an operating profit before working capital changes of RMB16.8 million, and negative working capital changes of RMB153.0 million, mainly comprising (i) an increase in prepayments, deposits, and other assets of RMB193.8 million due to the increase in the prepayments for purchasing advertising traffic in connection with our targeted marketing, (ii) an increase in trade and notes receivables of RMB2.7 million due to the increase of rebates receivable by us from media publishers in connection with our growing targeted marketing, and (iii) an increase in contract acquisition costs of RMB15.5 million due to the increase in costs incurred in acquiring our SaaS products contracts through our channel partners in line with growth in our SaaS products revenue. Our working capital adjustments were marginally offset by (i) an increase in our contract liabilities of RMB21.1 million, primarily because of the increase in orders of our SaaS products in excess of revenue recognized in that current period, and (ii) an increase in other payables and accruals of RMB37.9 million due to an increase in advance from our clients for targeted marketing and an increase in payroll and welfare payables.

In 2017, we generated RMB49.4 million in net cash from our operating activities. Our net cash provided by operating activities is calculated by adjusting our profit before tax of RMB2.8 million by non-cash and other items in a net amount of RMB16.8 million to arrive at an operating profit before working capital changes of RMB19.6 million, and working capital changes of RMB29.8 million, mainly comprising an increase in (i) other payables and accruals of RMB96.0 million as a result of the increase in advances from our clients for targeted marketing and the increase in payroll and welfare payables, and (ii) contract liabilities of RMB95.1 million as a result of the increase in orders of our SaaS products in excess of revenue recognized in that current year. Our working capital adjustments were partially offset by an increase in (i) prepayments, deposits, and other assets of RMB99.6 million, primarily due to the increase in prepayments for purchasing advertising traffic in connection with our targeted marketing, and the increase in receivables in relation to prepayments on behalf of advertisers with good creditworthiness, and (ii) contract assets of RMB45.7 million, primarily as a result of the increase in costs incurred in acquiring our SaaS products contracts through our channel partners.

In 2016, we generated RMB7.0 million in net cash from our operating activities. Our net cash generated from operating activities is calculated by adjusting our loss before tax of RMB86.1 million by non-cash and other items in a net amount of RMB11.8 million to arrive at an operating loss before working capital changes of RMB74.3 million, and working capital changes of RMB81.3 million, mainly comprising an increase in (i) other payables and accruals of RMB41.5 million, primarily as a result of increases in payroll and welfare payables of RMB21.4 million and advances from advertisers of RMB17.2 million, and (ii) contract liabilities of RMB137.8 million as a result of the increase in orders of our SaaS products in excess of revenue recognized in that current year. Our working capital adjustments were partially offset by an increase in (i) prepayments, deposits, and other assets of RMB27.7 million, primarily due to the increase in prepayments for purchasing advertising traffic in connection with our targeted marketing, (ii) contract assets of RMB56.0 million, primarily as a result of the increase in costs incurred in acquiring our SaaS products contracts through our channel partners, and (iii) trade and notes receivables of RMB14.2 million due to the growth of our targeted marketing.

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In 2015, we generated RMB5.4 million in net cash from our operating activities. Our net cash provided by operating activities is calculated by adjusting our loss before tax of RMB97.6 million by non-cash and other items in a net amount of RMB47.0 million to arrive at an operating loss before working capital changes of RMB50.6 million, and working capital changes of RMB56.0 million, mainly comprising (i) an increase in other payables and accruals of RMB13.1 million as a result of the increase in balance of accrued payroll due to an increase in our number of employees, (ii) an increase in contract liabilities of RMB65.1 million as a result of the increase in orders of our SaaS products in excess of revenue recognized in that current year, and (iii) a decrease in prepayments, deposits, and other assets of RMB18.5 million, primarily due to the settlement of staff advances. Our working capital adjustments were partially offset by the increase of RMB40.4 million in contract assets, primarily as a result of the increase in costs incurred in acquiring our SaaS products contracts through our channel partners.

Net Cash Flows Used in Investing Activities

Our cash used in investing activities consists primarily of purchases of short-term investments, capitalization of development costs, loans to related parties, and the purchase of property, plant and equipment. Our cash generated from investing activities consists primarily of proceeds from disposals of short-term investments and the repayment of loans by related parties. Loans to related parties represented the loan granted to Shanghai Mengdian for operational use. See “– Related Party Transactions” below for details.

In the six months ended June 30, 2018, our net cash flows used in investing activities were RMB25.6 million, primarily due to (i) the capitalization of development costs of RMB20.5 million as a result of increased research and development activities in our SaaS products, and (ii) purchases of property, plant and equipment of RMB2.4 million in line with our business growth.

In 2017, our net cash flows used in investing activities were RMB21.8 million, primarily attributable to (i) capitalization of development costs of RMB27.9 million as a result of increased research and development activities in our SaaS products, and (ii) purchase of property, plant and equipment of RMB4.5 million. This was partially offset by proceeds from our disposal of short-term investments of RMB11.8 million.

In 2016, our net cash flows used in investing activities were RMB35.2 million, primarily attributable to (i) the purchase of short-term investments of RMB35.9 million, (ii) purchase of property, plant and equipment of RMB7.6 million, and (iii) capitalization of development costs of RMB16.3 million as a result of increased research and development activities in our SaaS products. This was offset by proceeds from our disposals of short-term investments of RMB24.7 million.

In 2015, our net cash flows used in investing activities were RMB4.0 million, primarily attributable to our purchase of intangible assets of RMB2.4 million and purchase of property, plant and equipment of RMB1.8 million.

Net Cash Flows Generated from/(Used in) Financing Activities

Our cash from financing activities consists primarily of collection of receivables on behalf of a related party, proceeds from the issuance of financial instruments, and capital contributions from shareholders. We also collect receivables on behalf of related parties, and these receivables represent the payment from customers of Shanghai Mengdian in connection with its e-commerce business to us arising from the Corporate Reorganization.

Our cash used in financing activities consists primarily of deemed distribution, which mainly comprise liabilities arising from the Corporate Reorganization, and our repayment to a related party arising from the Corporate Reorganization.

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In the six months ended June 30, 2018, our net cash flows generated from financing activities were RMB997.0 million, primarily attributable to (i) proceeds from the issuance of redeemable and convertible preferred shares of RMB1,269.7 million from investors, (ii) capital contribution of RMB11.7 million from an investor, (iii) capital contribution of RMB50.0 million from a preferred shareholder, (iv) bank borrowings of RMB80.0 million, and (v) borrowings from related parties of RMB190.0 million. This was partially offset by (i) cash paid in connection with the Corporate Reorganization of RMB291.2 million, (ii) our deemed distribution of RMB96.5 million arising from the Corporate Reorganization, and (iii) repayment to related parties of RMB214.0 million.

In 2017, our net cash flows used in financing activities were RMB35.0 million, primarily attributable to our deemed distribution of RMB39.3 million arising from the Corporate Reorganization. This was partially offset by our borrowing from a related party of RMB11.8 million.

In 2016, our net cash flows generated from financing activities were RMB48.6 million, primarily attributable to receivables we collected on behalf of a related party of RMB69.8 million, and RMB24.9 million of proceeds from issues of financial instruments. This was partially offset by our deemed distribution of RMB47.7 million arising from the Corporate Reorganization.

In 2015, our net cash flows generated from financing activities were RMB7.2 million, which were from our proceeds from the issuance of financial instruments of RMB7.1 million, and capital contributions from our shareholders of RMB0.1 million.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Borrowings

As of December 31, 2015, 2016, and 2017, respectively, we did not have any outstanding borrowings. As of June 30, 2018 and October 31, 2018, Shanghai Mengju Weimob Information Technology Co., Ltd.* (上海盟聚信息科技有限公司), one of our subsidiaries, had a short-term bank loan of RMB80.0 million due in June 2019 provided on an unsecured basis. This loan is payable on demand and guaranteed by Weimob Development. We did not have any unutilized banking facilities as of October 31, 2018.

Preferred Shares

As of June 30, 2018, our Company's preferred shares had a fair value of RMB2,326 million. For further information regarding these preferred shares, see Note 26 to the Accountant's Report in Appendix I. Since June 30, 2018 and up to October 31, 2018, our Company has not issued or repurchased any preferred shares.

Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2015, 2016, and 2017, June 30, 2018, and October 31, 2018, respectively.

Except as disclosed above, as of October 31, 2018, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there is no material change in our indebtedness since October 31, 2018 and up to the Latest Practicable Date.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2015	2016	2017	2018
Total revenue growth	N/A	66.0%	182.2%	56.7%
<i>SaaS products</i>	N/A	54.1%	49.5%	26.9%
<i>Targeted marketing</i>	N/A	N/A	1,910.4%	97.4%
Gross margin ⁽¹⁾	86.1%	88.2%	64.5%	69.5%
<i>SaaS products</i>	86.1%	87.5%	87.0%	84.4%
<i>Targeted marketing</i>	N/A	97.8%	42.6%	56.5%
Adjusted EBITDA margin ⁽²⁾	(44.3)%	(39.1)%	4.3%	11.5%
Net margin ⁽³⁾	(77.7)%	(42.8)%	0.5%	(186.5)%
Adjusted net margin ⁽⁴⁾	(44.3)%	(40.4)%	2.1%	8.6%

Notes:

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

See “– Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017”, “– Year Ended December 31, 2017 Compared to Year Ended December 31, 2016”, and “– Year Ended December 31, 2016 Compared to Year Ended December 31, 2015” in this section for a discussion of the factors affecting our results of operations during the respective periods.

CAPITAL EXPENDITURES

Our capital expenditures primarily consist of expenditures for (i) fixed assets, comprising computer equipment, office furniture, vehicles, and renovation of rental offices, and (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:

	Year ended December 31,			Six months ended June 30,
	2015	2016	2017	2018
	<i>(RMB in millions)</i>			
Fixed assets	1.8	7.6	4.5	2.4
Intangible assets	0.0	19.8	27.9	20.5
Total	1.8	27.4	32.4	22.9

FINANCIAL INFORMATION

In 2015, 2016, 2017, and the six months ended June 30, 2018, our capital expenditures related primarily to the acquisition of intangible assets. We funded these expenditures mainly with cash generated from our operations and funds raised from the Pre-IPO Investments. For further information, see “History, Reorganization and Corporate Structure – Corporate Reorganization and Pre-IPO Investments”.

We estimate that our capital expenditures for the year ending December 31, 2018 will be approximately RMB59.3 million, which we will use primarily for our purchase of fixed assets and development costs. We expect to fund these capital expenditures through a combination of cash generated from our operations, bank borrowings, and the net proceeds received from the Global Offering.

CONTRACTUAL OBLIGATIONS

Capital Commitments

On May 16, 2018, we entered into a share transfer and capital injection agreement to acquire 51.50% of the equity interests in Guangzhou Xiangminiao for a total consideration of RMB17.0 million. As of the Latest Practicable Date, we had paid RMB6.5 million for the acquisition and expect to complete the capital injection of Guangzhou Xiangminiao in March 2019. For further details, see “History, Reorganization and Corporate Structure – Investment in Guangzhou Xiangminiao”.

On July 20, 2018, we entered into a share purchase agreement to acquire 30% equity interests in Beijing Weimob for a total consideration of RMB18.0 million. The acquisition was completed and was registered with the relevant local Administration for Market Regulation on September 28, 2018, following which Beijing Weimob became our wholly-owned subsidiary. As of the Latest Practicable Date, our Company has paid, in aggregate, a total cash consideration of approximately RMB11.9 million from its available resources. For further details, see “History, Reorganization and Corporate Structure – Beijing Weimob, a Key Operating Subsidiary of Weimob Development”.

Operating Lease Commitments

We lease certain of our office properties under operating lease arrangements for terms of between one to nine years. The following table sets forth our future minimum lease payments payable under our non-cancelable operating leases falling due as of the dates indicated:

	As of December 31,			As of June 30,
	2015	2016	2017	2018
	<i>(RMB in millions)</i>			
No later than 1 year	8.5	15.2	10.8	8.5
Later than 1 year but no later than 5 years	10.8	20.1	27.6	28.6
Later than 5 years	–	24.5	17.0	13.2
Total	19.3	59.8	55.4	50.3

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 35 to the Accountant's Report in Appendix I was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

FINANCIAL RISKS DISCLOSURE

Our activities expose us to a variety of financial risks, mainly market risk (including fair value interest rate risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Market Risk

Foreign exchange risk arises from our Company's cash and cash equivalents when receiving foreign currencies from overseas shareholders. Our functional currency is the Renminbi. As we operate our business mainly in the PRC, with most of our transactions being settled in Renminbi, our management considers that our business is not exposed to any significant foreign exchange risk, as we have no significant financial assets or liabilities that are denominated in currencies other than the functional currency of our operating entities.

Other than interest-bearing cash and cash equivalents, financial assets carried at fair value through profit or loss, and financial liabilities measured at fair value through profit or loss, we have no other significant variable interest-bearing assets or liabilities. Financial assets carried at fair value through profit or loss expose us to fair value interest-rate risk. Our Directors do not anticipate there is any significant impact to variable interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances and financial assets carried at fair value through profit or loss are not expected to change significantly.

Credit Risk

We are exposed to credit risk in relation to our trade and other receivables and cash deposits at banks. The carrying amounts of trade and other receivables, cash and cash equivalents at banks, and other financial institutions represent our maximum exposure to credit risk in relation to financial assets.

We expect that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Our management does not expect that there will be any significant losses from non-performance by these counterparties.

Except for the revenue generated from rebates earned from Tencent, where we treat Tencent as our client, we have a large number of clients and there is no concentration of credit risk. As at December 31, 2015, 2016, 2017, and June 30, 2018, approximately 0.0%, 95.9%, 88.6%, and 81.4% of our trade receivables were due from our largest client, Tencent. Given our strong business relationship with Tencent and its good reputation, our management does not expect that there will be any significant losses from any non-performance by Tencent.

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In most of our sales arrangements, we ask for advance payment from our clients. Occasionally, we provide services to clients without receipt of any advance payment, which is limited to those clients with a good reputation, and subject to special internal approval. We have monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

We consider 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, we compare 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. We consider available reasonable and supportive forwarding-looking information, and the following indicators are especially incorporated: (i) internal credit rating, (ii) external credit rating, (iii) actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to our client's ability to meet its obligations, (iv) actual or expected significant changes in the operating results of our clients, and (v) significant changes in the expected performance and behavior of our clients, including changes in payment status.

We apply the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade and other receivables.

As of December 31, 2015, 2016, 2017, and June 30, 2018, we have assessed that the expected loss rate for trade and other receivables was immaterial. Thus, no allowance provision for trade receivables was recognized during the Track Record Period. For further information relating to our credit risk, see Note 3 to the Accountant's Report in Appendix I.

Liquidity Risk

To manage our liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations, and we mitigate the effects of fluctuations in cash flows.

For an analysis of our financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date, see Note 3 to the Accountant's Report in Appendix I.

As of December 31, 2015, 2016, 2017, and June 30, 2018, we had net current liabilities of RMB46.4 million, RMB302.4 million, RMB249.8 million, and net current assets of RMB316.2 million, respectively. Taking into account anticipated operating cash inflows and subsequent financing, our Directors are of the opinion that we have sufficient cash flows to manage the liquidity risks resulting from net current liability situations.

DIVIDENDS

As advised by our 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 our Shareholders out of either our profit or our share premium account, provided this would not result in the Company being unable to pay its debts as they fall due in the ordinary course of business. As we are 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 our subsidiaries. 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 we pay will be determined at the absolute discretion of our Board, taking into account factors including our 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 our Board deems to be appropriate. Our shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

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During the Track Record Period, we have not declared or paid any dividends. Currently, we do not have a fixed dividend distribution ratio.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the net proceeds from the Global Offering (after a possible Downward Offer Price Adjustment setting the final Offer Price up to 10% below the bottom end of the indicative Offer Price range) and the financial resources available to us, including cash and cash equivalents, we have sufficient working capital for our present requirements, that is at least 12 months from the date of this prospectus.

DISTRIBUTABLE RESERVES

As of June 30, 2018, we had negative retained profits, which were not available for distribution to our shareholders.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions, and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately HK\$92.9 million (based on the mid-point of the indicative Offer Price range and assuming the Over-allotment Option is not exercised), of which approximately HK\$41.5 million will be directly attributable to the issue of our Shares to the public and will be capitalized and amortized, approximately HK\$30.1 million of which has been or is expected to be expensed in 2018, and approximately HK\$21.3 million is expected to be expensed in 2019.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and pro forma statement of adjusted net tangible assets of our Group which has been prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the combined net tangible assets of our Group attributable to the owners of our Company as at June 30, 2018 as if the Global Offering had taken place on June 30, 2018.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group had the Global Offering been completed as of June 30, 2018 or any future date.

	Unadjusted Audited Combined Net Tangible Liabilities of the Group Attributable to Owners of the Company as at June 30, 2018	Estimated Net Proceeds from the Global Offering	Estimated Impact related to the change of Terms of Redeemable and Convertible Preferred Shares upon Listing	Unaudited Pro Forma Adjusted Net Tangible Assets of the Group Attributable to Owners of the Company	Unaudited Pro Forma Adjusted Net Tangible Assets per Share	
	Note 1 RMB'000	Note 2 RMB'000	Note 3 RMB'000	RMB'000	Note 4 RMB	Note 4 HK\$
Based on an Offer Price of HK\$2.52 per Offer Share, after a Downward Offer Price Adjustment of 10% . . .	(1,993,451)	614,816	2,326,421	947,786	0.47	0.53
Based on an Offer Price of HK\$2.80 per Offer Share	(1,993,451)	686,634	2,326,421	1,019,604	0.51	0.57
Based on an Offer Price of HK\$3.50 per Offer Share	(1,993,451)	866,180	2,326,421	1,199,150	0.60	0.68

FINANCIAL INFORMATION

Notes:

1. The audited combined net tangible liabilities attributable to owners of the Company as at June 30, 2018 are extracted from the historical financial information contained in the Accountant's Report set forth in Appendix I, which is based on the audited combined net liabilities of the Group attributable to the owners of the Company as at June 30, 2018 of approximately RMB1,954,628,000 with an adjustment for the intangible assets attributable to the owners of the Company as at June 30, 2018 of approximately RMB38,823,000.
2. The estimated net proceeds from the Global Offering are based on 301,700,000 Shares and the indicative Offer Prices of HK\$2.80 per Offer Share and HK\$3.50 per Offer Share, being the low end to high end of the indicative Offer Price range, respectively, and also based on an Offer Price of HK\$2.52 per Offer Share after making a Downward Offer Price Adjustment of 10%, after deduction of the underwriting fees and other related expenses, excluding Listing expenses of approximately RMB20,146,000 which has been accounted for in the combined statement of comprehensive income up to June 30, 2018, and does not take account of any Shares which may be issued upon the exercise of the Over-allotment Option, or any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme.
3. Upon the completion of the Approved IPO, all the Series C and Series D Preferred Shares will be automatically converted into our fully paid and non-assessable ordinary shares. These Series C and Series D Preferred Shares will be re-designated from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to the owners of the Company will be increased by RMB2,326,421,000, being the carrying amounts of the Preferred Shares as of June 30, 2018.
4. The unaudited pro forma adjusted net tangible assets per Share are arrived at after adjustments referred to in the preceding paragraphs and on the basis that a total of 2,011,355,000 Shares were in issue (including Shares in issue as of the date of this prospectus and those Shares to be issued pursuant to the Global Offering, the completion of the conversion of Series C and Series D Preferred Shares into 205,008 fully paid and non-assessable ordinary shares in a conversion ratio of 1:1 and the Capitalization Issue) assuming that the Global Offering had been completed on June 30, 2018 but taking no account of any shares which may be issued upon the exercise of the Over-allotment Option, or any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme.
5. For the purpose of these unaudited pro forma adjusted net tangible assets, the balance stated in Renminbi is converted into Hong Kong dollars at a rate of RMB0.88198 to HKD1.00000 set by the PBOC prevailing on December 4, 2018. No representation is made that Renminbi amounts have been, could have been, or may be, converted to Hong Kong dollars, or vice versa, at that rate.
6. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2018.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since June 30, 2018, being the end date of our latest audited financial statements, and there has been no event since June 30, 2018 that would materially affect the information shown in the Accountant's Report set out in Appendix I.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business – Our Strategies” for a detailed discussion of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK\$3.15 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$2.80 and HK\$3.50 per Offer Share), we estimate that we will receive net proceeds of approximately HK\$857.5 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 30.0%, or HK\$257.3 million, for enhancing our research and development capability and improving our technology infrastructure, including:
 - (i) Approximately 25.0%, or HK\$214.4 million, for recruiting more talents in the areas of AI, machine learning and smart hardware with competitive compensation to develop intelligent business algorithm database, enhance our Weimob Cloud platform and develop intelligent business solutions integrating software and hardware;
 - (ii) Approximately 5.0%, or HK\$42.9 million, for investment in a big data center including purchase of IT servers and equipment to set up more server and real-time computing nodes to increase the data storage capacity and enhance real-time computing capability;
- Approximately 25.0%, or HK\$214.4 million, for pursuing strategic cooperation, investments and acquisitions that we believe can expand our products and offerings, allow us to enter new industry verticals, strengthen our technological and research and development capabilities, or investing in other mobile or digital sectors that are complementary to our current businesses. As of the Latest Practicable Date, we had not identified or pursued any acquisition target. See “Business – Our Strategies – Exploring strategic partnerships and acquisition opportunities” for the factors we would consider in selecting strategic partners and acquisition targets;
- Approximately 15.0%, or HK\$128.6 million, for investment in improving sales and marketing capabilities, including:
 - (i) Approximately 5.0%, or HK\$42.9 million, for increasing advertising spending to enhance our brand awareness;
 - (ii) Approximately 5.0%, or HK\$42.9 million, for increasing digital marketing spending on search engines to acquire more clients;
 - (iii) Approximately 3.0%, or HK\$25.7 million, for the establishment of hotline sales centers to enhance our direct sales capabilities and recruit more qualified personnel for such hotline sales centers; and
 - (iv) Approximately 2.0%, or HK\$17.2 million, for recruiting more channel partners with industry expertise and strong merchant relationships;
- Approximately 10.0%, or HK\$85.8 million, for purchasing social media advertising traffic for targeted marketing business to enhance our cooperation with Tencent and other leading social media platforms in China;

FUTURE PLANS AND USE OF PROCEEDS

- Approximately 10.0%, or HK\$85.8 million, for expanding our Marketing Cloud and Sales Cloud product offerings, and expanding our sales channel to enlarge the client base of our cloud offerings; and
- Approximately 10.0%, or HK\$85.8 million, for working capital and general corporate use.

The table below sets forth the expected implementation timetable of our planned use of our proceeds:

	Year Ended December 31,				Total
	2019	2020	2021	2022	
	<i>(HK\$ in millions)</i>				
Enhancing our research and development capability and improving our technology infrastructure					
Recruiting talents in the areas of AI, machine learning and smart hardware	35.7	47.6	59.5	71.5	214.4
Investment in big data center	10.7	10.7	10.7	10.7	42.9
Strategic cooperation, investments and acquisitions					
	32.2	53.6	64.3	64.3	214.4
Investment in improving sales and marketing capabilities					
Advertising spending	6.4	12.9	12.9	10.7	42.9
Digital marketing spending	8.6	10.7	10.7	12.9	42.9
Hotline sales centers	10.3	5.1	5.1	5.1	25.7
Channel partners recruiting	5.1	5.1	3.4	3.4	17.2
Social media advertising traffic purchase					
	10.5	16.6	24.7	34.0	85.8
Marketing Cloud and Sales Cloud product offerings					
	17.1	25.7	25.7	17.2	85.8
Working capital and general corporate purpose					
	21.4	21.4	21.4	21.4	85.8
Total	158.1	209.6	238.6	251.1	857.5

FUTURE PLANS AND USE OF PROCEEDS

If the Offer Price is set at the high-end of the Offer Price range or the low-end of the Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$101.8 million and HK\$101.8 million, respectively. To the extent our net proceeds from the Global Offering are either more or less than expected, we will increase or decrease the intended use of our net proceeds for the above purposes on a pro rata basis. If we make a Downward Offer Price Adjustment to set the final Offer Price of HK\$2.52 per Offer Share, the net proceeds we will receive from the Global Offering will be further reduced by an additional amount of approximately HK\$81.4 million. To the extent our net proceeds are further reduced, we will decrease the intended use of our net proceeds for the above purposes on a pro rata basis.

We will not receive net proceeds if the Over-allotment Option is exercised. If the Over-allotment Option is exercised in full, the Over-allotment Option Grantor will receive the net proceeds for up to 45,255,000 additional Offer Shares to be sold and transferred upon the exercise of the Over-allotment Option.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we intend to hold such funds in short-term deposits or invest in principal-protected financial products so long as it is deemed to be in the best interests of our Company.

OUR CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investor agreements with the cornerstone investors (the “**Cornerstone Investors**”) who have agreed to subscribe for such number of our Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of approximately US\$42 million.

Assuming an Offer Price of HK\$2.52 (being at 10% below the bottom end of the Offer Price range set out in this prospectus after making a Downward Offer Price Adjustment), the total number of Shares to be subscribed by the Cornerstone Investors would be approximately 130,405,000 Shares, representing approximately (i) 43.22% of the Offer Shares, and (ii) 6.48% of the Shares in issue upon completion of the Global Offering.

Assuming an Offer Price of HK\$2.80 (being at the low end of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed by the Cornerstone Investors would be approximately 117,365,000 Shares, representing approximately (i) 38.90% of the Offer Shares, and (ii) 5.84% of the Shares in issue upon completion of the Global Offering.

Assuming an Offer Price of HK\$3.15 (being at the approximate mid-point of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed by the Cornerstone Investors would be approximately 104,324,000 Shares, representing approximately (i) 34.58% of the Offer Shares, and (ii) 5.19% of the Shares in issue upon completion of the Global Offering.

Assuming an Offer Price of HK\$3.50 (being at the high end of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed by the Cornerstone Investors would be approximately 93,891,000 Shares, representing approximately (i) 31.12% of the Offer Shares, and (ii) 4.67% of the Shares in issue upon completion of the Global Offering.

To the best knowledge of our Company, each of the Cornerstone Investors is an Independent Third Party and is not our connected person (as defined in the Listing Rules) while Shanghai Beyond Science Co., Ltd. (上海丙晟科技有限公司) (“**Beyond Science**”), one of the Cornerstone Investors, is a close associate of Tencent Mobility, an existing Shareholder of the Company. We have applied for, and the Stock Exchange has granted, consent pursuant to paragraph 5(2) of Appendix 6 to the Listing Rules for Beyond Science to participate in the Global Offering as a Cornerstone Investor. Further, each of Beyond Science and Shanghai Wentang Enterprise Management Center LLP (上海文棠企業管理中心(有限合夥)) (“**Shanghai Wentang**”) has decided to invest in the relevant Offer Shares through qualified domestic institutional investor funds set up and maintained by Shanghai Guotai Junan Securities Asset Management Co., Ltd. (上海國泰君安證券資產管理有限公司), which is a “connected client” of Guotai Junan Securities (Hong Kong) Limited, one of the Underwriters. We have applied to the Stock Exchange for, and the Stock Exchange has granted, its consent under paragraph 5(1) of Appendix 6 to the Listing Rules to permit each of Beyond Science and Shanghai Wentang to participate in the Global Offering as a Cornerstone Investor. See the section headed “Waivers from Strict Compliance with the Listing Rules” for further details. The Cornerstone Investors will acquire the Offer Shares pursuant to, and as part of, the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Shares in issue and will be counted towards the public float of our Company. None of the Cornerstone Investors will have any representation on the Board or becomes a substantial Shareholder of our Company upon completion of the Global Offering and will not subscribe for any Offer Shares under the Global Offering other than pursuant to the cornerstone investor agreements referred to below.

The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed “Structure of the Global Offering – The Hong Kong Public Offering – Reallocation” in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around January 14, 2019.

OUR CORNERSTONE INVESTORS

OUR CORNERSTONE INVESTORS

Based on the Offer Price of HK\$2.52 (being at 10% below the low-end of the indicative Offer Price range after making a Downward Offer Price Adjustment)

Cornerstone Investor	Investment Amount (US\$ in million)	Number of Offer Shares (rounded to the nearest whole board lot of 1,000 Shares)	Approximate% of total number of Offer Shares	Approximate% of total Shares in issue immediately following the completion of the Global Offering
Beyond Science ⁽¹⁾	7	21,734,000	7.20	1.08
Shanghai Wentang ⁽¹⁾	30	93,147,000	30.87	4.63
Huifu Payment Limited (“Huifu”) ⁽¹⁾	5	15,524,000	5.15	0.77
Total	42	130,405,000	43.22	6.48

Based on the Offer Price of HK\$2.80 (being the low-end of the indicative Offer Price range)

Cornerstone Investor	Investment Amount (US\$ in million)	Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)	Approximate% of total number of Offer Shares	Approximate% of total Shares in issue immediately following the completion of the Global Offering
Beyond Science ⁽¹⁾	7	19,561,000	6.48%	0.97%
Shanghai Wentang ⁽¹⁾	30	83,832,000	27.79%	4.17%
Huifu ⁽¹⁾	5	13,972,000	4.63%	0.69%
Total	42	117,365,000	38.90%	5.84%

Based on the Offer Price of HK\$3.15 (being the mid-point of the indicative Offer Price Range)

Cornerstone Investor	Investment Amount (US\$ in million)	Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)	Approximate% of total number of Offer Shares	Approximate% of total Shares in issue immediately following the completion of the Global Offering
Beyond Science ⁽¹⁾	7	17,387,000	5.76%	0.86%
Shanghai Wentang ⁽¹⁾	30	74,518,000	24.70%	3.70%
Huifu ⁽¹⁾	5	12,419,000	4.12%	0.62%
Total	42	104,324,000	34.58%	5.19%

OUR CORNERSTONE INVESTORS

Based on the Offer Price of HK\$3.50 (being the high-end of the indicative Offer Price range)				
Cornerstone Investor	Investment Amount (US\$ in million)	Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)	Approximate% of total number of Offer Shares	Approximate% of total Shares in issue immediately following the completion of the Global Offering
Beyond Science ⁽¹⁾	7	15,648,000	5.19%	0.78%
Shanghai Wentang ⁽¹⁾	30	67,066,000	22.23%	3.33%
Huifu ⁽¹⁾	5	11,177,000	3.70%	0.56%
Total	42	93,891,000	31.12%	4.67%

Note:

- (1) The number of shares shall be equal to (i) the Hong Kong dollar equivalent of the U.S. dollar denominated investment amount (calculated using the closing Hong Kong dollar: U.S. dollar exchange rate quoted by Reuters at the close of business on the business day immediately prior to the date on which the Offer Price is determined by the Company and the Joint Global Coordinators (on behalf of the underwriters of the Global Offering) (excluding brokerage and the levies which the investor will pay in respect of such shares) divided by (ii) the Offer Price, rounded down to the nearest whole board lot of 1,000 Shares.

The following information on the Cornerstone Investors was provided to our Company by the Cornerstone Investors.

Beyond Science

Beyond Science is a limited liability company incorporated in Shanghai in June 2018 under the laws of the PRC. Beyond Science is principally engaged in internet technology, computer science, information technology, e-commerce (excluding business concerning value-added telecommunication and finance), carpark management, computer data service, as well as advertising design, production, agency and publication. The shareholders of Beyond Science include Dalian Wanda Commercial Management Group Co., Ltd. (大連萬達商業管理集團股份有限公司) (“**Dalian Wanda**”), which holds 51.00% of the shares of Beyond Science, and Linzhi Tencent Technology Co., Ltd. (林芝騰訊科技有限公司) (“**Linzhi Tencent**”), which holds 42.48% of the shares of Beyond Science. Dalian Wanda is a company incorporated under the laws of the PRC and is principally engaged in real property development and sales, investment and management of commercial and business facilities, real property leasing, real property maintenance management service and construction engineering design. Linzhi Tencent is an indirect wholly-owned subsidiary of Tencent, and accordingly Beyond Science is a close associate of Tencent Mobility, an existing Shareholder of the Company.

Shanghai Wentang

Shanghai Wentang is a limited liability partnership established under the laws of the PRC in April 2018. Shanghai Wentang is owned as to 99% by Shanghai IV Cultural Center LLP (上海雙創文化產業投資中心(有限合夥)) (“**SHIVC Cultural**”), a limited liability partnership established under the laws of the PRC in July 2017, as limited partner, and as to 1% by Shanghai IV Cultural Investment Management Partnership Enterprise LLP (上海雙創文化產業投資管理合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC in May 2017, as general partner (“**SHIVC Cultural Investment**”). SHIVC Cultural was founded by Shanghai Innovital Capital Limited LLP (上海雙創投資中心(有限合夥)), which is a leading investment platform established by the Shanghai Municipality People’s Government to promote technological innovation, financial technology and entrepreneurship. Shanghai Wentang intends to subscribe for the relevant Offer Shares by itself or through a subsidiary to be established by Shanghai Wentang and SHIVC Cultural Investment.

OUR CORNERSTONE INVESTORS

Huifu

Huifu is a company incorporated in the Cayman Islands with limited liability under the names of Huifu Limited and 汇付天下有限公司, the shares of which are listed on the Main Board (stock code: 1806). Huifu is a leading independent third-party payment service provider in the PRC, focusing on merchant payment and fintech enabling services. Huifu's mission is to leverage innovative payment and Fintech solutions to create value for businesses and consumers and become a leading global payment and fintech enabling services provider. Huifu provides various merchant payment services to millions of micro and small merchants as well as companies in select industry verticals. Its solutions enable clients to offer their customers a seamless, convenient and safe way to pay regardless of whether such payments are made in-store, online, or on-the-go. Huifu's merchant payment services are divided into five types, consisting of POS, Internet payment, mobile POS, mobile payment and cross-border payment services. Building on its strong payment technological capability, Huifu also provides fintech enabling services to Internet finance providers and commercial banks which empower them to improve their information visibility, operation efficiency and data security, and enable them to offer more flexibility and convenience when serving their customers. Its services include SaaS offerings, such as account management services and data-driven value-added services.

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (a) the Hong Kong Underwriting Agreements and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (b) the Offer Price having been agreed upon between the Company and the Joint Global Coordinators (on behalf of the Underwriters);
- (c) the Listing Committee having granted the listing of, and permission to deal in, the Shares (including the Shares to be subscribed by the Cornerstone Investors as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (d) no relevant laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the cornerstone investment agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (e) the respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor under the relevant cornerstone investment agreements are accurate and true in all respects and not misleading and that there is no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor.

OUR CORNERSTONE INVESTORS

RESTRICTIONS ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the “**Lock-up Period**”), dispose of any of the Shares they have purchased pursuant to the relevant cornerstone investor agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

UNDERWRITING

HONG KONG UNDERWRITERS

Deutsche Bank AG, Hong Kong Branch
Haitong International Securities Company Limited
China International Capital Corporation Hong Kong Securities Limited
Guotai Junan Securities (Hong Kong) Limited
CCB International Capital Limited
BOCI Asia Limited
AMTD Global Markets Limited
Futu Securities International (Hong Kong) Limited
China Industrial Securities International Capital Limited
Sinomax Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed among the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 30,170,000 Hong Kong Offer Shares and the International Offering of initially 271,530,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Application Forms relating thereto.

Subject to the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, and certain other conditions set forth in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company agreeing upon the Offer Price) being satisfied (or, as the case may be, waived), the Hong Kong Underwriters have agreed to subscribe or procure subscribers for their respective applicable portions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

UNDERWRITING

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares are subject to termination by written or oral notice from the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Joint Sponsors, if any of the events set forth below occur at any time prior to 8:00 a.m. on the Listing Date:

- (1) there develops, occurs, exists or comes into effect:
 - (a) any event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI, the United States or any other jurisdiction relevant to any member of our Group or the Global Offering (collectively, the “**Relevant Jurisdictions**”); or
 - (b) any change or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or
 - (c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
 - (d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the European Union (or any member thereof), Japan, Singapore or any other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or
 - (e) any new laws, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in, or in the interpretation or application by any court or other competent authorities of existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or
 - (f) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

UNDERWRITING

- (g) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the United States dollar, Euro, Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or
- (h) any proceedings of any third party being threatened or instigated against any member of our Group, Mr. Sun or Yomi.sun Holding Limited; or
- (i) an authority or a political body or organization in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group, any Director or any director of any subsidiary, Mr. Sun or Yomi.sun Holding Limited; or
- (j) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (k) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Offer Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (l) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or
- (m) a contravention by any member of the Group of the Listing Rules or applicable Laws,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators and the Joint Sponsors:

- (A) has or will have or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or
- (B) has or will have or is likely to have an adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering or dealings in the Offer Shares in the secondary market; or
- (C) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or

UNDERWRITING

- (D) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (2) there has come to the notice of the Joint Global Coordinators and the Joint Sponsors:
- (a) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified by any authority from taking part in the management of a company; or
 - (b) the chairman or chief executive officer of our Company vacating his office; or
 - (c) a prohibition on our Company, Mr. Sun or Yomi.sun Holding Limited for whatever reason from offering, allotting, issuing, selling or delivering any of the Offer Shares (including the Over-allotment Option shares) pursuant to the terms of the Global Offering; or
 - (d) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
 - (e) that any statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or in any notices or announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or
 - (f) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
 - (g) any breach of any of the material obligations imposed upon any party to this Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

UNDERWRITING

- (h) any event, act or omission which gives or is likely to give rise to any liability of any of our Company, Mr. Sun or Yomi.sun Holding Limited pursuant to the indemnities given by our Company, Mr. Sun or Yomi.sun Holding Limited under the Hong Kong Underwriting Agreement; or
- (i) any adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of our Group; or
- (j) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties given by Company, Mr. Sun or Yomi.sun Holding Limited in the Hong Kong Underwriting Agreement; or
- (k) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue and to be issued (including any additional Shares that may be sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (l) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (m) any expert whose consent is required for the issue of this prospectus (other than the Joint Sponsors) has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (n) any person (other than the Joint Sponsors) has withdrawn or is subject to withdrawal of its consent to being named in any of the offering documents or to the issue of any of the offering documents in connection with the Hong Kong Public Offering; or
- (o) the Stock Borrowing Agreement is not duly authorized, executed and delivered or it is terminated; or
- (p) (i) a material portion of the orders in the book-building process, or (ii) the investment commitments by any cornerstone investors after signing of the cornerstone investment agreements, have been withdrawn, terminated or canceled.

UNDERWRITING

Lock-up Undertakings to the Stock Exchange

Undertakings by Our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except for (a) any capitalization issue, capital reduction or consolidation or sub-division of Shares, or (b) issue of Shares or securities pursuant to the Global Offering, or (c) any other applicable circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by the Substantial Shareholders Group of the Company

The Substantial Shareholders Group of the Company has undertaken to the Company and to the Stock Exchange, save as permitted under the Listing Rules, that they will not, in the period commencing on the date by reference to which disclosure of their respective holding of Shares is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which they are shown in this prospectus to be the beneficial owner(s).

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by Our Company

Our Company has undertaken to each of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager and the Hong Kong Underwriters that except for the offer, allotment and issue of the Offer Shares pursuant to the Capitalization Issue and the Global Offering (including pursuant to exercise of the Over-allotment Option), at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including the date falling six months from the Listing Date (the “**First Six-Month Period**”), our Company will not and to procure each other member of our Group not to, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements set out in the Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or contract or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe for or that represent the right to receive, or any warrants or other rights to subscribe for or purchase, any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing), or deposit any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, with a depository in connection with the issue of depository receipts; or

UNDERWRITING

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other share or securities will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months immediately following the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the securities of our Company. Each of Mr. Sun and Yomi.sun Holding Limited jointly and severally undertake to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager and the Hong Kong Underwriters to procure our Company to comply with the undertakings above.

Undertakings by Mr. Sun and Yomi.sun Holding Limited

Each of Mr. Sun and Yomi.sun Holding Limited, severally and not jointly, has undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager and the Hong Kong Underwriters that, he/it will comply with the undertaking by the Substantial Shareholders Group set out in “Lock-Up Undertakings to the Stock Exchange – Undertakings by the Substantial Shareholders Group of the Company” above.

Indemnity

Each of the Company, Mr. Sun and Yomi.sun Holding Limited has agreed to indemnify, among others, the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters’ Interests in Our Company

Except for its obligations under the Hong Kong Underwriting Agreement, the Hong Kong Underwriters do not have any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any member of our Group.

UNDERWRITING

Following the completion of the Capitalization Issue and the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that the International Underwriting Agreement will be entered into by, among others, our Company, the Over-allotment Option Grantor and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would agree to purchase, or procure purchasers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, amongst others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

The Over-allotment Option Grantor will grant to the International Underwriters, exercisable in whole or in part by the Joint Global Coordinators at their sole and absolute discretion (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require the Over-allotment Option Grantor to sell up to an aggregate of 45,255,000 additional existing Shares, representing no more than 15% of the initial Offer Shares, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Hong Kong Underwriters will receive a gross underwriting commission equal to 3% of the aggregate Offer Price in respect of all the Hong Kong Offer Shares (excluding any International Offer Shares reallocated to and from the Hong Kong Public Offering). Our Company may pay the Hong Kong Underwriters an additional incentive fee of up to 0.5% of the aggregate Offer Price.

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering (in such proportion as the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) in their sole discretion consider appropriate), the underwriting commission regarding such Hong Kong Offer Shares shall be reallocated to the International Underwriters (in such proportion as the Joint Global Coordinators in their sole discretion consider appropriate).

Without taking into account the Shares to be sold upon the exercise of the Over-allotment Option, the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, legal and other professional fees and printing and other expenses relating to the Global Offering, which are currently estimated to amount in aggregate to approximately HK\$93.1 million (assuming an Offer Price of HK\$3.15 per Offer Share, being the mid-point of the indicative Offering Price range stated in this prospectus), are payable and borne by our Company.

INDEPENDENCE OF JOINT SPONSORS

Each of the other Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

UNDERWRITING

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in “Structure of the Global Offering”. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to reallocation and the Over-allotment Option):

- (a) the Hong Kong Public Offering of 30,170,000 Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in “Structure of the Global Offering – The Hong Kong Public Offering” below; and
- (b) the International Offering of an aggregate of 271,530,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States only to QIBs in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act as described in “Structure of the Global Offering – The International Offering” below.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 15.0% of the issued share capital of our Company immediately after completion of the Capitalization Issue and the Global Offering.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in “Structure of the Global Offering – The Hong Kong Public Offering – Reallocation.”

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares Initially Offered

We are initially offering 30,170,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.5% of our Company’s issued share capital immediately after the completion of the Capitalization Issue and the Global Offering. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in “Structure of the Global Offering – Conditions of the Global Offering.”

STRUCTURE OF THE GLOBAL OFFERING

Allocation

The allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation) is to be divided into two pools for allocation purposes: Pool A and Pool B with any odd board lots being allocated to Pool A. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 15,085,000 and 15,085,000, respectively. The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK\$5.00 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5.00 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable). Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either Pool A or Pool B but not from both pools. Multiple applications or suspected multiple applications and any application for more than 15,085,000 Hong Kong Offer Shares (being 50% of the 30,170,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 90,510,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 120,680,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

STRUCTURE OF THE GLOBAL OFFERING

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 150,850,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In addition, the Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of shares that may be reallocated to the Hong Kong Public Offering shall be not more than 60,340,000 Offer Shares, representing double of the initial allocation to the Hong Kong Public Offering, and the final Offer Price shall be fixed at HK\$2.80 per Offer Share, the low-end of the Offer Price range stated in this prospectus or the downward adjusted final Offer Price if a Downward Offer Price Adjustment is made in accordance with Guidance Letter HKEX-GL90-18 issued by the Stock Exchange.

Any such clawback and reallocation between the International Offering and the Hong Kong Public Offering will be completed prior to any adjustments of the number of the Offer Shares pursuant to the exercise of the Over-allotment Option, if any.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators in their sole discretion consider appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$3.50 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "Structure of the Global Offering – Pricing and Allocation", is less than the maximum price of HK\$3.50 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For details, please see "How to Apply for Hong Kong Offer Shares."

THE INTERNATIONAL OFFERING

Number of International Offer Shares Initially Offered

Subject to reallocation as described in this section and the exercise of the Over-allotment Option, the International Offering will consist of an initial offering of 271,530,000 Offer Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming that the Over-allotment Option is not exercised.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “Structure of the Global Offering – Pricing and Allocation” and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the International Underwriters) may require any investor who has been offered International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “Structure of the Global Offering – The Hong Kong Public Offering – Reallocation”, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

Over-allotment Option

The Over-allotment Option Grantor will grant to the International Underwriters, exercisable in whole or in part by the Joint Global Coordinators at their sole and absolute discretion (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require the Over-allotment Option Grantor to sell up to an aggregate of 45,255,000 additional existing Shares, representing no more than 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 2.3% of our Company’s issued share capital immediately following completion of the Capitalization Issue, the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, we will make an announcement in due course.

STRUCTURE OF THE GLOBAL OFFERING

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if commenced, may be discontinued at any time, and is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. Should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilizing Manager or any person acting for it.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, or any person acting for it, will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, or any person acting for it, may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

STRUCTURE OF THE GLOBAL OFFERING

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Joint Global Coordinators, or any person acting for it may cover such over-allocation by, amongst others, using Shares purchased by the Stabilizing Manager or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or through the stock borrowing arrangement mentioned below or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 45,255,000 existing Shares, representing 15% of the Offer Shares initially available under the Global Offering.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager may choose to borrow up to 45,255,000 existing Shares (being the maximum number of Shares which may be sold upon the exercise of the Over-allotment Option) from Mengxiang pursuant to a stock borrowing agreement (the “**Stock Borrowing Agreement**”).

PRICING AND ALLOCATION

Determining the Offer Price

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different price or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement among our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Tuesday, January 8, 2019 and in any event no later than Friday, January 11, 2019, by agreement among the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company. The number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer Price Range

The Offer Price will not be more than HK\$3.50 per Offer Share and is expected to be not less than HK\$2.80 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus (subject to a Downward Offer Price Adjustment).

STRUCTURE OF THE GLOBAL OFFERING

Announcement of Offer Price Reduction

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the consent of the Company, determine the final Offer Price to be no more than 10% below the bottom end of the indicative Offer Price range, at any time on or prior to the Price Determination Date.

In such situation, the Company will, as soon as practicable following the decision to set the final Offer Price below the bottom end of the indicative Offer Price range, publish on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.weimob.com) an announcement of the final Offer Price after making a Downward Offer Price Adjustment. Such announcement will be issued before and separate from the announcement of the results of allocations expected to be announced on January 14, 2019. The Offer Price announced following making of a Downward Offer Price Adjustment shall be the final Offer Price and shall not be subsequently changed.

In the absence of an announcement that a Downward Offer Price Adjustment has been made, the final Offer Price will not be outside the indicative Offer Price range as disclosed in this prospectus unless the Withdrawal Mechanism is utilised.

The Joint Global Coordinators (on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause them to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of our Company (www.weimob.com) and the website of the Stock Exchange (www.hkexnews.hk) notices of the reduction.

Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set forth in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon among our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings solely in the discretion of the Joint Global Coordinators but the number of Offer Shares to be offered in the Hong Kong Public Offering shall not in any event be less than 10% of the total number of Offer Shares available under the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

If applications for the Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced.

The net proceeds from the Global Offering accruing to us (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering) are estimated to be approximately HK\$857.2 million, assuming an Offer Price of HK\$3.15 per Offer Share, being the approximate mid-point of the proposed Offer Price range of HK\$2.80 to HK\$3.50.

Announcement of Offer Price and Basis of Allocations

Irrespective of whether a Downward Offer Price Adjustment is made, the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Monday, January 14, 2019 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of our Company (www.weimob.com) and the website of the Stock Exchange (www.hkexnews.hk).

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in “Underwriting.”

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting the listing of, and permission to deal in, on the Main Board, the Shares in issue and to be issued (pursuant to the Capitalization Issue, the Global Offering and the Over-allotment Option) as mentioned in this prospectus and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange;
- (b) the Offer Price having been determined;
- (c) the obligations of the Underwriters under each of the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s)) by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and not been terminated in accordance with the terms of the respective Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements; and
- (d) the Underwriting Agreements having been duly executed by the Underwriters and our Company.

STRUCTURE OF THE GLOBAL OFFERING

If, for any reason, the Offer Price is not agreed among our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Friday, January 11, 2019, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst others, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of our Company (www.weimob.com) and the website of the Stock Exchange (www.hkexnews.hk). In such eventuality, all application monies will be returned, without interest, on the terms set forth “How to Apply for Hong Kong Offer Shares – 14. Dispatch/Collection of Share Certificates and Refund Monies.” In the meantime, all application monies will be held in a separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended.

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering.

No part of our Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangements as such arrangements may affect their rights and interests.

STRUCTURE OF THE GLOBAL OFFERING

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, January 15, 2019, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, January 15, 2019.

The Shares will be traded on the Main Board of the Stock Exchange in board lots of 1,000 Shares each and the stock code of the Shares will be 2013.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at www.eipo.com.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are an existing beneficial owner of Shares in our Company and/or any its subsidiaries;

- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering;
- an associate or close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES WHICH APPLICATION CHANNEL TO USE

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.eipo.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, December 31, 2018 until 12:00 noon on Tuesday, January 8, 2019:

- (i) any of the following offices of the Joint Global Coordinators:
 - (a) **Deutsche Bank AG, Hong Kong Branch**
52/F, International Commerce Center, 1 Austin Road West, Kowloon, Hong Kong;
 - (b) **Haitong International Securities Company Limited**
22/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong; and
 - (c) **China International Capital Corporation Hong Kong Securities Limited**
29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) any of the following branches of the receiving bank:

Standard Chartered Bank (Hong Kong) Limited

	Branch name	Address
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
	Causeway Bay Branch	G/F to 2/F, Yee Wah Mansion, 38-40A Yee Wo Street, Causeway Bay
Kowloon	Telford Gardens Branch	Shop P9-12, Telford Centre, Telford Gardens, Tai Yip Street, Kowloon Bay
	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
New Territories	Tai Po Branch	G/F Shop No. 2, 23-25 Kwong Fuk Road, Tai Po Market, Tai Po
	Fotan Branch	No. 3, 1/F, Shatin Galleria, 18-24 Shan Mei Street, Fo Tan, Shatin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, December 31, 2018 until 12:00 noon on Tuesday, January 8, 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Horsford Nominees Limited – Weimob Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Monday, December 31, 2018 – 9:00 a.m. to 5:00 p.m.
- Wednesday, January 2, 2019 – 9:00 a.m. to 5:00 p.m.
- Thursday, January 3, 2019 – 9:00 a.m. to 5:00 p.m.
- Friday, January 4, 2019 – 9:00 a.m. to 5:00 p.m.
- Saturday, January 5, 2019 – 9:00 a.m. to 1:00 p.m.
- Monday, January 7, 2019 – 9:00 a.m. to 5:00 p.m.
- Tuesday, January 8, 2019 – 9:00 a.m. to 12:00 noon

The application for the Hong Kong Offer Shares will commence on Monday, December 31, 2018 through Tuesday, January 8, 2019, being slightly longer than normal market practice of four days.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, January 8, 2019, the last application day or such later time as described in “How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists”.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Forms carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with Cayman Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Forms and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to our Company, the Hong Kong Share Registrar, receiving bank, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Forms;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "Personal Collection" in this section to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person;
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that:
 - (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and
 - (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for the YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in “How to Apply for Hong Kong Offer Shares – 2. Who Can Apply” may apply through the **White Form eIPO** service for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application to the **White Form eIPO** Service Provider at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, December 31, 2018 until 11:30 a.m. on Tuesday, January 8, 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, January 8, 2019 or such later time under “How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists.”

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2.0 for each “Weimob Inc.” **White Form eIPO** application submitted via the website www.eipo.com.hk to support the funding of “Dongjiang River Source Tree Planting” project initiated by Friends of the Earth (HK).

HOW TO APPLY FOR HONG KONG OFFER SHARES

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and the Hong Kong Share Registrar.

GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, have not indicated or will not indicate an interest for, any Offer Shares under the International Offering nor otherwise participate in the International Offering;
- (if the **electronic application instruction** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that our Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Hong Kong Share Registrar, receiving bank, the Joint Global Coordinators, the Underwriters and/or its respective advisors and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong),

HOW TO APPLY FOR HONG KONG OFFER SHARES

except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

EFFECT OF GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Monday, December 31, 2018 – 9:00 a.m. to 8:30 p.m.
- Wednesday, January 2, 2019 – 8:00 a.m. to 8:30 p.m.
- Thursday, January 3, 2019 – 8:00 a.m. to 8:30 p.m.
- Friday, January 4, 2019 – 8:00 a.m. to 8:30 p.m.
- Monday, January 7, 2019 – 8:00 a.m. to 8:30 p.m.
- Tuesday, January 8, 2019 – 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, December 31, 2018 until 12:00 noon on Tuesday, January 8, 2019 (24 hours daily, except on Tuesday, January 8, 2019, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, January 8, 2019, the last application day or such later time as described in “How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

(1) The times in the sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Joint Global Coordinators, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager, the Joint Sponsors, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, January 8, 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company.

Then the application will be treated as being for your benefit.

HOW TO APPLY FOR HONG KONG OFFER SHARES

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of our company;
- control more than half of the voting power of our company; or
- hold more than half of the issued share capital of our company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please see “Structure of the Global Offering – Pricing and Allocation.”

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, January 8, 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, January 8, 2019 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable” an announcement will be made in such event.

HOW TO APPLY FOR HONG KONG OFFER SHARES

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, January 14, 2019 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on our Company's website at www.weimob.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at www.weimob.com and the Stock Exchange's website at www.hkexnews.hk by no later than 8:00 a.m. on Monday, January 14, 2019;
- from the designated results of allocations website at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Monday, January 14, 2019 to 12:00 midnight on Sunday, January 20, 2019;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Monday, January 14, 2019 to Thursday, January 17, 2019;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, January 14, 2019 to Wednesday, January 16, 2019 at all the receiving bank's designated branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. For further details, please see "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, the **White Form eIPO Service** Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$3.50 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Global Offering are not fulfilled in accordance with “Structure of the Global Offering – Conditions of the Global Offering” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on or before Monday, January 14, 2019.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Monday, January 14, 2019. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, January 15, 2019 provided that the Global Offering has become unconditional and the right of termination described in "Underwriting" has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, January 14, 2019 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Monday, January 14, 2019, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Monday, January 14, 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, January 14, 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

If you apply through a designated CCASS Participant (other than a CCASS investor participant)

For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are applying as a CCASS Investor Participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "How to Apply for Hong Kong Offer Shares – 11. Publication of Results." You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, January 14, 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from the Hong Kong Share Registrar Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, January 14, 2019, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Monday, January 14, 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via electronic application instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, January 14, 2019, or, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in “How to Apply for Hong Kong Offer Shares – 11. Publication of Results” on Monday, January 14, 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, January 14, 2019 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Monday, January 14, 2019. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, January 14, 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from our Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WEIMOB INC. AND DEUTSCHE SECURITIES ASIA LIMITED AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Weimob Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-60, which comprises the combined statements of financial position as at December 31, 2015, 2016 and 2017 and June 30, 2018, the Company's statement of financial position as at June 30, 2018, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-60 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated December 31, 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at June 30, 2018 and the combined financial position of the Group as at December 31, 2015, 2016 and 2017 and June 30, 2018 and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2017 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividends have been paid by Weimob Inc. in respect of the Track Record Period.

No statutory financial statements for our Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
December 31, 2018

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report. The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi and all values are rounded to the nearest thousand (RMB'000) except when otherwise stated.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended December 31			Six months ended June 30	
		2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(Unaudited)
Revenue	6	114,008	189,174	534,011	211,975	332,083
Cost of sales	7	(15,817)	(22,251)	(189,800)	(45,613)	(101,124)
Gross profit		98,191	166,923	344,211	166,362	230,959
Selling and distribution expenses	7	(103,808)	(202,365)	(299,191)	(139,643)	(187,757)
General and administrative expenses	7	(84,002)	(50,659)	(59,730)	(32,539)	(75,148)
Other income	9	571	1,385	14,762	205	7,809
Other (loss)/gains, net	10	(180)	(443)	2,703	3,491	5,138
Operating (loss)/profit		(89,228)	(85,159)	2,755	(2,124)	(18,999)
Finance costs	11	–	–	–	–	(572)
Finance income	12	190	50	78	45	51
Change in fair value of financial liabilities other than from own credit risk	3.3, 26	(8,587)	(979)	–	–	(600,934)
(Loss)/profit before income tax		(97,625)	(86,088)	2,833	(2,079)	(620,454)
Income tax credit/(expense)	13	9,051	5,142	(196)	2,113	945
(Loss)/profit for the year/period		<u>(88,574)</u>	<u>(80,946)</u>	<u>2,637</u>	<u>34</u>	<u>(619,509)</u>
(Loss)/profit attributable to:						
– Equity holders of the Company		(88,512)	(77,323)	2,831	52	(617,026)
– Non-controlling interests		(62)	(3,623)	(194)	(18)	(2,483)
		<u>(88,574)</u>	<u>(80,946)</u>	<u>2,637</u>	<u>34</u>	<u>(619,509)</u>
Other comprehensive (loss)/income, net of tax						
Items that will not be subsequently reclassified to profit or loss						
– Change in fair value of financial liabilities from own credit risk	3.3, 26	(497)	(237)	–	–	(2,647)
Total comprehensive (loss)/income for the year/period		<u>(89,071)</u>	<u>(81,183)</u>	<u>2,637</u>	<u>34</u>	<u>(622,156)</u>
Total comprehensive (loss)/income attributable to:						
– Equity holders of the Company		(89,009)	(77,560)	2,831	52	(619,673)
– Non-controlling interests		(62)	(3,623)	(194)	(18)	(2,483)
		<u>(89,071)</u>	<u>(81,183)</u>	<u>2,637</u>	<u>34</u>	<u>(622,156)</u>
Earnings per share (expressed in RMB per share)						
Basic and diluted	15	N/A	N/A	N/A	N/A	N/A

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	As at December 31			As at
		2015	2016	2017	June 30
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	16	2,040	8,442	9,724	10,412
Intangible assets	17	4	11,233	37,623	38,823
Development cost	18	–	7,343	3,510	15,247
Deferred income tax assets	20	14,306	59,857	59,703	60,648
Contract assets	6	16,062	47,376	69,581	70,424
Total non-current assets		32,412	134,251	180,141	195,554
Current assets					
Trade and notes receivables	19, 23	407	14,581	30,647	33,348
Contract assets	6	45,401	70,106	93,551	108,185
Prepayments, deposits and other assets	22	11,893	41,281	140,880	939,913
Financial assets measured at fair value through profit or loss	19, 24	–	11,500	–	–
Cash and cash equivalents	19, 25	8,630	28,956	21,529	857,624
Total current assets		66,331	166,424	286,607	1,939,070
Total assets		98,743	300,675	466,748	2,134,624
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Capital and reserves	31	35,943	(113,520)	(44,163)	(1,164,718)
Accumulated losses		(97,658)	(174,981)	(172,884)	(789,910)
		(61,715)	(288,501)	(217,047)	(1,954,628)
Non-controlling interests		2,218	1,985	2,303	(1,318)
Total equity		(59,497)	(286,516)	(214,744)	(1,955,946)
LIABILITIES					
Non-current liabilities					
Redeemable and convertible preferred shares	26	–	–	–	2,326,421
Financial liabilities measured at fair value through profit or loss	19, 26	17,337	17,172	–	–
Contract liabilities	6, 29	28,148	101,205	145,107	141,210
Total non-current liabilities		45,485	118,377	145,107	2,467,631
Current liabilities					
Bank borrowing	19, 27	–	–	–	80,000
Other payables and accruals	28	35,708	300,744	343,409	1,324,973
Contract liabilities	6, 29	77,039	141,763	192,934	217,966
Current income tax liabilities		8	–	42	–
Financial liabilities measured at fair value through profit or losses	19, 26	–	26,307	–	–
Total current liabilities		112,755	468,814	536,385	1,622,939
Total liabilities		158,240	587,191	681,492	4,090,570
Total equity and liabilities		98,743	300,675	466,748	2,134,624

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Note</i>	<u>As at June 30</u> 2018 <i>RMB'000</i>
ASSETS		
Non-current assets		
Investment in a subsidiary	21	1,491,225
Total non-current assets		<u>1,491,225</u>
Current assets		
Prepayments, deposits and other assets	22	597,075
Cash and cash equivalents	25	778,419
Total current assets		<u>1,375,494</u>
Total assets		<u><u>2,866,719</u></u>
EQUITY		
Capital and reserves attributable to equity holders of the company		
Share capital	30	–
Share premium	30	1,049
Other reserves	31	(431,594)
Accumulated losses		(25,616)
Total equity		<u>(456,161)</u>
Non-current liabilities		
Redeemable and convertible preferred shares	26	2,326,421
Total non-current liabilities		2,326,421
Current Liabilities		
Other payables and accruals	28	996,459
Total current liabilities		996,459
Total liabilities		<u>3,322,880</u>
Total equity and liabilities		<u><u>2,866,719</u></u>

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to equity holders of the Company				
		Other reserves	Accumulated losses	Sub-total	Non- controlling interests	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2015.		1,258	(9,146)	(7,888)	–	(7,888)
Comprehensive loss						
Loss for the year		–	(88,512)	(88,512)	(62)	(88,574)
Other comprehensive loss						
– Change in fair value of financial liabilities from own credit risk		(497)	–	(497)	–	(497)
Total comprehensive loss for the year		<u>(497)</u>	<u>(88,512)</u>	<u>(89,009)</u>	<u>(62)</u>	<u>(89,071)</u>
Transactions with owners						
– Conversion of equity to financial liability	26	(707)	–	(707)	–	(707)
– Capital contribution from a shareholder		67	–	67	–	67
– Share-based compensation expenses for employees	8	2,357	–	2,357	–	2,357
– Share-based compensation expense for non-employees	7	35,745	–	35,745	–	35,745
– Transactions with non-controlling interests	31	(2,280)	–	(2,280)	2,280	–
Total transactions with owners recognized directly in equity for the year		<u>35,182</u>	<u>–</u>	<u>35,182</u>	<u>2,280</u>	<u>37,462</u>
As at December 31, 2015.		<u>35,943</u>	<u>(97,658)</u>	<u>(61,715)</u>	<u>2,218</u>	<u>(59,497)</u>
As at January 1, 2016.		35,943	(97,658)	(61,715)	2,218	(59,497)
Comprehensive loss						
Loss for the year		–	(77,323)	(77,323)	(3,623)	(80,946)
Other comprehensive loss						
– Change in fair value of financial liabilities from own credit risk		(237)	–	(237)	–	(237)
Total comprehensive loss for the year		<u>(237)</u>	<u>(77,323)</u>	<u>(77,560)</u>	<u>(3,623)</u>	<u>(81,183)</u>
Transactions with owners						
– Share-based compensation expenses for employees	8	8,664	–	8,664	–	8,664
– Deemed distribution	31	(156,000)	–	(156,000)	–	(156,000)
– Non-controlling interests arising from incorporation of subsidiaries		–	–	–	1,500	1,500
– Transactions with non-controlling interests	31	(1,890)	–	(1,890)	1,890	–
Total transactions with owners recognized directly in equity for the year		<u>(149,226)</u>	<u>–</u>	<u>(149,226)</u>	<u>3,390</u>	<u>(145,836)</u>
As at December 31, 2016.		<u>(113,520)</u>	<u>(174,981)</u>	<u>(288,501)</u>	<u>1,985</u>	<u>(286,516)</u>
As at January 1, 2017.		(113,520)	(174,981)	(288,501)	1,985	(286,516)
Comprehensive income/(loss)						
Profit/(Loss) for the year		–	2,831	2,831	(194)	2,637
Total comprehensive income/(loss) for the year		<u>–</u>	<u>2,831</u>	<u>2,831</u>	<u>(194)</u>	<u>2,637</u>
Transactions with owners						
– Share-based compensation expenses for employees	8	11,895	–	11,895	–	11,895
– Deemed contribution	31	17,324	–	17,324	–	17,324
– Conversion of financial liability to equity	26	40,650	(734)	39,916	–	39,916
– Transactions with non-controlling interests	31	(512)	–	(512)	512	–
Total transactions with owners recognized directly in equity for the year		<u>69,357</u>	<u>(734)</u>	<u>68,623</u>	<u>512</u>	<u>69,135</u>
As at December 31, 2017.		<u>(44,163)</u>	<u>(172,884)</u>	<u>(217,047)</u>	<u>2,303</u>	<u>(214,744)</u>

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Attributable to equity holders of the Company				
		Capital and reserves	Accumulated losses	Total	Non- controlling interests	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)						
As at January 1, 2017		(113,520)	(174,981)	(288,501)	1,985	(286,516)
Comprehensive income/(loss)						
Profit/(Loss) for the period		–	52	52	(18)	34
Total comprehensive income/(loss) for the period		–	52	52	(18)	34
Transactions with owners						
– Share-based compensation expenses for employees	8	5,319	–	5,319	–	5,319
– Deemed contribution	31	3,639	–	3,639	–	3,639
– Conversion of financial liability to equity	26	40,650	(734)	39,916	–	39,916
Total transactions with owners recognized directly in equity for the period		49,608	(734)	48,874	–	48,874
As at June 30, 2017.		(63,912)	(175,663)	(239,575)	1,967	(237,608)
As at January 1, 2018						
As at January 1, 2018		(44,163)	(172,884)	(217,047)	2,303	(214,744)
Comprehensive loss						
Loss for the period		–	(617,026)	(617,026)	(2,483)	(619,509)
Other comprehensive loss – change in fair value of financial liabilities from own credit risk		(2,647)	–	(2,647)	–	(2,647)
Total comprehensive loss for the period		(2,647)	(617,026)	(619,673)	(2,483)	(622,156)
Transactions with owners						
– Issuance of ordinary shares	31	1,049	–	1,049	–	1,049
– Capital contribution from an investor		11,660	–	11,660	–	11,660
– Deemed distribution	31	(1,125,614)	–	(1,125,614)	–	(1,125,614)
– Share-based compensation expenses for employees	8	3,859	–	3,859	–	3,859
– Transactions with non-controlling interests	31	(8,862)	–	(8,862)	(1,138)	(10,000)
Total transactions with owners recognized directly in equity for the period		(1,117,908)	–	(1,117,908)	(1,138)	(1,119,046)
As at June 30, 2018.		(1,164,718)	(789,910)	(1,954,628)	(1,318)	(1,955,946)

COMBINED STATEMENTS OF CASH FLOWS

	Note	Year ended December 31			Six months ended June 30	
		2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows from operating activities						
Cash generated from/(used in) operations	33	5,427	7,021	49,393	(12,584)	(136,158)
Interest paid		-	-	-	-	(314)
Income tax paid		-	(8)	-	-	(42)
Net cash generated from/(used in) operating activities		5,427	7,013	49,393	(12,584)	(136,514)
Cash flows from investing activities						
Purchase of short-term investments	24	-	(35,900)	(300)	(300)	-
Proceeds from disposals of short-term investments	24	-	24,658	11,814	11,814	-
Payment for acquisition of a subsidiary		-	-	-	-	(1,000)
Prepayment for equity investment		-	-	-	-	(1,800)
Purchase of property, plant and equipment		(1,825)	(7,632)	(4,498)	(3,029)	(2,376)
Proceeds from disposal of Property, plant and equipment	33	-	4	43	2	56
Purchase of intangible assets		(2,383)	(150)	(1,111)	(92)	-
Payment for development cost		-	(16,277)	(27,858)	(2,458)	(20,505)
Interest received		190	50	78	45	51
Net cash (used in)/generated from investing activities		(4,018)	(35,247)	(21,832)	5,982	(25,574)
Cash flows from financing activities						
Capital contribution from an investor		67	-	-	-	11,660
Capital contribution from non-controlling shareholders		-	1,500	-	-	-
Capital contribution from a preferred shareholder		-	-	-	-	50,000
Proceeds from the issuance of financial instruments	26	7,154	24,926	-	-	-
Proceeds from issuance of redeemable and convertible preferred shares		-	-	-	-	1,269,708
Cash paid in connection with the Reorganization		-	-	-	-	(291,225)
Deemed distribution	31	-	(47,675)	(39,282)	(15,370)	(96,478)
Collection of receivables on behalf of a related party	35	-	69,809	-	-	-
Proceeds from bank borrowings		-	-	-	-	105,000
Repayments of bank borrowings		-	-	-	-	(25,000)
Borrowing from related parties		-	-	11,807	11,507	190,000
Repayment to related parties	35	-	-	(7,513)	(3,197)	(214,040)
Payment of listing expenses		-	-	-	-	(2,590)
Net cash generated from/(used in) financing activities		7,221	48,560	(34,988)	(7,060)	997,035
Net increase/(decrease) in cash and cash equivalents		8,630	20,326	(7,427)	(13,662)	834,947
Effect on exchange rate difference		-	-	-	-	1,148
Cash and cash equivalents at beginning of the year/period	25	-	8,630	28,956	28,956	21,529
Cash and cash equivalents at end of the year/period	25	8,630	28,956	21,529	15,294	857,624
Non-cash financing activities						
Conversion of equity to financial liability	26	707	-	-	-	-
Conversion of financial liability to equity	26	-	-	39,916	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

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

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in providing a leading cloud-based commerce and marketing solutions for small and medium businesses in People's Republic of China (the "PRC"). The Group offers a wide variety of commerce and marketing solutions to merchants through its software as a service ("SaaS") products offerings and targeted marketing services, collectively referred to as the "Listing Business" or "B2B Business". Mr. Sun Taoyong ("Mr. Sun"), Mr. You Fengchun ("Mr. You"), Mr. Fang Tongshu ("Mr. Fang") (collectively, the "Substantial Shareholders Group"), who are parties acting in concert in the Group with each other throughout the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018 ("Track Record Period").

1.2 History and reorganisation of the Group

Prior to the incorporation of the Company and the completion of the reorganisation ("Reorganisation") as discussed below, the Listing Business was mainly operated by Shanghai Weimob Enterprise Co., Ltd. ("Weimob Enterprise"), Shanghai Weimob Enterprise Development Co., Ltd. ("Weimob Development") and its PRC subsidiaries (collectively, the "Operating Companies"). Weimob Development was also engaged in the e-commerce business (the "Excluded Business" or "Non-B2B Business") during the Track Record Period.

For the purpose of preparing for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Group underwent a group reorganisation (the "Reorganisation") pursuant to which the Listing Business were transferred to the Company. The Reorganisation involved the followings:

- (i) In September 2016, Weimob Enterprise transferred the Listing Business to Weimob Development and Weimob Development transferred all of the Excluded Business to Shanghai Mengdian Information Technology Co., Ltd. ("Mengdian"), a wholly-owned subsidiary of Weimob Enterprise (the "Business Transfer"). Upon the completion of the Business Transfer, the Listing Business was no longer operated by Weimob Enterprise and was mainly operated by Weimob Development and its PRC subsidiaries and the Excluded Business has been transferred out of the Group.
- (ii) On January 30, 2018, the Company was incorporated in the Cayman Islands with one share being allotted and issued to the initial subscriber. On the same date, the subscriber share of the Company was transferred at par value of US\$0.0001 to Jeff.Fang Holding Limited ("Fang SPV"), which is a special purpose vehicle wholly-owned by Mr. Fang. Between January 30, 2018 to June 30, 2018, 78,328 Shares, 14,203 Shares, 4,444 Shares and 3,025 Shares of the Company were further allotted and issued, all at par value to Yomi.sun Holding Limited ("Sun SPV"), Alter.You Holding Limited ("You SPV"), Fang SPV and Shunfeng.li Holding Limited ("Li SPV"), which are the special purpose vehicles controlled by Mr. Sun, Mr. You, Mr. Fang and Mr. Li Shunfeng ("Mr. Li"), respectively. Since then, the Company was owned as to 96.975% by the Substantial Shareholders Group and 3.025% by Mr. Li.
- (iii) On February 7, 2018, Weimob Holding Limited ("Weimob Holding") was incorporated in the British Virgin Islands and wholly-owned by the Company.
- (iv) On March 6, 2018, Weimob Technology HK Limited ("Weimob HK") was incorporated in Hong Kong and wholly-owned by Weimob Holding.
- (v) On April 23, 2018, Weimob HK entered into a sale and purchase agreement with Weimob Enterprise, pursuant to which Weimob HK acquired 52.95% equity interest in Weimob Development from Weimob Enterprise at a consideration of RMB291,225,000. Immediately upon completion of the acquisition, Weimob HK and Weimob Enterprise held 52.95% and 21.05% of the equity interest of Weimob Development respectively and Weimob Development become a subsidiary of Weimob HK.
- (vi) Between May 21, 2018 and July 16, 2018, Weimob HK entered into a series of sale and purchase agreement and share subscription agreement with the remaining shareholders of Weimob Development and Weimob Development respectively, pursuant to which Weimob HK acquired all of the remaining 47.05% equity interest of Weimob Development for a total consideration, in aggregate, of RMB1,200,000,000, among which RMB1,050,000,000 was paid to the remaining shareholders and RMB150,000,000 was injected into Weimob Development. Upon the completion of the acquisition, Weimob Development is wholly-owned by Weimob HK.

Upon completion of the Reorganisation, the Company became the ultimate holding company of the companies now comprising the Group. As at the date of this report and during Track Record Period, the Company had direct or indirect interests in the following subsidiaries:

Company name	Place of incorporation/establishment	Date of incorporation/establishment	Registered capital	Percentage of attributable equity interest					As at the date of this report	Principal activities	Note
				As at December 31			As at June 30				
				2015	2016	2017	2018				
Direct interest:											
Weimob Holding Limited	British Virgin Islands (“BVI”)	February 7, 2018	USD50,000	N/A	N/A	N/A	N/A	100%	Investment holding	(i)	
Indirect interest:											
Weimob Technology HK Limited	Hong Kong	March 6, 2018	HK10,000	N/A	N/A	N/A	N/A	100%	Investment holding	(i)	
Shanghai Weimob Enterprise Development Co., Ltd. (上海微盟企業發展有限公司)	The PRC	September 10, 2014	RMB46,638,213	100%	100%	100%	100%	100%	SaaS products offerings and targeted marketing	(i), (ii)	
Beijing Weimob Information Technology Co., Ltd. (北京為盟信息科技有限公司) (“Beijing Weimob”)	The PRC	September 9, 2015	RMB1,000,000	70%	70%	70%	86.8%	100%	SaaS products offerings and targeted marketing	(i)	
Hangzhou Weimob Information Technology Co., Ltd. (杭州為盟信息科技有限公司)	The PRC	August 21, 2015	RMB1,000,000	70%	70%	70%	70%	70%	SaaS products offerings and targeted marketing	(i)	
Guangzhou Weimob Information Technology Co., Ltd. (廣州微盟信息科技有限公司)	The PRC	August 24, 2015	RMB1,000,000	100%	100%	100%	100%	100%	SaaS products offerings and targeted marketing	(i)	
Shenzhen Weimob Information Technology Co., Ltd. (深圳微盟信息科技有限公司)	The PRC	December 22, 2015	RMB1,000,000	100%	100%	100%	100%	100%	SaaS products offerings and targeted marketing	(i)	
Sichuan Weimob Enterprise Management Co., Ltd. (四川微盟企業管理有限公司)	The PRC	December 31, 2015	RMB1,000,000	100%	100%	100%	100%	100%	SaaS products offerings and targeted marketing	(i)	
Shanghai Mengju Weimob Information Technology Co., Ltd. (上海盟聚信息科技有限公司)	The PRC	December 29, 2015	RMB1,000,000	100%	100%	100%	100%	100%	Targeted marketing services	(i), (iii)	
Suzhou Weimob Information Technology Co., Ltd. (蘇州盟邦信息科技有限公司)	The PRC	March 29, 2016	RMB1,000,000	N/A	100%	100%	100%	100%	SaaS products offerings and targeted marketing	(i)	
Nanjing Huishuo Information Technology Co., Ltd. (南京暉碩信息科技有限公司)	The PRC	April 21, 2016	RMB1,000,000	N/A	70%	70%	70%	70%	SaaS products offerings and targeted marketing	(i)	
Shanghai Mengyao Weimob Information Technology Co., Ltd. (上海盟耀信息科技有限公司)	The PRC	February 1, 2016	RMB1,000,000	N/A	60%	100%	100%	100%	SaaS products related service	(i)	
Shanghai Meimeng Weimob Software Technology Co., Ltd. (上海美萌軟件科技有限公司)	The PRC	June 30, 2016	RMB1,000,000	N/A	80%	80%	80%	80%	SaaS products offerings	(i)	
Susong Weimob Software Technology Co., Ltd. (宿松微盟企業發展有限公司)	The PRC	December 27, 2016	RMB1,000,000	N/A	100%	100%	100%	100%	SaaS products offerings and targeted marketing	(i)	
Tianjing Weimob Information Technology Co., Ltd. (天津為盟信息科技有限公司)	The PRC	January 25, 2018	RMB1,000,000	N/A	N/A	N/A	100%	100%	SaaS products offerings and targeted marketing	(i)	
Anhui Sumeng Software Technology Co., Ltd. (安徽速盟軟件科技有限公司)	The PRC	May 28, 2018	RMB5,000,000	N/A	N/A	N/A	100%	100%	SaaS call center	(i)	

Notes:

- (i) No audited financial statements have been prepared for these companies as they are not required to issue audited financial statements under the statutory requirements of their places of incorporation.
- (ii) Shanghai Weimob Enterprise Development Co., Ltd. had prepared non-statutory audited financial statements for the years ended December 31, 2015 and 2016 which were audited by 上海匯強會計師事務所(普通合夥) (Shanghai Hui Qiang Certified Public Accountants (General Partnership)).
- (iii) Shanghai Mengju Weimob Information Technology Co., Ltd. had prepared non-statutory audited financial statements for the year ended December 31, 2016 which were audited by 上海匯強會計師事務所(普通合夥) (Shanghai Hui Qiang Certified Public Accountants (General Partnership)).

The English names of the subsidiaries represent the best effort by the Company's management to translate their Chinese names, as these subsidiaries do not have official English names.

1.3 Basis of presentation

Immediately prior to the Reorganisation, the Listing Business has been conducted through the Operating Companies. Pursuant to the Reorganisation, the Listing Business is transferred to and held by the Company. The Company and the newly incorporated companies have not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business conducted through the Company, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business for all periods presented from the Listing Business perspective.

The Historical Financial Information of the Listing Business for the Track Record Period was included in the following manner:

- Transactions and balances specifically identified as relating to the Listing Business were combined in the Historical Financial information, while those specifically identified as relating to the Excluded Business were not combined in the Historical Financial Information. Financial liabilities measured at fair value through profit or loss were allocated to the Listing Business based on actual usage of the proceeds raised from the issuance of such financial instruments;
- Certain staff costs were allocated based on the headcounts of the respective operation units relevant to the Listing Business and actual hours incurred by these staff for the Listing Business. Other expenses incurred which were not specifically identified as relating to the Listing Business were allocated as appropriate and the portion of expenses relating to the Listing Business was combined into the Historical Financial Information;
- Current and deferred income taxes on profits attributable to the Listing Business calculated on the above basis are provided for using the local tax rate during the relevant periods in accordance with the Group's accounting policies; and
- Inter-company transactions, balances and unrealised gains/losses on transactions among the group companies were eliminated on combination.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Company has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as set out below. The Historical Financial Information has been prepared under the historical cost convention.

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

2.1.1 Changes in accounting policy and disclosures***New and amended standards adopted by the Group***

HKFRS 9, 'Financial instruments' and HKFRS 15, 'Revenue from contracts with customers' are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group has applied HKFRS 9 and HKFRS 15 which have been applied consistently in the Track Record Period.

New standards and interpretations not yet adopted

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective and have not been early adopted:

HK(IFRIC) 23	Uncertainty over income tax treatments	January 1, 2019
HKFRS 16 (i)	Lease	January 1, 2019
Amendments to HKFRS	Annual improvement to HKFRS 2016-2017 Cycle	January 1, 2019
HKFRS 9 (Amendment)	Prepayment features with negative compensation	January 1, 2019
HKFRS 17	Insurance contracts	January 1, 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	January 1, 2019

Except as disclosed below, the Group has already commenced an assessment of the likely impact of adopting the above new standards but is not yet in a position to state whether they will have a significant impact on the reporting results of operations and financial position. The management of the Group plans to adopt these new standards and amendments to existing standards when they become effective.

- (i) HKFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases. The standard replaces HKAS 17 'Leases' and related interpretations. The Group is a lessee of office premises which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.23. The Group had total future minimum lease payments under non-cancellable operating leases, which were not reflected in the combined statements of financial position amounted to RMB50,330,000 as at June 30, 2018 as set out in Note 34.

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the combined statements of financial position. Instead, all operating leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's combined statements of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in right-of-use asset and an increase in financial liability in the combined statements of financial position. This will affect related ratios, such as increase in debt to capital ratio. In the combined statements of comprehensive income, leases will be recognised in the future as depreciation and amortisation and will no longer be recorded as property rental and related expenses. Interest expense on the lease liability will be presented separately from depreciation and amortization under finance costs. As a result, the property rental and related expenses under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expense will increase. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to apply until the financial year 2019, including the adjustment of prior years. Based on the preliminary assessment, management expects HKFRS 16 will have impact on the financial position as mentioned above but no significant impact on the financial performance of the Group.

2.2 Subsidiaries***(i) Consolidation***

Subsidiaries are all 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 over 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.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Other than the Reorganisation, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. 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 Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised in the combined statements of comprehensive income.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividend and receivable. Impairment testing of the investments in the subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the Financial Information of the investee's net assets including goodwill.

2.3 Segment reporting

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

2.4 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. The Historical Financial Information is presented in RMB, which is the Company's functional 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 combined statements of comprehensive income.

(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.

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

2.5 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 combined statements of comprehensive income during the year in which they are incurred.

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

Computer equipment	3 years
Furniture and fixtures.	5 years
Vehicles.	5 years
Leasehold improvement	Shorter of estimated useful lives or remaining lease terms

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

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 combined statements of comprehensive income.

2.6 Intangible assets

(i) Trademarks and licences

Separately acquired trademark and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date.

The trademark used to identify and distinguish ("Weimob"; carrying amount of RMB3,398,000) has a remaining legal life of six years but is renewable every ten years at little cost and is well established. The Group intends to renew the trademark continuously and evidence supports its ability to do so. An analysis of the Group's business performance provides evidence that the Weimob brand will generate net cash inflows for the Group for an indefinite period. Therefore, the trademark is carried at cost without amortisation, but is tested for impairment in accordance with Note 2.7.

Licences acquired have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Software

Costs associated with maintaining software programmes 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.

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, among which costs incurred but relevant intangible assets are not ready for use are recognised as development cost.

Acquired software licences represent financial system software licence purchased from external vendor, which are measured at cost.

(iii) Amortisation methods and periods

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

Acquired software licences	10 years
Self-developed software	3 years

The acquired software is well-developed off the shelf software used for financial reporting, there is no expiry date of these software licences, 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.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill, trademark with indefinite life, or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the combined income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the following 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.

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

2.8.2 Recognition and 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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the combined statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income:** 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 fair value through other comprehensive income (OCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue 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 combined statement of comprehensive income and recognised in "other gains – net". Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. 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 – 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. 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 fair value through profit or loss are recognised in "other gains – net" as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the combined balance sheets 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.10 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and financial assets at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables (excluding prepayments and other receivables from related parties), the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Management assesses the impairment of other receivables according to other receivables' aging, management's prior experiences and customers' conditions as well as applying management's judgments and estimates when determining the impairment to be recognized. Management reassesses the provision at each balance sheet date. Where the basis of judgments and estimates is different from the initial assessment, such difference will impact the provision for impairment and the carrying values of other receivables in the year.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other 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 and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other financial institutions, other short-term highly liquid investments with original maturities of three months or less.

2.13 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity. Redeemable and convertible preference shares are classified as liabilities.

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

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

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

Borrowings are derecognised when the obligation is discharged, canceled or expired. The difference between carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of comprehensive income.

2.15 Borrowings costs

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

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

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

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.17 Financial liabilities measured at fair value through profit or losses

During the Track Record Period, the Group issued certain series of instruments to investors. The instrument holders have the right to require the Group to redeem all of the instruments held by the instrument holders at guaranteed predetermined fixed amount at certain redemption events, which are out of the control of the Group. Upon the occurrence of a successful listing, all the fully-paid instrument will be automatically converted into fully paid ordinary shares at par.

Pursuant to HKFRS 9, the instrument issued to investors are accounted for in their entirety as financial liabilities through profit and loss, with fair value changes reflected in "fair value change of financial liability at FVTPL" within the combined statements of comprehensive income/(loss), except for the portion attributable to credit risk change that should be charged to other comprehensive income. Accordingly, the embedded conversion features do not require future evaluation, bifurcation, and separate accounting as embedded derivatives as the change in fair value of embedded features are reflected in the change in fair value in the compound instrument under such "whole instrument" approach. Issue costs that are directly attributable to the issue of the instruments, designated as financial liabilities at fair value through profit or loss, are recognized immediately in the combined statements of comprehensive income. The instrument are classified as non-current liabilities unless the Group has an obligation to settle the liability within 12 months after the end of the reporting period.

2.18 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's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(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 combined financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially 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.

2.19 Employee benefits

(a) 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 organized 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.

(b) 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.

(c) 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.

(d) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2.20 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 Group. As disclosed in Note 32, during the Track Record Period, Weimob Enterprise granted equity-settled share options to certain employees, which was subsequent replaced by the restricted shares units ("RSUs") granted by the Company. The fair value of the employee service received in exchange for the grant of share options and RSUs is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

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

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. 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.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

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.

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).

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.

Equity-settled share-based payments to parties other than employees are measured at the fair value of the goods or services received or, if the fair value of the goods or services received cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group obtains the goods or receives the services.

If the identifiable consideration received by the Group is less than the fair value of the equity instruments granted, the difference, being the unidentifiable goods or services received is charged to the combined statement of comprehensive income at the grant date.

2.21 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 the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provisions due to passage of time is recognised as interest expense.

2.22 Revenue recognition

The Group provides cloud-based commerce and marketing solutions for small and medium businesses in PRC. The Group offers a wide variety of commerce and marketing solutions to customers through its SaaS products offerings and targeted marketing services. Revenue from providing services is recognised in the accounting period in which the services are rendered. Amounts collected in excess of revenue recognized are included as contract liabilities.

(i) SaaS products offering

The Group offers SaaS products which are cloud-hosted software. The Group sells SaaS products directly to customers, i.e. the SaaS products user, or sells 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 customers. 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.

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. 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. 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. So the contract acquisition cost are charged into selling and distribution expenses on a ratable basis which is in line with the revenue recognition.

(ii) Targeted marketing service

The Group provides online marketing service. The Group earns revenue from different business models including (a) agreed rebates earned from certain media publishers or (b) agreed consideration earned from advertisers calculated based on or adjusted by specified actions.

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

(a) Agreed rebates earned from certain media publishers

In this arrangement, 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. In some circumstances, the Group offers discounts or rebates to the advertisers as part of its promotion activities. 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.

In determination of whether revenue should be reported on a gross or net basis, while none of the factors individually are considered presumptive or determinative, the Group is not the principal in this arrangement as it does not control the specified service before that service is transferred to an advertisers, because (i) the specified service being purchased by the advertiser is the viewership (CPM) or click (CPC) of its advertisement. Media publisher, rather than the Group, is primarily responsible for providing the media publishing service. The Group does not have any commitment to the advertiser about the effectiveness of advertisement; (ii) the media advertisement space is not owned by the Group, and the Group does not have any commitments to purchase the advertising space. As such the Group does not have inventory risk; and (iii) The Group charges the advertisers based on CPM or CPC, which is the same pricing mechanism that the media publishers charge the Group. Although the Group has some discretion in determining the price charged to the advertisers in the form of discounts and rebates given to the advertisers, the Group determines it is the agent in the transaction based on the weight of the aforementioned factors. Therefore, the Group acts as an intermediary in executing transactions with third parties. The Group is not the principal in executing these transactions as the Group 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 transaction on a net basis.

(b) Agreed consideration earned from advertisers calculated based on or adjusted by specified actions

The Group also generates revenue from providing comprehensive advertisement placement services to the advertisers. The Group charges the advertisers based on or adjusted by specified action such as download, installation or registration of the mobile device user ("cost per action" or "CPA") and the media publishers charge the Group based on CPM or CPC. The Group also offers discounts or rebates to the advertisers as part of its promotion activities, and the 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.

While none of the factors individually are considered presumptive or determinative, the Group is the principal in this arrangement and controls the specified service before that service is transferred to a customer in this arrangement because (i) The specified service being purchased by the advertiser is a successful acquisition or specific action from the mobile device users. The Group is primarily responsible for delivering the specified service to the advertisers. The Group has the discretion to decide which media publisher to use and what type of the advertisement to be placed. The media publishers provide media publishing service to the Group. The Group obtains control of the right to their service and directs that service to be provided on the Group's behalf in order to obtain a successful action from the mobile device user, and has the discretion in determining how much to pay the media publishers based on CPM or CPC. (ii) The Group is subject to certain risk of loss to the extent that the cost paid to the media publishers for clicks or impressions cannot be compensated by the total consideration obtained from the advertisers according to acquisition or specific actions. This is similar to inventory risk. (iii) The Group has the latitude to determine the cost per action charged to the advertiser, and the Group's margin varies as the costs incurred to deliver successful action might vary. Therefore the Group reports revenue earned from the advertisers and costs paid to the media publishers related to these transactions on a gross basis. Under this arrangement, the rebates earned from the media publishers are recorded as reduction of cost of sales.

Incentives offered to the advertisers under both business models are recognised as a deduction of revenue at the time incentives are granted.

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

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

Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

2.23 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.24 Government grants

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: mainly market risk (including fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme 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

The transactions of the Company are denominated and settled in its functional currency, RMB. Therefore, foreign exchange risk primarily arose from cash and cash equivalents in the Company when receiving or to receive foreign currencies from overseas shareholders.

The Group operates mainly in the PRC with most of the transactions settled in RMB, management considers that the business is not exposed to any significant foreign exchange risk for the years ended December 31, 2015, 2016 and 2017 as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities. With the set-up of overseas subsidiaries whose functional currency is RMB, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, the profit for the year ended June 30, 2018 would have approximately RMB43,272,000 higher/lower, as a result of net foreign exchange gains/(losses) on translation of net monetary assets denominated in RMB.

(b) Interest rate risk

The directors of the Company do not anticipate there is any significant cash flow interest-rate risk as the Group has no significant variable interest-bearing assets or liabilities except for the bank balances, of which the interest rates are not expected to change significantly. Financial assets carried at fair value through profit or loss exposes the Group to fair value interest-rate risk.

(ii) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables and cash deposits at banks. The carrying amounts of trade and other receivables, cash and cash equivalents at banks and other financial institutions represent the Group's maximum exposure to credit risk in relation to financial assets.

(a) Credit risk of cash deposit at banks

To manage this risk arising from cash deposit at banks, they are mainly placed with banks with high credit rating. There has been no recent history of default in relation to these financial institutions. The expected credit loss is close to zero.

(b) Credit risk of trade receivables

Except for the revenue generated from rebates earned from Beijing Tencent Culture Media Company Limited ("Tencent"), where the Group treats Tencent as customer, the Group has a large number of customers and there is no concentration of credit risk. As at December 31, 2015, 2016 and 2017, and June 30, 2018 approximately 0%, 96%, 89% and 81.4% of the Group's trade receivables were due from the largest customer, Tencent. Given the strong business relationship with Tencent and its good reputation, the management does not expect that there will be any significant losses from non-performance by Tencent.

In most of the sales arrangements, the Group asks for advance payment from its customers. Occasionally, the Group provides service to customers without receipt of any advance payment, which is limited to those customers with high reputation, and subject to special internal approval. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

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
- 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
- actual or expected significant changes in the operating results of customers
- significant changes in the expected performance and behaviour of the customers, including changes in the payment status.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Based on historical experience, majority of the trade receivables were settled within credit term, hence the expected credit loss is close to zero.

(c) Credit risk of other receivables

Other receivables mainly comprise amounts due from shareholders, deposits and other receivables. 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 during the Track Record Period. 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 behaviour 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.

Based on historical experience, majority of the other receivables were settled within 30 days after upon maturity, hence the expected credit loss is close to zero.

The Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. Over the term of the financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward looking macroeconomic data.

No significant changes to estimation techniques or assumptions were made during the Track Record Period.

(iii) 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. All amounts were due within one year.

The Group's financial liabilities measured at fair value through profit or loss are analyzed in Note 26.

	As at December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	2018
Other payables and accruals (excluding advance from advertisers, payroll and welfare payables, and other tax payable)	6,829	234,373	178,501	1,145,860
Bank borrowing	–	–	–	84,872
	<u>6,829</u>	<u>234,373</u>	<u>178,501</u>	<u>1,230,732</u>

3.2 Capital management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and cash equivalents. Total capital is calculated as "equity" as shown in the combined balance sheets plus net debt.

The gearing ratios at December 31, 2015, 2016 and 2017, and June 30, 2018 were as follows:

	As at December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	2018
Net debt (<i>Note 33</i>)	8,707	224,588	147,724	1,598,860
Total equity	(59,497)	(286,516)	(214,744)	(1,955,946)
Net debt to equity ratio	N/A	N/A	N/A	N/A

As at December 31, 2015, 2016 and 2017, and June 30, 2018 the Group maintained a net negative equity.

3.3 Fair value estimation

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

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- (ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying amounts of the Group's financial assets include cash and cash equivalents, trade and other receivables and financial liabilities including other payables and accruals. Their carrying values approximated their fair values due to their short maturities.

The following table presents the Group's assets and liabilities that are measured at fair value.

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2015				
Liabilities				
Financial liabilities at fair value through profit or losses.	–	–	17,337	17,337
As at December 31, 2016				
Assets				
Financial assets measured at fair value through profit or loss	–	–	11,500	11,500
Liabilities				
Financial liabilities at fair value through profit or losses.	–	–	43,479	43,479

As of December 31, 2017

The Group did not hold any financial assets or liabilities that carried at fair value.

As at June 30, 2018

Liabilities				
Redeemable and convertible preferred shares	–	–	2,326,421	2,326,421

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.

As at December 31, 2015 and 2016, and June 30, 2018, Level 3 instruments of the Group's assets and liabilities include short-term investments measured at fair value through profit or loss, instruments issued to investors measured at fair value through profit or loss, and redeemable and convertible preferred shares measured at fair value through profit or loss. 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. The valuation technique used to value the instruments is discounted cash flow analysis.

(a) Short-term investments measured at fair value through profit or loss

	Year ended December 31			Six months ended
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	–	–	11,500	–
Addition	–	35,900	300	–
Disposal	–	(24,400)	(11,800)	–
Change in fair value	–	–	–	–
At the end of the year/period	–	11,500	–	–
Net unrealized gains for the year/period	–	–	–	–

The short-term investments in 2016 is a bank wealth management product with non-guaranteed principal and floating return of investment. The Group can redeem the assets any day and the proceeds will return on the same day. The fair value of the product does not have observable market data. The Group used discounted cash flows approach to value the fair value of the financial product as at December 31. Due to the short period and low expected return rate ranging from 2.43% to 4.02% per annum, the Group considered the fair value of financial product approximately to the cost.

Changing the key unobservable inputs used in the discounted cash flow method of the short-term investments would change the fair value. According to HKFRS 13 "Fair Value Measurement", sensitivity analysis on the financial product has been conducted by the management as at December 31, 2016.

If the expected return rate applied to the cash flow projections had been reached the lowest or highest return rate as at December 31, 2016, the value of level 3 financial assets shall exceed its carrying amount listed in below table:

	As at December 31, 2016
	RMB'000
Highest return rate	13
Lowest return rate	21

(b) Instruments issued to investors and redeemable and convertible preferred shares measured at fair value through profit or loss

	Year ended December 31			Six months ended June 30
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	–	17,337	43,479	–
Issuance of instrument	7,154	24,926	–	2,306,380
Conversion of equity to financial liability	1,099	–	–	–
Change in fair value	9,084	1,216	–	20,041
Conversion of financial liability to equity	–	–	(43,479)	–
At the end of the year/period	17,337	43,479	–	2,326,421
Net unrealized gains for the year/period	9,084	1,216	–	20,041

The reason of changes in level 3 financial liabilities for the year ended December 31, 2015, 2016 and 2017 and six months ended June 30, 2018 are disclosed in Note 26.

Changing the key unobservable inputs used in the discounted cash flow method and equity allocation method of the instruments issued to investors and the redeemable and convertible preferred shares would change the fair value significantly. According to HKFRS 13 "Fair Value Measurement", sensitivity analysis on the instruments has been conducted by the management as at December 31, 2015, 2016 and 2017 and June 30, 2018.

If the discount rate applied to the cash flow projections had been 1% lower than our management's estimation as at December 31, 2015, 2016 and 2017 and June 30, 2018 respectively, the value of level 3 financial liabilities shall exceed its carrying amount listed in below table:

	As at December 31,			As at June 30,
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Discount rate decrease 1%	1,276	3,228	–	282,303

If the discount rate applied to the cash flow projections had been 1% higher than our management's estimation as at December 31, 2015, 2016 and 2017 and June 30, 2018 respectively, the value of level 3 financial liabilities shall exceed its carrying amount listed in below table:

	As at December 31,			As at June 30,
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Discount rate increase 1%	(1,126)	(2,845)	–	(239,871)

4 CRITICAL ESTIMATES AND JUDGEMENTS

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

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances and the difference could be material.

(a) Gross vs. net assessment in revenue recognition

As disclosed in Note 2.22, the Group provides targeted marketing service to its customers using different business models, which involves the assessment of revenue recognition on a gross or net basis, i.e. principal vs. agent assessment in different business models. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on each different circumstances.

(b) Financial liabilities measured at fair value through profit or losses

The instruments issued to investors are not traded in an active market and the respective fair value is determined by using valuation techniques. The directors have used the discounted cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the instruments issued to investors. Key assumptions, such as discount rate, and terminal growth rate are disclosed in Note 26.

(c) Recognition of share-based compensation expenses

As disclosed in Note 32, Weimob Enterprise granted equity-settled share options to certain employees, which was subsequently replaced by the RSUs granted by the Company. Significant estimate on assumptions in determining the fair value of the granted share options and RSUs include risk-free interest rate, expected volatility and dividend yield.

(d) Current and deferred income taxes

The Group is 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 utilised. The outcome of their actual utilisation may be different.

(e) Useful lives of self-developed software

The Group's management determines the estimated useful lives and related amortisation charges for the Group's self-developed software with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortisation charges where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. 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.

5 SEGMENT INFORMATION

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

The Group is principally engaged in the provision of SaaS products and targeted marketing services in the PRC. The executive directors of the Company review the operating results of SaaS products and targeted marketing service separately, which the Group operates under to make decisions about resources to be allocated. Therefore the Group has the following 2 reporting segments: (i) SaaS products; (ii) targeted marketing service.

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 is the revenues derived from the customers in each segment. The segment gross profit is calculated as segment revenue minus segment cost of revenues. Cost of revenues for SaaS products segment primarily comprised of employee benefit expenses and other direct services costs. Cost of revenues for targeted marketing segment primarily comprised of traffic purchase cost.

As of December 31, 2015, 2016 and 2017 and June 30, 2018, substantially all 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 Historical Financial Information. 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.

	SaaS products	Targeted marketing	Total
	RMB'000	RMB'000	RMB'000
Year ended December 31, 2015			
Segment revenue	114,008	–	114,008
Segment cost of sales	(15,817)	–	(15,817)
Gross profit	<u>98,191</u>	<u>–</u>	<u>98,191</u>
Year ended December 31, 2016			
Segment revenue	175,676	13,498	189,174
Segment cost of sales	(21,923)	(328)	(22,251)
Gross profit	<u>153,753</u>	<u>13,170</u>	<u>166,923</u>
Year ended December 31, 2017			
Segment revenue	262,637	271,374	534,011
Segment cost of sales	(34,049)	(155,751)	(189,800)
Gross profit	<u>228,588</u>	<u>115,623</u>	<u>344,211</u>
	SaaS products	Targeted marketing service	Total
	RMB'000	RMB'000	RMB'000
(Unaudited)			
Six months ended June 30, 2017			
Segment revenue	122,409	89,566	211,975
Segment cost of sales	(14,881)	(30,732)	(45,613)
Gross profit	<u>107,528</u>	<u>58,834</u>	<u>166,362</u>
Six months ended June 30, 2018			
Segment revenue	155,292	176,791	332,083
Segment cost of sales	(24,254)	(76,870)	(101,124)
Gross profit	<u>131,038</u>	<u>99,921</u>	<u>230,959</u>

6 REVENUE

Revenue mainly comprises of proceeds from providing SaaS products and targeted marketing related service. An analysis of the Group's revenue by category for the years ended December 31, 2015, 2016 and 2017 and six months ended June 30, 2017 and 2018 was as follows:

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
SaaS products	114,008	175,676	262,637	122,409	155,292
Targeted marketing					
– Gross method	–	3,222	176,576	40,238	85,429
– Net method	–	10,276	94,798	49,328	91,362
	–	13,498	271,374	89,566	176,791
	<u>114,008</u>	<u>189,174</u>	<u>534,011</u>	<u>211,975</u>	<u>332,083</u>

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Timing of revenue recognition					
At a point in time	–	13,498	271,374	89,566	176,791
Over time	114,008	175,676	262,637	122,409	155,292
	<u>114,008</u>	<u>189,174</u>	<u>534,011</u>	<u>211,975</u>	<u>332,083</u>

(a) Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	As at December 31			As at June 30
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets – SaaS products	61,463	117,482	163,132	178,609
Contract liabilities – SaaS products (<i>Note 29</i>)	105,187	242,968	338,041	359,176

(i) Significant changes in contract assets and liabilities

Contract assets of the Group is the contract acquisition cost, which represent the differences between the gross amount billed to the customer by channel partners and the amount billed to channel partners by the Company. Contract liabilities of the Group mainly arise from the non-refundable advance payments in relation to SaaS products made by customers while the underlying services are yet to be provided. Such assets and liabilities increased as a result of the growth of the Group's SaaS product business.

(ii) Revenue recognised in relation to contract liabilities

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			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year/period (Note 29)	40,040	77,039	141,763	87,343	112,670

(Unaudited)

(iii) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from fixed-price long-term SaaS products contracts.

	As at December 31			As at June 30
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
SaaS products related	105,187	242,968	338,041	359,176

The Company expects that unsatisfied performance obligations of approximately RMB217,966,000 as of June 30, 2018 will be recognized as revenue within 1 year. The remaining unsatisfied performance obligations of approximately RMB141,210,000 will be recognized in 1 to 3 years.

(iv) Assets recognised from incremental costs to obtain a contract

The Group has recognised an asset in relation to costs to acquire the SaaS contracts. This is presented within contract assets in the balance sheet.

	As at December 31			As at June 30
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Asset recognised from costs incurred to acquire a contract at December 31/June 30	61,463	117,482	163,132	178,609

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amortization recognized as selling expenses related to SaaS products during the year/period	65,222	86,320	111,635	52,485	67,792

(Unaudited)

The Group recognises an asset in relation to costs incurred in developing SaaS products end users that is used to acquire SaaS product fixed-price contract. The asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue. The management expects the capitalised costs to be completely recovered.

7 EXPENSES BY NATURE

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Employee benefits expenses (<i>Note 8</i>)	60,048	125,402	200,122	98,711	132,411
Promotion and advertising expenses	73,604	102,033	136,753	60,673	78,122
Advertising traffic cost for targeted marketing revenue	–	296	154,384	30,293	75,072
Utilities and office expenses	16,478	29,015	29,071	16,396	18,759
Share-based compensation expenses – non employee (<i>i</i>)	36,137	–	–	–	17,534
Server and SMS charges related to SaaS revenue	11,685	10,231	11,242	4,793	7,601
Depreciation and amortization	152	2,474	8,536	3,576	9,200
Auditors' remuneration.	143	36	90	20	7
Listing expenses	–	–	–	–	20,146
Others	5,380	5,788	8,523	3,333	5,177
	203,627	275,275	548,721	217,795	364,029

(i) Share-based compensation expenses – non employee for the year ended December 31, 2015 included:

- Pursuant to the share purchase agreement signed on July 13, 2015, one investor acquired 3% equity share of Weimob Enterprise in August 2015, for cash consideration of RMB1,347,000, and became the strategic partner of the Group. The fair value of the equity share issued as of the issuance date exceeded the cash consideration received and the difference of RMB35,745,000, thereof was charged into the combined statement of comprehensive income of 2015 given no vesting condition exists.
- Fair value changes before and after the modification of Series A shares of RMB392,000 (Note 26).

Share-based compensation expenses – non employee for the six months ended June 30, 2018 represented:

- Pursuant to the share purchase agreement signed on April 2, 2018 and as part of the Reorganisation, one investor acquired 1% equity share of Weimob Development in April 2018, for cash consideration of RMB466,000. The fair value of the equity share issued as of the share issuance date exceeded the cash consideration received and the difference of RMB17,534,000, thereof was charged into the combined statement of comprehensive income of six months ended June 30, 2018 given no vesting condition exists.

8 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, salaries and bonuses.	47,647	87,383	139,905	68,028	92,910
Other social security costs, housing benefits and other employee benefits	6,057	17,613	28,993	16,097	19,949
Pension costs – defined contribution plans	3,987	11,742	19,329	9,267	9,317
Share-based compensation expenses for employees (<i>i</i>).	2,357	8,664	11,895	5,319	10,235
	60,048	125,402	200,122	98,711	132,411

(i) Share-based compensation expenses for employees

Included in the share-based compensation expenses for employees, RMB3,859,000 were related to “Original Option Plan” (Note 32), RMB6,377,000 were related to one of minority interests of Beijing Weimob.

On June 27, 2018, one of the minority shareholders, who is also one of the employees of Beijing Weimob, subscribed for the Series C Preferred Shares issued by the Company. The excess of the shares' fair value over the consideration to be received as of the issuance day were charged in the combined statements of comprehensive income, amounted to RMB6,377,000.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for each of the years ended December 31, 2015, 2016 and 2017 and each of the periods ended June 30, 2017 and 2018 include three, four, three, three and three directors whose emoluments are reflected in the analysis shown in Note 33. The emoluments payable to the remaining two, one, two, two and two individuals for each of the years ended December 31, 2015, 2016 and 2017 and each of the periods ended June 30, 2017 and 2018 are as follows:

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries, wages and bonuses	606	386	1,018	414	594
Pension costs – defined contribution plans	81	42	92	45	49
Other social security costs, housing benefits and other employee benefits	99	51	107	53	55
Share-based compensation	169	239	5,565	2,783	1,707
	<u>955</u>	<u>718</u>	<u>6,782</u>	<u>3,295</u>	<u>2,405</u>

The emoluments fell within the following bands:

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	(Unaudited)				
Nil to HK\$1,000,000	2	1	–	–	–
HK\$1,000,001 to HK\$5,000,000	–	–	1	1	2
HK\$5,000,001 to HK\$10,000,000	–	–	1	1	–
	<u>2</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>

9 OTHER INCOME

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Government grants (i)	571	1,127	14,748	191	7,809
Interest on financial assets held as investments (Note 24)	–	258	14	14	–
	<u>571</u>	<u>1,385</u>	<u>14,762</u>	<u>205</u>	<u>7,809</u>

- (i) Government grants for the year ended December 31, 2017 and the six months ended June 30, 2018 mainly represent VAT refund which has been utilized since June 2017. VAT refunds refer to the refund of the 3% excess of VAT calculated on the revenue generated from the sales of certain SaaS products registered with the relevant tax authorities. The Group calculates VAT refunds based on actual sale revenue generated from the registered SaaS products, and recognises VAT refund on accrual basis.

10 OTHER (LOSS)/GAINS, NET

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Gain on modification of instruments issued to investors (i) . . .	–	–	3,563	3,563	–
Bank charges	(108)	(289)	(203)	(78)	(215)
Foreign exchange gain	–	–	–	–	5,416
Others, net.	(72)	(154)	(657)	6	(63)
	<u>(180)</u>	<u>(443)</u>	<u>2,703</u>	<u>3,491</u>	<u>5,138</u>

- (i) In January 2017, pursuant to the equity owners and investors' agreement, all the preferential rights granted to the then existing instrument holders (Note 26) were canceled, and the fair value change of the instruments before and after the cancelation of preferential rights were recognised as a gain in the combined statements of comprehensive income. Amount recorded in OCI related to credit risk were transferred to retained earnings.

11 FINANCE COST

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest expenses	–	–	–	–	572

12 FINANCE INCOME

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest income on bank deposits	190	50	78	45	51

13 INCOME TAX**(i) Cayman Island Income Tax**

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law 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 during the Track Record Period.

(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 year, based on the existing legislation, interpretations and practises in respect thereof. The general corporate income tax rate in PRC is 25%. Certain subsidiaries of the Group in the PRC were approved as High and New Technology Enterprise, and are subject to a preferential income tax rate of 15% in certain years.

(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%.

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current tax	8	–	42	101	–
Deferred income tax (<i>Note 20</i>)	(9,059)	(5,142)	154	(2,214)	(945)
Income tax (credit)/expense	<u>(9,051)</u>	<u>(5,142)</u>	<u>196</u>	<u>(2,113)</u>	<u>(945)</u>

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, 2015, 2016 and 2017 and six months ended June 30, 2017 and 2018, being the tax rate of the major subsidiaries of the Group.

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
(Loss)/profit before income tax	(97,625)	(86,088)	2,833	(2,079)	(620,454)
Tax calculated at PRC statutory income tax rate of 25%	(24,406)	(21,522)	708	(519)	(155,113)
Effects of preferential tax rates applicable to different subsidiaries of the Group	–	1,491	(4,403)	(1,510)	1,447
Effect of different tax rate in other jurisdictions	–	–	–	–	149,788
Accelerated research and development deductible expenses	(2,641)	(300)	(788)	(394)	(1,050)
Expenses not deductible for taxation purpose	11,942	2,557	4,747	2,133	2,010
Utilisation of tax losses for which no deferred income tax asset was recognised	–	–	–	(41)	–
Temporary differences and tax losses for which no deferred income tax asset was recognized	6,054	8,005	3,650	1,936	1,973
Decrease in deferred tax assets due to applicable tax rate change (<i>i</i>)	–	4,627	–	–	–
Recognition of deferred tax assets previously not recognized due to temporary difference and tax losses	–	–	(3,718)	(3,718)	–
Income tax (credit)/expense	<u>(9,051)</u>	<u>(5,142)</u>	<u>196</u>	<u>(2,113)</u>	<u>(945)</u>

- (i) Entities within the Group carrying out SaaS software research and developments activities were approved as High and New Technology Enterprise, and hence subject to a preferential income tax rate of 15% since 2016.

14 DIVIDENDS

No dividends have been paid or declared by the Company or any companies now comprising the Group during each of the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018.

15 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Group Reorganisation and the preparation of the results for each of the years ended December 31, 2015, 2016 and 2017 and six months ended June 30, 2017 and 2018 on a combined basis as disclosed in Note 1.3 above.

16 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost					
At January 1, 2015	30	499	–	–	529
Additions	667	349	809	–	1,825
At December 31, 2015	697	848	809	–	2,354
Accumulated depreciation					
At January 1, 2015	(11)	(151)	–	–	(162)
Depreciation	(49)	(16)	(87)	–	(152)
At December 31, 2015	(60)	(167)	(87)	–	(314)
Net carrying amount					
At January 1, 2015	19	348	–	–	367
At December 31, 2015	637	681	722	–	2,040
Cost					
At January 1, 2016	697	848	809	–	2,354
Additions	2,400	528	–	4,704	7,632
Disposals	–	(11)	–	–	(11)
At December 31, 2016	3,097	1,365	809	4,704	9,975
Accumulated depreciation					
At January 1, 2016	(60)	(167)	(87)	–	(314)
Depreciation	(727)	(257)	(171)	(66)	(1,221)
Disposals	–	2	–	–	2
At December 31, 2016	(787)	(422)	(258)	(66)	(1,533)
Net carrying amount					
At January 1, 2016	637	681	722	–	2,040
At December 31, 2016	2,310	943	551	4,638	8,442
Cost					
At January 1, 2017	3,097	1,365	809	4,704	9,975
Additions	960	223	–	3,315	4,498
Disposals	(16)	(139)	–	–	(155)
At December 31, 2017	4,041	1,449	809	8,019	14,318
Accumulated depreciation					
At January 1, 2017	(787)	(422)	(258)	(66)	(1,533)
Depreciation	(1,079)	(294)	(171)	(1,599)	(3,143)
Disposals	8	74	–	–	82
At December 31, 2017	(1,858)	(642)	(429)	(1,665)	(4,594)
Net carrying amount					
At January 1, 2017	2,310	943	551	4,638	8,442
At December 31, 2017	2,183	807	380	6,354	9,724
Cost					
At January 1, 2018	4,041	1,449	809	8,019	14,318
Additions	1,434	173	–	769	2,376
Disposals	(76)	(23)	–	–	(99)
At June 30, 2018	5,399	1,599	809	8,788	16,595

	Computer equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated depreciation					
At January 1, 2018	(1,858)	(642)	(429)	(1,665)	(4,594)
Depreciation	(502)	(159)	(86)	(885)	(1,632)
Disposals	25	18	–	–	43
At June 30, 2018	(2,335)	(783)	(515)	(2,550)	(6,183)
Net carrying amount					
At January 1, 2018	2,183	807	380	6,354	9,724
At June 30, 2018	3,064	816	294	6,238	10,412

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

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost of sales	18	73	126	56	65
Administrative expenses	64	208	629	241	357
Selling and marketing expenses	70	940	2,388	1,159	1,210
	152	1,221	3,143	1,456	1,632

17 INTANGIBLE ASSETS

	Trademarks	Self-developed software	Acquired software licences	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
At January 1, 2015	–	–	–	–
Additions	–	–	4	4
At December 31, 2015	–	–	4	4
Accumulated amortization				
At January 1, 2015	–	–	–	–
Amortization	–	–	–	–
At December 31, 2015	–	–	–	–
Net carrying amount				
At January 1, 2015	–	–	–	–
At December 31, 2015	–	–	4	4
Cost				
At January 1, 2016	–	–	4	4
Other additions	3,398	–	150	3,548
Capitalisation of R&D expenses	–	8,934	–	8,934
At December 31, 2016	3,398	8,934	154	12,486
Accumulated amortization				
At January 1, 2016	–	–	–	–
Amortization	–	(1,241)	(12)	(1,253)
At December 31, 2016	–	(1,241)	(12)	(1,253)
Net carrying amount				
At January 1, 2016	–	–	4	4
At December 31, 2016	3,398	7,693	142	11,233

	Trademarks	Self-developed software	Acquired software licences	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
At January 1, 2017	3,398	8,934	154	12,486
Other additions	–	–	92	92
Capitalisation of R&D expenses	–	31,691	–	31,691
At December 31, 2017	<u>3,398</u>	<u>40,625</u>	<u>246</u>	<u>44,269</u>
Accumulated amortization				
At January 1, 2017	–	(1,241)	(12)	(1,253)
Amortization	–	(5,355)	(38)	(5,393)
At December 31, 2017	<u>–</u>	<u>(6,596)</u>	<u>(50)</u>	<u>(6,646)</u>
Net carrying amount				
At January 1, 2017	<u>3,398</u>	<u>7,693</u>	<u>142</u>	<u>11,233</u>
At December 31, 2017	<u>3,398</u>	<u>34,029</u>	<u>196</u>	<u>37,623</u>
Cost				
At January 1, 2018	3,398	40,625	246	44,269
Capitalisation of R&D expenses	–	8,768	–	8,768
At June 30, 2018	<u>3,398</u>	<u>49,393</u>	<u>246</u>	<u>53,037</u>
Accumulated amortization				
At January 1, 2018	–	(6,596)	(50)	(6,646)
Amortization	–	(7,556)	(12)	(7,568)
At June 30, 2018	<u>–</u>	<u>(14,152)</u>	<u>(62)</u>	<u>(14,214)</u>
Net carrying amount				
At January 1, 2018	<u>3,398</u>	<u>34,029</u>	<u>196</u>	<u>37,623</u>
At June 30, 2018	<u>3,398</u>	<u>35,241</u>	<u>184</u>	<u>38,823</u>

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

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost of Sales	–	1,241	5,355	2,095	7,556
General and administrative expenses	–	12	38	25	12
	<u>–</u>	<u>1,253</u>	<u>5,393</u>	<u>2,120</u>	<u>7,568</u>

Impairment tests of trademark

The Group carries out its impairment test on trademark ("Weimob", carrying amount of RMB3,398,000) by comparing the recoverable amounts to the carrying amounts as of the end of each reporting period or when there is impairment indicator. The recoverable amount was determined based on fair value less costs of disposals calculations. These calculations used post-tax cash flow projections based on financial budgets approved by management. 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 extensive experiences in the industry and provided forecast based on past performance and their business plan and expectation of the market development.

The Group reviews the trademark at the whole Group level (CGU), because the trademark is widely used on the Group's entire business.

Impairment test on trademark of the Group has been conducted by the management as at December 31, 2016 and 2017 and June 30, 2018, according to HKAS 36 "Impairment of Assets". For the purposes of impairment test, the recoverable amount is determined based on fair value less costs of disposals calculations, which is included in level 3 fair value hierarchy inputs. The key assumptions used in calculating recoverable amount of trademark includes post-tax discount rate and royalty rate as follows:

	As at December 31,			As at
	2015	2016	2017	June 30, 2018
Post-tax discount rate	N/A	22%	18%	16%
Relief from royalty	N/A	5%	5%	5%

Recoverable amounts of trademark are determined by the management based on past performance and adjusted for its expectation for market development. The expected sales performance adopted for the recoverable amount determination is consistent with the business plan of the Group. Post-tax discount rates reflect market assessments of the time values and the specific risks relating to the trademark.

No impairment is considered necessary based on the impairment tests performed as of December 31, 2016, 2017 and June 30, 2018.

The recoverable amounts of the trademark are shown as below:

	As at December 31,			As at
	2015	2016	2017	June 30, 2018
	RMB'000	RMB'000	RMB'000	RMB'000
Recoverable amount	N/A	214,773	325,482	409,730

The headroom of the trademark are shown as below:

	As at December 31,			As at
	2015	2016	2017	June 30, 2018
	RMB'000	RMB'000	RMB'000	RMB'000
Headroom	N/A	211,375	322,084	406,332

As the headroom is far larger than the carrying amount of trademark, the reasonable possible changes in key assumptions would not lead to any impairment as of December 31, 2016 and 2017 and June 30, 2018.

18 DEVELOPMENT COST

Development cost that does not meet the criteria in Note 2.6(ii) is recognised as an expense as incurred. Capitalised development cost is recorded as intangible assets and amortised from the point at which the asset is ready for use. The self-developed software with development cost occurred but not ready for use are recorded as development cost and subjected to impairment test at each year end. As of December 31, 2015, 2016 and 2017, and June 30, 2018, development cost of RMB nil, RMB7,343,000, RMB3,510,000 and RMB15,247,000 were incurred and met the criteria in Note 2.6(ii), but not ready for use. Based on the impairment assessment result, the directors of the Company considers that no impairment charge was required as of December 31, 2016 and 2017 and June 30, 2018.

Impairment tests of development cost

The Group carries out its impairment test on development cost by comparing the recoverable amounts to the carrying amounts as of the end of each reporting period or when there is impairment indicator. The recoverable amount is determined based on fair value less costs of disposals calculations. These calculations used post-tax cash flow projections based on management's best estimation covering 3 years, which is the estimated useful life of self-developed software. 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 extensive experiences in the industry and provided forecast based on past performance and their expectation of the sales performance of the relevant newly developed SaaS products and market development.

The Group reviews the development cost incurred for each individual category of SaaS products (CGU). The following is a summary of aggregated development cost as of the end of each reporting period:

	As at December 31,			As at
	2015	2016	2017	June 30,
	RMB'000	RMB'000	RMB'000	2018
Development cost	–	7,343	3,510	15,247

Impairment test on development cost of the Group has been conducted by the management as at December 31, 2016 and 2017 and June 30, 2018, according to HKAS 36 “Impairment of Assets”. For the purposes of impairment test, the recoverable amount is determined based on fair value less costs of disposals calculations, which is included in level 3 fair value hierarchy inputs. The calculations use cash flow projections based on management’s best estimation for the purpose of impairment reviews covering 3 years.

The key assumptions used in calculating recoverable amount of development cost included estimated sales revenue of each category of SaaS product and the following post-tax discount rate:

	As at December 31,			As at
	2015	2016	2017	June 30,
				2018
Post-tax discount rate	N/A	22%	18%	16%

Recoverable amounts of development cost are determined by the management based on past performance and adjusted for its expectation for market development. The expected sales performance of each newly developed SaaS products adopted for the recoverable amount determination is consistent with the business plan of the Group. Post-tax discount rates reflect market assessments of the time values and the specific risks relating to the asset.

No impairment is considered necessary based on the impairment tests performed as of December 31, 2016, 2017 and June 30, 2018.

The recoverable amounts of the development cost are shown as below:

	As at December 31,			As at
	2015	2016	2017	June 30,
	RMB'000	RMB'000	RMB'000	2018
Recoverable amount	N/A	19,570	31,088	43,968

The headroom of the development cost are shown as below:

	As at December 31,			As at
	2015	2016	2017	June 30,
	RMB'000	RMB'000	RMB'000	2018
Headroom	N/A	12,227	27,578	28,721

The Group performs sensitivity analysis based on the assumption that annual revenue estimated or the discount rates have been changed. Had the estimated key assumptions during the forecast period been changed by reasonable possible changes as below, the headroom would be decreased by as below:

	As at December 31,			As at
	2015	2016	2017	June 30,
	RMB'000	RMB'000	RMB'000	2018
10% discount on annual revenue within the forecast period	N/A	9,307	23,297	23,234
Discount rate increases 1%	N/A	11,756	26,879	27,797

Reasonable possible changes in key assumptions would not lead to impairment as of December 31, 2016 and 2017 and June 30, 2018.

19 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	2018
Financial assets at amortised costs:				
Trade and note receivables	407	14,581	30,647	33,348
Other receivables	3,182	1,267	27,731	21,397
Cash and cash equivalents	8,630	28,956	21,529	857,624
Financial assets measured at fair value through profit or loss:				
Short-term investment	–	11,500	–	–
Financial liabilities at fair value through profit or loss:				
Financial instruments issued to investors	17,337	43,479	–	–
Redeemable and convertible preferred shares	–	–	–	2,326,421
Financial liabilities at amortised costs:				
Other payable and accruals (excluding advance from advertisers, payroll and welfare payables, and other tax payable)	6,829	234,373	178,501	1,145,860
Bank borrowing	–	–	–	80,000

20 DEFERRED INCOME TAX ASSETS

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 combined statements of financial position:

	As at December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	2018
Deferred income tax assets:				
– to be recovered after more than 12 months	4,687	35,239	36,155	36,727
– to be recovered within 12 months	9,619	24,618	23,548	23,921
	14,306	59,857	59,703	60,648

The movements in deferred income tax assets and liabilities for each of the years ended December 31, 2015, 2016, 2017, and six months ended June 30, 2018 without taking into consideration the offsetting of balances within the same jurisdiction, are as follows:

Deferred income tax assets

	Tax losses	Contract Liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2015	–	10,011	491	10,502
Recognized in the profit or loss	309	15,287	3,573	19,169
As at December 31, 2015	309	25,298	4,064	29,671
As at January 1, 2016	309	25,298	4,064	29,671
Recognized in the profit or loss	(2,087)	10,213	(729)	7,397
Recognized in reserves (i).	27,540	–	12,869	40,409
As at December 31, 2016	25,762	35,511	16,204	77,477
As at January 1, 2017	25,762	35,511	16,204	77,477
Recognized in the profit or loss	2,076	15,493	(10,875)	6,694
As at December 31, 2017	27,838	51,004	5,329	84,171
As at January 1, 2018	27,838	51,004	5,329	84,171
Recognized in the profit or loss	1,466	3,306	(1,506)	3,266
As at June 30, 2018	29,304	54,310	3,823	87,437

- (i) As disclosed in Note 1.2, in September 2016, Weimob Enterprise transferred all of the Listing Business to Weimob Development. Before Business Transfer, Weimob Development operated Excluded Business and had carry forward tax losses and other deductible temporary differences, which would be benefited by the Listing Business after the completion of the Business Transfer, and hence recorded as deemed contribution in reserves.

Deferred income tax assets are recognized for deductible temporary differences to the extent that realisation of the related tax benefits through the future taxable profits is probable. As at December 31, 2015, 2016 and 2017, and June 30, 2018 the Group did not recognise deferred income tax assets in respect of losses and deductible temporary differences of RMB24,215,000, RMB32,019,000, RMB14,599,000 and RMB13,071,000 respectively. These tax losses will expire from 2018 to 2022.

Deferred income tax liabilities

	Contract assets
	RMB'000
As at January 1, 2015	(5,255)
Recognized in the profit or loss	(10,110)
As at January 1, 2015	(15,365)
As at January 1, 2016	(15,365)
Recognized in the profit or loss	(2,255)
As at December 31, 2016	(17,620)
As at January 1, 2017	(17,620)
Recognized in the profit or loss	(6,848)
As at December 31, 2017	(24,468)
As at January 1, 2018	(24,468)
Recognized in the profit or loss	(2,321)
As at June 30, 2018	(26,789)

21 INVESTMENT IN A SUBSIDIARY – COMPANY

	Year ended December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	2018
Investment in a subsidiary	–	–	–	1,491,225

Long-term investment

As part of the Reorganization (Note 1.2), upon the issuance of Series C preferred shares (Note 26) on June 27, 2018, the Company has the present obligation to repurchase the entire remaining equity interest in the Weimob Development from the Series C investors through Weimob HK, it is deemed as Weimob HK acquired the entire equity interest in Weimob Development on June 27, 2018. The total consideration for purchasing equity interest of Weimob Development amounted to RMB1,341,225,000, all of which were funded by the Company. As the Company has no intention to collect the consideration back from Weimob HK, in substance, the cash funded to Weimob HK is capital injection by the Company.

On June 28, 2018, the Company made an additional capital injection of RMB150,000,000 to Weimob Development through Weimob HK.

22 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

Group

	As at December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	2018
Receivables due from shareholders (i)	–	–	–	597,075
Prepayments for purchasing advertising traffic related to targeted marketing revenue	–	30,354	87,220	282,926
Other receivables in relation to prepayment on behalf of advertisers – third parties (ii)	–	1,232	27,683	21,309
Other receivables in relation to prepayment on behalf of advertisers – related parties (ii) (Note (35))	–	–	48	88
Other receivables in relation to payment to related parties (Note (35))	3,182	35	–	–
Prepayments for rent and property management fee	732	508	14,656	13,199
Receivables in relation to value-added tax refund (Note (9))	–	–	5,258	5,451
Deposits – third parties	1,820	2,717	2,573	3,473
Staff advance	1,133	726	325	1,018
Prepayments for purchasing intangible assets	2,379	–	–	–
Recoverable value-added tax (“VAT”)	1,822	4,660	846	1,511
Prepayments for purchasing advertising services	577	229	211	487
Prepayments for outsourcing services	–	–	–	1,339
Capitalization of listing expenses	–	–	–	6,325
Others	248	820	2,060	5,712
	11,893	41,281	140,880	939,913

Company

	Year ended December 31			As of
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	2018
Receivables due from shareholders (i)	–	–	–	597,075

(i) Receivables due from shareholders as of June 30, 2018 represent the outstanding consideration of issuance of ordinary shares (Note (30)) and Series C and D preferred shares (Note (26)) due from the relevant shareholders, which had been settled in full by July 30, 2018.

(ii) In the normal business arrangement of targeted marketing services, the Group receives advance payment from advertisers before the Group makes prepayment to the media publishers to purchase advertising traffic. Sometimes, the Group makes prepayments to the media publishers on behalf of the advertisers before receiving the advance payment from these advertisers, which are limited to those advertisers with high reputation, and subject to special internal approval. These prepayments on behalf of advertisers are recognised as other receivables.

23 TRADE AND NOTES RECEIVABLE

	As at December 31			As at June 30
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivable	407	4,581	28,647	33,254
Notes receivable	–	10,000	2,000	94
	<u>407</u>	<u>14,581</u>	<u>30,647</u>	<u>33,348</u>

Aging analysis of the trade receivables as at December 31, 2015, 2016 and 2017 and June 30, 2018, based on date of recognition, is as follows:

	As at December 31			As at June 30
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
0 – 90 days	407	2,857	28,647	33,254
90 – 180 days	–	1,724	–	–
	<u>407</u>	<u>4,581</u>	<u>28,647</u>	<u>33,254</u>

As at December 31, 2015, 2016 and 2017, and June 30, 2018 the trade receivables and notes receivables were denominated in RMB.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at December 31, 2015, 2016 and 2017, and June 30, 2018 no provision was made against the gross amounts of trade receivables (Note 3).

24 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31			As at June 30
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term investment	–	11,500	–	–
	<u>–</u>	<u>11,500</u>	<u>–</u>	<u>–</u>

The short-term investments measured at fair value through profit or loss were investment in wealth management products, denominated in RMB, with expected rates of return ranging from 3% to 4% per annum for the years ended December 31, 2016. The returns of the investment on these wealth management products were not guaranteed, hence their contractual cash flows did not qualify for solely payments of principal and interest. Therefore they were measured at fair value through profit or loss. None of these investments were past due.

(i) Amounts recognised in profit or loss

The carrying amount of the financial assets was a reasonable approximation of their fair value due to the short-term investment period and stable yield rate. Interest income of RMB nil, RMB258,000, RMB14,000, RMB14,000 and RMB nil were recorded in other income for each year ended December 31, 2015, 2016 and 2017, and six months ended June 30, 2017 and 2018.

(ii) Risk exposure and fair value measurements

Information about the methods and assumptions used in determining fair value please refer to Note 3.3.

25 CASH AND CASH EQUIVALENTS

Group

	As at December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	7,250	24,144	19,961	855,672
Cash equivalents (i)	969	4,186	1,427	1,878
Cash on hand	411	626	141	74
	<u>8,630</u>	<u>28,956</u>	<u>21,529</u>	<u>857,624</u>
Maximum exposure to credit risk	<u>8,219</u>	<u>28,330</u>	<u>21,388</u>	<u>857,549</u>

(i) Cash equivalents represents cash balances kept in third party payment platform, 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:

	Year ended December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	<u>8,630</u>	<u>28,956</u>	<u>21,529</u>	<u>79,205</u>
USD	<u>—</u>	<u>—</u>	<u>—</u>	<u>778,419</u>

Company

	Year ended December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	<u>—</u>	<u>—</u>	<u>—</u>	<u>778,419</u>
Maximum exposure to credit risk	<u>—</u>	<u>—</u>	<u>—</u>	<u>778,419</u>

Cash and cash equivalents are denominated in the following currencies:

	Year ended December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	RMB'000
USD	<u>—</u>	<u>—</u>	<u>—</u>	<u>778,419</u>

26 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS**(i) Series A, Series B and Yongming instrument**

On September 22, 2014, two third parties subscribed for 15.25% of the equity interest in Weimob Enterprise and Weimob Development, by way of capital injection for an aggregate amount of RMB18,000,000 (collectively referred to as the "Series A equity interest"), among which RMB 897,000 was allocated to Listing Business.

On June 11, 2015, Weimob Enterprise and Weimob Development issued certain instruments to four third parties (collectively referred to as the "Series B instruments"), for an aggregate consideration of RMB143,500,000, representing 20.5% of equity interest in Weimob Enterprise and Weimob Development, among which RMB7,154,000 was allocated to Listing Business. Upon the completion of issuance of Series B instruments, the Series B investors and the other original equity owners including the Series A equity interest owners entered into a supplementary equity owners and investors' agreement, pursuant to which, Series A equity interest owners were entitled to the same preferences and rights with Series B investors, except for that the Series B investors take precedence over Series A investors at the redemption events. Considering the additional preferential rights granted to Series A investors, the Series A equity interest were reclassified to financial liabilities measured at fair value through profit or loss ("Series A instruments") accordingly, among which RMB707,000 was allocated to Listing Business. The fair value differences between Series A equity interest and Series A instruments caused by the modification amounting to RMB7,859,000, among which, RMB392,000 was allocated to Listing Business and was charged into the statements of comprehensive income of the Group for the year ended December 31, 2015.

On March 7, 2016, Weimob Enterprise issued an instrument to Beijing Yongming Huiyang Equity Investment Partnership (LLP) ("Yongming instrument") for an aggregate consideration of RMB500,000,000, representing 25% of equity interest in Weimob Enterprise, among which RMB24,926,000 was allocated to Listing Business.

Certain key features of the instruments are as follows:

Liquidation

In a liquidation event, whether voluntary or involuntary, holders of each Series A and Series B instruments shall be entitled to be paid out of the assets of the issuers available for distribution to their equity owners, whether such assets are capital, surplus, or earnings, an amount equal in aggregate to the total consideration paid by each holder of Series A, B and Yongming instruments to the instrument issuers plus all declared and unpaid dividends, before and in preference to any distribution of any of the assets or surplus funds of the instrument issuers to the other equity owners.

Conversion

The Series A, B and Yongming instruments shall automatically be converted into ordinary share at the conversion ratio of 1:1 upon the closing of a qualified IPO (as defined by the instrument issuers' memorandum of association).

Redemption***Series A and B instruments***

If the instrument issuers fails to complete the qualified IPO in 5 years from the closing date, within thirty (30) days after the instrument issuers receive the written notice from the Series A and B instruments holders, the instrument issuers shall redeem all or part of the outstanding Series A and B instruments. The redemption price is the higher of (x) the purchase price of the redeeming instruments, plus an annual interest of 10%, minus any cash dividends that has been distributed and paid on such instruments; or (y) the purchase price of the redeeming instruments plus the product of (i) the net profit realized from the date when the purchase price of the redeeming instruments is paid off to the date when the redemption price is paid off, multiplied by (ii) the weighted average of equity interest percentage during such period, minus any cash dividends that has been distributed and paid on such instruments.

The Group monitors Series A and B instruments on a fair value basis which is in accordance with its risk management strategy and does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments as financial liabilities at fair value through profit or loss with the changes in the fair value recorded in the combined statements of comprehensive income.

Yongming instrument

If the instrument issuer failed to complete the qualified IPO by December 31, 2016, or the actual business performance by April 30, 2016 is below 80% of the committed business performance, within sixty (60) days after the instrument issuer receive the written request from the Yongming instrument holder, the instrument issuer shall redeem all of the outstanding Yongming instrument. The redemption price shall equal to 100% of the Yongming instrument purchase price, plus an annual simple return of 10% accrued thereon.

The initial recognition of proceeds to the above three series of financial instruments are as follows:

Fair value	As at the issuance date RMB'000	As at December 31			As at June 30
		2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000
Series A instruments	18,000	64,754	66,504	N/A	N/A
Series B instruments	143,500	283,005	277,943	N/A	N/A
Yongming instrument.	500,000	N/A	527,696	N/A	N/A
		<u>347,759</u>	<u>872,143</u>	<u>N/A</u>	<u>N/A</u>

As at December 31, 2015 and 2016, financial instruments issued to investors of RMB17,337,000 and RMB43,479,000 were allocated to Listing Business. Changes in the fair value due to changes in the liability's own credit risk amounted to RMB497,000 and RMB237,000 are recognised in other comprehensive income for the year ended December 31, 2015 and 2016.

In January 2017, pursuant to the agreement entered into among the equity owners and Series A, B and Yongming instrument holders, all the preferential rights granted to the instrument holders were canceled, the fair value changes before and after the modification amounted to RMB3,563,000 was allocated to Listing Business and was recognised as a gain in the combined statements of comprehensive income of the Group (Note 10). The Series A, B and Yongming instrument became ordinary equity interest since then.

Valuation process of the Group for Series A, Series B and Yongming instrument

The fair value of the above three series of financial instruments issued to investors were determined based on valuation performed by an independent professionally qualified valuer.

Valuation techniques for Series A, Series B and Yongming instrument

Key valuation assumptions used to determine the fair value of the financial instruments issued to investors are as follows:

The Group has used the discounted cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the instruments issued to investors. The valuation requires management to make certain assumptions about unobservable inputs to the model, of which the significant unobservable inputs are disclosed in the table below. An increase in the discount rate used to discount the forecast cash flows or decrease in the average revenue growth rate/terminal growth rate would lead to a decrease in the fair value.

Fair value	As at December 31			As at June 30
	2015	2016	2017	2018
Discount rate	24%	22%	N/A	N/A
Terminal growth rate.	3%	3%	N/A	N/A

(ii) Series C preferred shares**I Instrument issued to Series C investors by Weimob Development**

As part of the Reorganization, Tencent Mobility Limited ("Tencent Mobility") acquired 1% equity share of Weimob Development from Weimob Enterprise in April 2018. Between March 3, 2018 and April 21, 2018, Weimob Development entered into certain agreements, pursuant to which Shanghai Guohe Capital Phase II Modern Service Industry Equity Investment Fund Partnership (LLP) ("Shanghai Guohe") subscribed for 2.50% of the equity interest of Weimob Development by way of capital injection for RMB50,000,000 and acquired 2.5% equity interest of Weimob Development for RMB50,000,000. In addition, other investors acquired from Weimob Enterprise and Beijing Yongming, in aggregate, 41.45% of the equity interest of Weimob Development, being all of the equity interest then held by Weimob Enterprise and Beijing Yongming in Weimob Development (Tencent Mobility, Shanghai Guohe and the other investors, hereinafter collectively stated as Series C investors). The Series C investors enjoyed the same preferential rights as the Series C preferred shares issued by the Company in June 2018. The key term of the Series C preferred shares were summarized below.

The difference between the fair value of equity interest with preferential rights ("Instrument issued to Series C investor" by Weimob Development) as of each issuance date and the cash directly received by Weimob Development, in aggregate, amounted to RMB852,000,000, among which RMB17,534,000 (Note 7) was recognized as share-based payment and RMB834,466,000 was recognized as deemed distribution.

2 Series C preferred shares issued by the Company

On June 27, 2018, as part of the Reorganization, the Company issued 91,031 Series C preferred shares to Series C investors to replace the instruments issued to Series C investors by Weimob Development. The following table sets out the number of the Series C preferred shares issued by the Company and the consideration paid by the investors.

Type	Investors	Date of issuance	Number of shares	Unit price	Total Consideration in original currency
Series C . . .	Shanghai Zhengmu Investment Center (Limited Partnership) (“Zhengmu”)	June 27, 2018	14,997	RMB6,668	RMB100,000,000
Series C . . .	Shanghai Fuhai Zhaoxun Enterprise Management Partnership Enterprise (Limited Partnership) (“Fuhai”)	June 27, 2018	14,997	RMB6,668	RMB100,000,000
Series C . . .	Shanghai Menxiang Enterprise Management Partnership Enterprise (Limited Partnership) (“Mengxiang”)	June 27, 2018	19,496	RMB6,668	RMB130,000,000
Series C . . .	Shanghai Shanyoutao Enterprise Management Partnership Enterprise (Limited Partnership) (“Shanyoutao”)	June 27, 2018	19,496	RMB6,668	RMB130,000,000
Series C . . .	Bohai Fengsheng, L.P. (“Bohai”)	June 27, 2018	7,498	RMB6,668	RMB50,000,000
Series C . . .	V-Capital International Holding Co., Limited (“V-Capital”)	June 27, 2018	7,498	US\$1,067	US\$8,000,000
Series C . . .	Tencent Mobility Limited (“Tencent Mobility”)	June 27, 2018	7,049	US\$0.0001	US\$0.7049
Subtotal . . .			91,031		

The fair value of Series C preferred shares as of June 30, 2018 was RMB1,003,101,000, the fair value changes since the instrument issued by Weimob Development of RMB575,989,000 were charged into the combined statements of the comprehensive income for the six months ended June 30, 2018.

As of June 30, 2018, consideration amount to RMB510,000,000 was outstanding which had been settled in full by July 30, 2018.

(iii) Series D preferred shares

1 Promissory notes issued to Series D investors

On April 30, 2018, six investors (the “Noteholders”) entered into a convertible promissory note subscription agreement with the Company, pursuant to which the Noteholders subscribed for USD-denominated convertible promissory note with a total principal amount of US\$80,000,000 (the “Notes”). The issuance of Notes were completed on April 30, 2018 and the Notes will convert automatically, upon the closing of the sale of the Company’s preferred shares to be created at a qualified financing as defined in the agreement. In the event that the Notes are converted into the preferred shares, the holders of the preferred shares shall generally enjoy the rights as stated in the term sheet which was as same as that stated in Series D share subscription agreements. The key term of the Series D preferred shares were summarized below.

On June 26, 2018, the Company entered into a subscription agreement with the Noteholders, pursuant to which the Noteholders subscribed for, in aggregate, 45,591 series D preferred shares, and each of the Noteholders shall surrender the Note it holds, duly endorsed as “Paid in Full”, to the Company and such Note shall be deemed fully paid and satisfied and shall be terminated and canceled. Such Series D preferred shares were issued to the Noteholders on June 27, 2018, following which all of the Convertible Notes were canceled. Fair value changes from the issuance date of the Notes to June 27, 2018 of RMB15,651,000 were charged in the combined statements of the comprehensive income for the six months ended June 30, 2018.

2 Series D preferred shares issued by the Company

On June 27, 2018, four investors, in addition to the Noteholders aforementioned, entered into a subscription agreement with the Company, pursuant to which subscribed for, in aggregate, 68,386 Series D preferred shares in the Company.

The following table sets out the number of the Series D preferred shares issued by the Company and the consideration paid by the investors.

Type	Investors	Date of issuance	Number of shares	Unit price	Total Consideration in original currency
Series D . . .	City-Scape Pte. Ltd. (“GIC”)	June 27, 2018	28,494	US\$1,755	US\$50,000,000
Series D . . .	CP Wisdom Singapore Pte. Ltd (“Crescent”)	June 27, 2018	28,494	US\$1,755	US\$50,000,000
Series D . . .	SIG Global China Fund I, LLLP (“SIG”)	June 27, 2018	7,409	US\$1,755	US\$13,000,000
Series D . . .	VisionGain Weimob Limited Partnership (“VisionGain”)	June 27, 2018	3,989	US\$1,755	US\$7,000,000
Series D . . .	SEAVI Limited (“Seavi Advent”) (<i>Note i</i>)	June 27, 2018	14,247	US\$1,755	US\$25,000,000
Series D . . .	Henlius Hong Kong Holdings Limited (“KIP”) (<i>Note i</i>)	June 27, 2018	11,398	US\$1,755	US\$20,000,000
Series D . . .	Promising Wealth Limited (“Strait Capital”) (<i>Note i</i>)	June 27, 2018	8,548	US\$1,755	US\$15,000,000
Series D . . .	ARCHina Weimob (“Keywise Capital”) (<i>Note i</i>)	June 27, 2018	5,699	US\$1,755	US\$10,000,000
Series D . . .	ASEAN China Investment Fund III L.P. (“UOB Venture”) (<i>Note i</i>)	June 27, 2018	5,338	US\$1,755	US\$9,366,300
Series D . . .	ASEAN China Investment Fund (US) III L.P. (“UOB Venture (US)”) (<i>Note i</i>)	June 27, 2018	361	US\$1,755	US\$633,700
Subtotal . . .			113,977		

Note i: Series D preferred shares converted from the Notes.

The fair value of Series D preferred shares as of June 30, 2018 was RMB1,323,320,000, the fair value changes from the issuance date of RMB27,592,000 were charged into the combined statements of the comprehensive income for the six months ended June 30, 2018.

As of June 30, 2018, consideration amount to RMB86,016,000,000 was outstanding which had been settled in full by July 30, 2018.

(iv) Key terms of the Series C and Series D Preferred Shares (collectively the “Preferred Shares”)

As at June 27, 2018, in aggregate, 91,031 Series C preferred shares and 113,977 Series D preferred shares were issued to the investors.

	Number of shares	Fair value as at the date of issuance	Fair value as at June 30, 2018
		RMB'000	RMB'000
Series C Preferred Shares	91,031	994,050	1,003,101
Series D Preferred Shares	113,977	1,311,380	1,323,320
	205,008	2,305,430	2,326,421

The key terms of the Preferred Shares are summarized as follows:

Redemption

The holders of Series C and D preferred shares may exercise their redemption rights upon any of the following redemption events:

- (i) **IPO events:** (a) the Company has not submitted its IPO Application to an Approved Exchange for an IPO by June 30, 2019; (b) following submission by the Company of an IPO Application to an Approved Exchange, the Approved Exchange rejects or returns the IPO Application for the IPO; (c) the Company withdraws the IPO Application or the IPO Application expires without being approved by the Approved Exchange; (d) the Company has not completed an Approved IPO on or prior to December 31, 2019. On August 30, 2018, each holder of the Preferred Shares entered into a letter of waiver with the Company to waive certain aforementioned redemption terms, among which each holder of the Preferred Shares agree to waive its right to exercise the redemption rights against the Company upon or at any time following the occurrence of the Approved Exchange rejects or returns the IPO Application for the IPO.
- (ii) **Business and performance target:** (a) the Company failed to achieve at least 80% of the aggregate of the 2019 performance target and the 2020 performance target; (b) any change of applicable laws or other circumstances which results in the Group being unable to conduct normal business operation for more than six (6) months. Prior to the Company's submission of the IPO application with an approved exchange, these two redemption sections shall be terminated and cease to have any legal effects.

Liquidation

In a liquidation event, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to the shareholders of the Company as follows:

Each holder of the Preferred Shares shall be entitled to receive, in preference to the holders of any other class or series of shares of the Company, a liquidation preference equal to (i) the purchase price of the Preferred Shares they hold, plus (ii) an annual interest of 10% (simple) thereof (computing from the date when the purchase price of the Preferred Shares is paid off to the date of payment of the Preference Amount to such holder), plus (iii) all declared but unpaid dividends on the Preferred Shares (collectively, the "Preference Amount"); if the assets and funds thus distributed among the holders of the Preferred Shares is insufficient to permit the payment to the holders of the Preferred Shares of the full Preference Amount, the liquidation Preference Amount will be paid to the holders of Preferred Shares in the following order: first to holders of Series D Preferred Shares, second to holders of Series C Preferred Shares. After distributing or paying in full the liquidation preference amount to all of the holders of Preferred Shares, the remaining assets of the Company available for distribution to members, if any, shall be distributed to the holders of the Preferred Shares and ordinary shares on a pro rata basis, based on the number of ordinary shares then held by each holder on an as-converted basis.

Conversion

Each of the Preferred Shares shall be convertible, at the option of the holder thereof, at any time into such number of fully paid and non-assessable ordinary shares as determined by dividing the issue price by the then-effective conversion price. The conversion price shall initially be the issue price, resulting in an initial conversion ratio for the Preferred Shares of 1:1, and shall be subject to adjustment and readjustment from time to time, save that no adjustment shall have the effect that the conversion price would be less than the par value of the ordinary shares into which the Preferred Shares are to be converted.

Preferred Share shall automatically be converted, based on the then-effective conversion price, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares upon the completion of an Approved IPO.

Valuation process of the Group for Series C and Series D Preferred Shares

The fair value of the above preferred shares issued to investors were determined based on valuation performed by an independent professionally qualified valuer.

Valuation techniques for Series C and Series D Preferred Shares

Key valuation assumptions used to determine the fair value of the preferred shares issued to investors are as follows:

The Group has used the discounted cash flow method to determine the underlying share value of the Company and adopted equity allocation model to determine the fair value of the Preferred Shares as of the dates of issuance and at the end of each reporting period.

Key valuation assumptions used to determine the fair value of Preferred Shares as of June 30, 2018 are as follows:

Discount rate:	16%
Risk-free interest rate:	2.35%
Expected volatility:	32.6%

27 BANK BORROWING

	Year ended December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	2018
Bank Borrowing	–	–	–	80,000

On June 20, 2018, the Group borrowed a loan of RMB80,000,000 from Bank of Shanghai bearing an interest rate of 6.09% per annum provided on unsecured basis, which will be due on June 20, 2019.

28 OTHER PAYABLES AND ACCRUALS

Group

	As at December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	2018
Payable to purchase equity interest in Weimob Development (i)	–	–	–	1,050,000
Advance from advertisers – third party	9,993	21,202	87,602	102,392
Advance from advertisers – related party (Note (35))	–	6,030	8,215	626
Payroll and welfare payables	17,005	38,421	65,301	70,350
Liabilities carried from Excluded Business (Note 31)	–	151,756	95,150	–
Amount due to related parties (Note (35)).	–	70,809	75,115	51,075
Deposits	3,990	5,345	5,460	5,545
Other taxes payable	1,881	718	3,790	5,745
Payable for intangible assets purchase	–	1,019	–	–
Accruals for listing expense.	–	–	–	23,889
Payable to purchase equity interest in Beijing Weimob	–	–	–	10,000
Other payable and accruals	2,839	5,444	2,776	5,351
	<u>35,708</u>	<u>300,744</u>	<u>343,409</u>	<u>1,324,973</u>

Company

	Year ended December 31			As of
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	2018
Payable to purchase equity interest in Weimob Development (ii)	–	–	–	996,459

- (i) Payable to purchase equity interest in Weimob Development represented the consideration to be paid to the shareholders of Weimob Development as part of the Reorganization, which had been settled in full by July 30, 2018.
- (ii) The difference between the Company and the Group (i) represented the consideration paid by the Company to Weimob Holding Limited which were not yet paid to the shareholders of Weimob Development.

29 CONTRACT LIABILITIES

Contract Liabilities represents the advance payments from customers for SaaS business, while the underlying services are not yet provided as at December 31, 2015, 2016 and 2017, and June 30, 2018. The portion to be recognized within one year after the end of each reporting period is classified as current liabilities in the combined statements of financial position.

	As at December 31			As at June 30
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Current	77,039	141,763	192,934	217,966
Non-current	28,148	101,205	145,107	141,210
	<u>105,187</u>	<u>242,968</u>	<u>338,041</u>	<u>359,176</u>
				Six months ended June 30
	Year ended December 31			2018
	2015	2016	2017	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning Balance	40,040	105,187	242,968	338,041
Addition	174,918	302,450	328,663	157,873
Recognized in revenue	(109,771)	(164,669)	(233,590)	(136,738)
Ending Balance	<u>105,187</u>	<u>242,968</u>	<u>338,041</u>	<u>359,176</u>

30 SHARE CAPITAL AND SHARE PREMIUM

Company

	Number of ordinary shares	Share capital	Share premium	Total
		RMB'000*	RMB'000	RMB'000
Issued:				
As at date of incorporation				
Issuance of ordinary shares (<i>Note (a)</i>)	136,923	–	1,049	1,049
As at June 30, 2018	136,923	–	1,049	1,049

Notes:

* The relevant amount are all less than RMB1,000.

- (a) The Company was incorporated in the Cayman Islands on January 30, 2018 with one Ordinary Share of a par value of US\$0.0001 allotted to Sertus Nominees (Cayman) Limited. On the same day, such Ordinary Share was transferred to Jeff.Fang Holding Limited for a consideration of US\$0.0001, and the Company further issued 66,330, 13,520, 11,620, 5,859 and 2,670 Ordinary Shares of a par value of US\$0.0001 each to Yomi.sun Holding Limited, Alter.You Holding Limited, Forest.Lin Holding Limited, Jeff.Fang Holding Limited and Shunfeng.li Holding Limited, respectively, being an aggregate of 99,999 Ordinary Shares at a total consideration of US\$9.9999.

On June 27, 2018, the Company issued 36,923 Ordinary Shares at par value of US\$0.0001 each, including 4,684, 22,696 and 9,543 ordinary shares to Tencent Mobility Limited, Shanghai Mingying Enterprise Management Partnership Enterprise (Limited Partnership) and Star Brilliant Investment Limited with a consideration of US\$0.4684, US\$160,000 and US\$0.9543, respectively.

These ordinary shares were issued by Weimob Inc, for the purpose of Reorganization, to these subscribers who are the original shareholders of Weimob Enterprise in exchange for the equity interest of Weimob Development ("Listing Business") which was originally owned by Weimob Enterprise.

As part of the Reorganization, Weimob HK acquired 52.95% equity interest in Weimob Development from Weimob Enterprise at a consideration of RMB291,225,000 and the amount were recognized as deemed distribution.

As of June 30, 2018, the total consideration of RMB1,059,000 was outstanding and recognised as other receivables in the combined statements of financial position.

31 CAPITAL AND RESERVES

Group

	Capital and	Financial	Share-based	Total
	reserves	liability	payments	
	measured at	through profit	or losses	
	fair value	or losses		
	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2015	1,258	-	-	1,258
Capital contribution	67	-	-	67
Change in fair value from own credit risk (Note 26)	-	(497)	-	(497)
Share-based compensation expense for non-employees (Note 7)	-	-	35,745	35,745
Share-based compensation expenses for employees (Note 8)	-	-	2,357	2,357
Conversion of equity to financial liability (Note 26)	(707)	-	-	(707)
Transaction with Non-controlling shareholders (ii)	(2,280)	-	-	(2,280)
As of December 31, 2015	(1,662)	(497)	38,102	35,943
As of January 1, 2016	(1,662)	(497)	38,102	35,943
Change in fair value from own credit risk (Note 26)	-	(237)	-	(237)
Share-based compensation expenses for employees (Note 8)	-	-	8,664	8,664
Deemed distribution (i)	(156,000)	-	-	(156,000)
Transaction with Non-controlling shareholders (ii)	(1,890)	-	-	(1,890)
As of December 31, 2016	(159,552)	(734)	46,766	(113,520)
As of January 1, 2017	(159,552)	(734)	46,766	(113,520)
Share-based compensation expenses for employees (Note 8)	-	-	11,895	11,895
Deemed contribution (i)	17,324	-	-	17,324
Conversion of financial liability to equity (Note 26)	39,916	734	-	40,650
Transaction with Non-controlling shareholders (ii)	(512)	-	-	(512)
As of December 31, 2017	(102,824)	-	58,661	(44,163)
(Unaudited)				
As of January 1, 2017	(159,552)	(734)	46,766	(113,520)
Share-based compensation expenses for employees (Note 8)	-	-	5,319	5,319
Deemed contribution (i)	3,639	-	-	3,639
Conversion of financial liability to equity (Note 24)	39,916	734	-	40,650
As of June 30, 2017	(115,997)	-	52,085	(63,912)
As of January 1, 2018	(102,824)	-	58,661	(44,163)
Issuance of ordinary shares	1,049	-	-	1,049
Capital contribution from a shareholder	11,660	-	-	11,660
Change in fair value from our credit risk (Note 26)	-	(2,647)	-	(2,647)
Purchase equity interest in Weimob Development during reorganization (iii)	(1,125,691)	-	-	(1,125,691)
Share-based compensation expenses for employees (Note 8)	-	-	3,859	3,859
Transaction with Non-controlling shareholders (ii)	(8,862)	-	-	(8,862)
Deemed contribution (i)	77	-	-	77
As of June 30, 2018	(1,224,591)	(2,647)	62,520	(1,164,718)

Company

Reserve

The reserve in the statement of financial position of the Company represented the differences between consideration of issuance of Series C preferred shares and the fair value of the Series C preferred shares as at the issuance date, amounted to RMB431,595,000.

(i) Deemed (distribution)/contribution, net

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses contributed by Excluded Business	-	40,409	-	-	-
Deductible value-added tax input balances contributed by Excluded Business	-	7,205	-	-	-
Liabilities carried from Excluded Business	-	(243,172)	-	-	-
Cash and cash equivalent remained from Excluded Business . .	-	20,168	-	-	-
Other deemed contribution	-	19,390	17,324	3,639	77
	-	(156,000)	17,324	3,639	77

As disclosed in Note 1.2, since September 1, 2016, Weimob Enterprise transferred all of the Listing Business to Weimob Development. Before this Business Transfer, Weimob Development operated Excluded Business and had deductible tax losses and certain deductible temporary differences of RMB40,409,000, and a VAT input balance of RMB7,205,000, which can be benefited by the Listing Business after the completion of the Business Transfer. In addition, during the Business Transfer, Weimob Development took over the cash balances and total liabilities of RMB20,168,000 and RMB243,172,000 from the Excluded Business, respectively. The liabilities carried from the Excluded Business were fully settled by March 31, 2018.

Other deemed contribution in the year ended December 31, 2016 and 2017 mainly represents certain top management's salaries and related expenses of the Listing Business paid by Weimob Enterprise after the Business transfer, until they are transferred to Weimob Development.

(ii) Transaction with non-controlling shareholders

Transaction with non-controlling shareholders during the Track Record Period represents the excess of cash consideration over the aggregate carrying amounts of acquired equity interest. Non-controlling interest is an ownership position whereby a shareholder owns less than 50% of outstanding shares and has no control over decisions.

(iii) Purchase equity interest in Weimob Development

The balance represented the deeded distribution arising from (1) the issuance of equity interest with preferential rights (Instruments issued to Series C investor by Weimob Development) amounted to RMB834,466,000^(*) (Note 26(ii)) and (2) the purchase of 52.95% equity interest in Weimob Development from Weimob Enterprise amounting to RMB291,225,000 (Note 30).

* The difference between the fair value of equity interest with preferential rights ("Instrument issued to Series C investor") by Weimob Development as of each issuance date and the cash directly received by Weimob Development, in aggregated, amounted to RMB852,000,000, among which RMB17,534,000 (Note 7) was recognized as share-based payment and RMB834,466,000 was recognized as deemed distribution.

32 PRE-IPO SHARE OPTION PLAN AND MODIFICATION DURING THE REORGANISATION

Weimob Enterprise adopted a share option plan (the "Original Option Plan") since June 30, 2016, under which Weimob Enterprise granted share options to its qualified employees on semi-annual basis. The vesting period of the share options under the Original Option Plan varies from 4 to 6 years. Once vested, the share options remain exercisable until 6 months after the grantee leaves Weimob Enterprise or its subsidiaries. The exercise price of the share options granted under the Original Option Plan is nil.

The share-based compensation expenses recognised during the Track Record Period is summarised in the following table:

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Share-based compensation expenses for employees	2,357	8,664	11,895	5,319	10,235

The number of share options granted to the Company's employees is summarised in the following table:

Number of shares	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
				(Unaudited)	
As at January 1	7,690	9,487	11,901	11,901	13,666
Granted during the year/period	1,797	2,414	1,765	1,546	366
Exercised during the year/period	–	–	–	–	–
Forfeited during the year/period	–	–	–	–	(99)
As at December 31	9,487	11,901	13,666	13,447	13,933
Vested and exercisable at year/period end	3,845	5,513	7,172	6,564	8,500

No expired during the periods covered by the above tables.

As part of the Reorganisation, pursuant to a resolution of the Board on July 1, 2018, the Original Option Plan was replaced by the newly adopted Restricted Share Unit Scheme of the Company. The vesting conditions were not changed, and there was no significant incremental cost incur upon the modification.

33 NET CASH GENERATED FROM/(USED IN) OPERATION

(a) Cash generated from operations

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
				(Unaudited)	
(Loss)/profit before income tax	(97,625)	(86,088)	2,833	(2,079)	(620,454)
Adjustment for:					
Depreciation of property, plant and equipment (<i>Note 16</i>)	152	1,221	3,143	1,456	1,632
Amortisation of intangible assets (<i>Note 17</i>)	–	1,253	5,393	2,120	7,568
Loss on disposal of property, plant and equipment	–	5	30	5	–
Fair value change of financial instruments	8,587	979	–	–	600,934
Gain on modification of financial instruments (<i>Note 26</i>)	392	–	(3,563)	(3,563)	–
Share-based payment expenses	38,102	8,664	11,895	5,319	27,769
Interest income	(190)	(50)	(78)	(45)	(51)
Foreign exchange gain	–	–	–	–	(576)
Investment income	–	(258)	(14)	(14)	–
	<u>(50,582)</u>	<u>(74,274)</u>	<u>19,639</u>	<u>3,199</u>	<u>16,822</u>
Changes in working capital:					
Increase in trade and notes receivables	(308)	(14,174)	(16,066)	(6,556)	(2,701)
Increase in contract liabilities	65,147	137,781	95,073	34,353	21,135
Decrease/(increase) in prepayments, deposits and other assets	18,483	(27,745)	(99,599)	(51,175)	(193,833)
Increase in contract assets	(40,445)	(56,019)	(45,650)	(11,650)	(15,477)
Increase in other payables and accruals	13,132	41,452	95,996	19,245	37,896
Cash generated from/(used in) operations	<u>5,427</u>	<u>7,021</u>	<u>49,393</u>	<u>(12,584)</u>	<u>(136,158)</u>

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

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
				(Unaudited)	
Net book amount	–	9	73	7	56
Net loss on disposal of property, plant and equipment	–	(5)	(30)	(5)	–
Proceeds from disposal of property, plant and equipment	<u>–</u>	<u>4</u>	<u>43</u>	<u>2</u>	<u>56</u>

(b) Non-cash financing activities

As disclosed in Note 26, non-cash financing activities mainly represents the conversion between equity and financial liability due to the modification of financial instrument issued to investors.

(c) Net debt reconciliation

	As at December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	2018
Cash and cash equivalents	8,630	28,956	21,529	857,624
Liquid investments (Note 24)	–	11,500	–	–
Amount due to related parties (i)	–	(69,809)	(74,103)	(50,063)
Liabilities carried from Excluded Business (Note 31)	–	(151,756)	(95,150)	–
Financial liabilities at fair value through profit and loss	(17,337)	(43,479)	–	–
Redeemable and convertible preferred shares	–	–	–	(2,326,421)
Bank borrowing	–	–	–	(80,000)
Net debt	(8,707)	(224,588)	(147,724)	(1,598,860)

	Cash and cash equivalents	Liquid investments	Borrowing	Amount due to related parties	Liabilities carried from Excluded Business	Financial liabilities at fair value through profit and loss	Redeemable and convertible preferred shares	Total
Net debt as at January 1, 2015	–	–	–	–	–	–	–	–
Cash flows	8,630	–	–	–	–	(7,154)	–	1,476
Other non-cash movement	–	–	–	–	–	(10,183)	–	(10,183)
Net debt as at December 31, 2015	8,630	–	–	–	–	(17,337)	–	(8,707)
Carried from Excluded Business (i)	–	–	–	–	(243,172)	–	–	(243,172)
Cash flows	20,326	11,500	–	(69,809)	91,416	(24,926)	–	28,507
Other non-cash movement	–	–	–	–	–	(1,216)	–	(1,216)
Net debt as at December 31, 2016	28,956	11,500	–	(69,809)	(151,756)	(43,479)	–	(224,588)
Cash flows	(7,427)	(11,500)	–	(4,294)	56,606	–	–	33,385
Other non-cash movement	–	–	–	–	–	43,479	–	43,479
Net debt as at December 31, 2017	21,529	–	–	(74,103)	(95,150)	–	–	(147,724)
Issuance of preferred shares	836,095	–	(80,000)	24,040	95,150	–	(1,269,708)	(394,423)
Amount to be received	–	–	–	–	–	–	(588,475)	(588,475)
Deemed distribution during Reorganization	–	–	–	–	–	–	(447,247)	(447,247)
Fair value changes	–	–	–	–	–	–	(20,991)	(20,991)
Net debt as at June 30, 2018	857,624	–	(80,000)	(50,063)	–	–	(2,326,421)	(1,598,860)

- (i) As disclosed in Note 1.2, Weimob Development transferred all of the Excluded Business to Mengdian in September 2016. During the transition period, Weimob Development collected the payment from certain customers of the Excluded Business on behalf of Mengdian, and recorded such balance as other payables. The payable balance was settled by Weimob Development in March 2018, which is longer than normal operation cycle, and hence it is considered as a financing arrangement to the Listing Business and related cash settlement is presented as financing cash outflow in the Group's combined statements of cash flows.

34 COMMITMENTS

Capital commitments

On May 16, 2018, Weimob Development entered into a share transfer and capital injection agreement with Guangzhou Xiangminiao Internet Technology Co., Ltd. ("Guangzhou Xiangminiao") and its shareholders and committed a total capital injection of RMB17,000,000 to acquire its equity ownership up to 51.50%. Pursuant to the agreement, Weimob Development acquired 42.75% equity interest of Guangzhou Xiangminiao on July 6, 2018 and paid a consideration of RMB6,000,000. The remaining RMB11,000,000 will be paid in 2019 and its equity ownership in Guangzhou Xiangminiao will be increased to 51.50% thereafter.

Operating lease commitments

The Group leases office buildings under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

At the balance sheet dates, the future aggregate minimum lease payments under non-cancellable operating leases for office facilities payable by the Group were as follows:

	As at December 31			As at June 30
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
No later than 1 year	8,504	15,216	10,788	8,513
Later than 1 year and no later than 5 years	10,818	20,083	27,608	28,604
Later than 5 years	–	24,550	16,988	13,213
	19,322	59,849	55,384	50,330

35 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 transaction or balances with the Group during the Track Record Period:

Name of related parties	Relationship with the Group
Shanghai Weimob Enterprise Co., Ltd.	Controlled by Mr. Sun
Shanghai Winmart Management Co., Ltd.	Controlled by Mr. Sun
Shanghai Mengdian Information Technology Co., Ltd.	Controlled by Mr. Sun
Shanghai Mengdian Finance Service Co., Ltd.	Controlled by Mr. Sun
Shanghai Jingxin Information Technology Co., Ltd.	Controlled by Mr. Sun

- (b) Transactions with related parties

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Purchase of advertising traffic on behalf of related parties					
Shanghai Mengdian Information Technology Co., Ltd.	–	5,930	15,609	4,088	775
Shanghai Mengdian Finance Service Co., Ltd.	–	–	1,559	–	22
Shanghai Weimob Enterprise Co., Ltd.	–	–	1,090	1,090	–
Shanghai Winmart Management Co., Ltd.	–	–	16	–	–
Shanghai Jingxin Information Technology Co., Ltd.	–	–	–	–	83
	–	5,930	18,274	5,178	880

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Purchase of service from a related party <i>Shanghai Mengdian Finance Service Co., Ltd.</i>	-	-	35	-	-
Sales of SaaS products and related service to a related party <i>Shanghai Weimob Enterprise Co., Ltd.</i>	-	-	11	11	-

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

	Year ended December 31			Six months ended June 30	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Collect receivables on behalf of a related party <i>Shanghai Mengdian Information Technology Co., Ltd.</i>	-	69,809	-	-	-
Borrowing from a related party <i>Shanghai Weimob Enterprise Co., Ltd.</i>	-	-	11,807	11,507	190,000
Repayment to related parties <i>Shanghai Mengdian Information Technology Co., Ltd.</i>	-	-	7,513	3,197	62,296
<i>Shanghai Weimob Enterprise Co., Ltd.</i>	-	-	-	-	151,732
<i>Shanghai Mengdian Finance Service Co., Ltd.</i>	-	-	-	-	12
	-	-	7,513	3,197	214,040
Deposit paid to a related party <i>Shanghai Mengdian Information Technology Co., Ltd.</i>	-	35	-	-	-
Deposit repayment from a related party <i>Shanghai Mengdian Information Technology Co., Ltd.</i>	-	-	35	5	-

Receivables and payables from/(to) the above related parties were unsecured, interest-free and repayable on demand. The amounts due from related parties are neither past due nor impaired. The carrying amounts of the amounts due from/(to) related parties approximate their fair values and are denominated in RMB.

(c) Year-end balances with related parties

	As at December 31			As at June 30
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Advance from related parties <i>Shanghai Weimob Enterprise Co., Ltd.</i>	-	157	227	10
<i>Shanghai Mengdian Information Technology Co., Ltd.</i>	-	5,873	7,988	457
<i>Shanghai Winmart Management Co., Ltd.</i>	-	-	-	23
<i>Shanghai Mengdian Finance Service Co., Ltd.</i>	-	-	-	136
	-	6,030	8,215	626
Other receivables from related parties <i>Shanghai Mengdian Information Technology Co., Ltd.</i>	-	35	-	-
<i>Shanghai Mengdian Finance Service Co., Ltd.</i>	-	-	31	-
<i>Shanghai Winmart Management Co., Ltd.</i>	-	-	17	-
<i>Shanghai Jingxin Information Technology Co., Ltd.</i>	-	-	-	88
<i>Shanghai Weimob Enterprise Co., Ltd.</i>	3,182	-	-	-
	3,182	35	48	88

Balance of advance from related parties and other receivables from related parties are trade in nature.

Amount due to related parties

	As at December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Mengdian Finance Service Co., Ltd.	–	–	12	–
Shanghai Weimob Enterprise Co., Ltd.	–	1,000	12,807	11,075
Shanghai Mengdian Information Technology Co., Ltd.	–	69,809	62,296	–
	–	70,809	75,115	11,075

Balance of amount due to related parties are non-trade in nature.

Liabilities carried from Excluded Business

	As at December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Weimob Enterprise Co., Ltd.	–	151,750	95,150	–
Shanghai Mengdian Information Technology Co., Ltd.	–	6	–	–
	–	151,756	95,150	–

Loans borrowed from a related party

	As at December 31			As at
	2015	2016	2017	June 30
	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Weimob Enterprise Co., Ltd.	–	–	–	40,000

The entrusted loan borrowed from Shanghai Weimob Enterprise Co., Ltd was unsecured and unguaranteed, which was interest-free and due on November 14, 2018.

The Group will settle advance from related parties, other receivables from related parties, amount due to related parties, loans borrowed from a related party before listing.

(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			Six months ended	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries, wages and bonus	1,158	1,890	3,114	1,351	1,794
Other social security costs, housing benefits and other employee benefits	154	231	322	159	165
Pension cost – defined contribution plan	123	187	275	134	147
Share-based compensation	717	218	5,707	2,854	1,752
	2,152	2,526	9,418	4,498	3,858

36 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:

	Salaries, wages and bonus	Other social security costs, housing benefits and other employee benefits	Pension cost-defined contribution plan	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended December 31, 2015					
Executive director:					
Mr. Sun	348	49	40	–	437
Mr. Huang	401	49	40	717	1,207
Mr. Fang	397	49	40	–	486
Mr. You	12	7	3	–	22
	<u>1,158</u>	<u>154</u>	<u>123</u>	<u>717</u>	<u>2,152</u>

Mr. You was appointed as executive director in December 2015.

For the year ended December 31, 2016					
Executive director:					
Mr. Sun	362	51	42	–	455
Mr. Huang	471	51	42	218	782
Mr. Fang	510	51	42	–	603
Mr. You	404	51	42	–	497
	<u>1,747</u>	<u>204</u>	<u>168</u>	<u>218</u>	<u>2,337</u>

For the year ended December 31, 2017					
Executive director:					
Mr. Sun	421	54	46	–	521
Mr. Huang	567	54	46	142	809
Mr. Fang	560	54	46	–	660
Mr. You	547	54	46	–	647
	<u>2,095</u>	<u>216</u>	<u>184</u>	<u>142</u>	<u>2,637</u>

No remuneration have been paid to the Company's non-executive directors during the Track Record Period.

Six months ended June 30, 2017 (Unaudited)

	Salaries, wages and bonus	Other social security costs, housing benefits and other employee benefits	Pension cost-defined contribution plan	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director:					
Mr. Sun	193	27	22	–	242
Mr. Huang	248	27	22	71	368
Mr. Fang	260	27	22	–	309
Mr. You	235	27	22	–	284
	<u>936</u>	<u>108</u>	<u>88</u>	<u>71</u>	<u>1,203</u>

Six months ended June 30, 2018

	Salaries, wages and bonus	Other social security costs, housing benefits and other employee benefits	Pension cost-defined contribution plan	Share-based Compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director:					
Mr. Sun	251	28	25	–	304
Mr. Huang	322	28	25	45	420
Mr. Fang	314	28	25	–	367
Mr. You	314	28	25	–	367
	1,201	112	100	45	1,458

(b) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors during the Track Record Period.

(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 during the Track Record Period.

(d) Information about loans, quasi-loans and other dealings in favour 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 during the Track Record Period.

(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 during the Track Record Period.

37 CONTINGENT LIABILITIES

As at December 31, 2015, 2016 and 2017, and June 30, 2018 the Group has no contingent liabilities.

38 SUBSEQUENT EVENTS

Saved as disclosed elsewhere in this report, there is no significant subsequent event.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company and its subsidiaries in respect of any period subsequent to June 30, 2018 and up to the date of this report, no dividend or distribution has been declared, made or paid by the Company or any of its subsidiaries in respect of any period subsequent to June 30, 2018.

The information set out in this Appendix II does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and pro forma statement of adjusted net tangible assets of the Group which has been prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the combined net tangible assets of the Group attributable to the owners of the Company as at June 30, 2018 as if the Global Offering had taken place on June 30, 2018.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Global Offering been completed as of June 30, 2018 or any future date.

	Unadjusted Audited Combined Net Tangible Liabilities of the Group Attributable to Owners of the Company as at June 30, 2018	Estimated Net Proceeds from the Global Offering	Estimated Impact Related to the Change of Terms of Redeemable and Convertible Preferred Shares upon Listing	Unaudited Pro Forma Adjusted Net Tangible Assets of the Group Attributable to Owners of the Company	Unaudited Pro Forma Adjusted Net Tangible Assets per Share	
	Note 1 RMB'000	Note 2 RMB'000	Note 3 RMB'000	RMB'000	Note 4 RMB	Note 4 HK\$
Based on an Offer Price of HK\$2.52 per Offer Share, after a Downward Offer Price Adjustment of 10%	(1,993,451)	614,816	2,326,421	947,786	0.47	0.53
Based on an Offer Price of HK\$2.80 per Share	(1,993,451)	686,634	2,326,421	1,019,604	0.51	0.57
Based on an Offer Price of HK\$3.50 per Share	(1,993,451)	866,180	2,326,421	1,199,150	0.60	0.68

Notes:

- The audited combined net tangible liabilities attributable to owners of the Company as at June 30, 2018 is extracted from the historical financial information contained in the Accountant's Report set forth in Appendix I to this prospectus, which is based on the audited combined net liabilities of the Group attributable to the owners of the Company as at June 30, 2018 of approximately RMB1,954,628,000 with an adjustment for the intangible assets attributable to the owners of the Company as at June 30, 2018 of approximately RMB38,823,000.
- The estimated net proceeds from the Global Offering are based on 301,700,000 Shares and the indicative Offer Prices of HK\$2.80 per Share and HK\$3.50 per Share, being the low end to high end of the indicative Offer Price range, respectively, and also based on an Offer Price of HK\$2.52 per Share after making a Downward Offer Price Adjustment of 10%, after deduction of the underwriting fees and other related expenses, excluding Listing expenses of approximately RMB20,146,000 which has been accounted for in the combined statement of comprehensive income up to June 30, 2018, and does not take account of any Shares which may be issued upon the exercise of the Over-allotment Option, or any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme.

3. Upon the completion of the Approved IPO, all the Series C and Series D Preferred Shares will be automatically converted into our fully paid and non-assessable ordinary shares. These Series C and Series D Preferred Shares will be re-designated from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to the owners of the Company will be increased by RMB2,326,421,000, being the carrying amounts of the Preferred Shares as of June 30, 2018.
4. The unaudited pro forma adjusted net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that a total of 2,011,355,000 Shares were in issue (including Shares in issue as of the date of this prospectus and those Shares to be issued pursuant to the Global Offering, the completion of the conversion of Series C and Series D Preferred Shares into 205,008 fully paid and non-assessable ordinary shares in a conversion ratio of 1:1 and the Capitalization Issue) assuming that the Global Offering had been completed on June 30, 2018 but taking no account of any shares which may be issued upon the exercise of the Over-allotment Option, or any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme.
5. For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at a rate of RMB0.88198 to HKD1.00000 set by the PBOC prevailing on 4 December 2018. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
6. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2018.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Weimob Inc.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Weimob Inc. (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at June 30, 2018, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated December 31, 2018, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at June 30, 2018 as if the proposed initial public offering had taken place at June 30, 2018. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the period ended June 30, 2018, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at June 30, 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, December 31, 2018

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on December 6, 2018 and states, *inter alia*, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in “Documents delivered to the Registrar of Companies in Hong Kong and available for inspection”.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on December 6, 2018 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US\$500,000 divided into 5,000,000,000 shares of US\$0.0001 each.

2.2 Directors*(a) Power to allot and issue Shares*

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
 - (B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
 - (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.
- (g) *Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the

remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors and which Directors who are to retire by rotation at such meeting. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;
- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
- (vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of the Company under 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. 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.

(i) *Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) *Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 *Alteration to constitutional documents*

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 *Variation of rights of existing shares or classes of shares*

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 *Alteration of capital*

The Company may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after

deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so canceled subject to the provisions of the Companies Law; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution – majority required

A “special resolution” is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorize). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors 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 at 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 recognised 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 at 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 Directors do 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 Directors 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 Directors shall be reimbursed to them by the Company.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

- (e) the shares concerned are free of any lien in favor of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as canceled upon the repurchase.

2.14 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Law and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.16 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 January 2018 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisors on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection in "Documents delivered to the Registrar of Companies in Hong Kong and available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND SUBSIDIARIES**1. Incorporation**

Our Company was incorporated in the Cayman Islands on January 30, 2018 as an exempted company with limited liability. Our registered office address is at P. O. Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands. As our Company was incorporated in the Cayman Islands, our Company's corporate structure and Memorandum and Articles are subject to the relevant laws of the Cayman Islands. A summary of the relevant aspects of the Cayman Companies Law and our Memorandum and Articles is set out in "Summary of the Constitution of the Company and Cayman Companies Law" in Appendix III of this prospectus.

Our Company has been registered as a non-Hong Kong company under Part 16 of Companies Ordinance on July 19, 2018 and our Company's principal place of business in Hong Kong is at 5301, 53/F, The Center, 99 Queen's Road Central, Hong Kong. Mr. SPARROW Charles Harry has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong. The address for service of process is at 5301, 53/F, The Center, 99 Queen's Road Central, Hong Kong.

As at the date of this prospectus, our Company's head office was located at Weimob Building, No. 258, Changjiang Road, Baoshan District, Shanghai, the PRC.

2. Changes in share capital of our Company

On January 30, 2018, our Company was incorporated with one Ordinary Share of a par value of US\$0.0001 allotted to Sertus Nominees (Cayman) Limited. On the same day, such Ordinary Share was transferred to Jeff.Fang Holding Limited for a consideration of US\$0.0001, and our Company further issued 66,330, 13,520, 11,620, 5,860 and 2,670 Ordinary Shares of a par value of US\$0.0001 each to Yomi.sun Holding Limited, Alter.You Holding Limited, Forest.Lin Holding Limited, Jeff.Fang Holding Limited and Shunfeng.li Holding Limited, respectively, being an aggregate of 99,999 Ordinary Shares at a total consideration of US\$9.9999.

The following changes in the share capital of our Company took place during the two years immediately preceding the date of this prospectus:

On March 30, 2018, Jeff.Fang Holding Limited transferred 1,416 Shares to Yomi.sun Holding Limited for a consideration of US\$0.1416;

On March 30, 2018, Forest.Lin Holding Limited transferred 10,582 Shares, 683 Shares and 355 Shares to Yomi.sun Holding Limited, Alter.You Holding Limited and Shunfeng.li Holding Limited, for consideration of US\$1.0582, US\$0.0683 and US\$0.0355, respectively;

On June 27, 2018, Yomi.sun Holding Limited transferred 14,099 Ordinary Shares to the Weimob Teamwork for nil consideration for the purposes of the establishment of the RSU Plan.

On June 27, 2018, our Company issued and allotted an aggregate of 36,923 Ordinary Shares, 91,031 Series C Preferred Shares and 68,386 Series D Preferred Shares to the following persons:

Name	Number of Ordinary Shares Issued and Allotted	Number of Series C Preferred Shares Issued and Allotted	Number of Series D Preferred Shares Issued and Allotted	Number of Shares Held	Subscription consideration
1. Tencent Mobility Limited	4,684	7,049	–	11,733	US\$1.1733
2. Shanghai Mingying Enterprise Management Partnership Enterprise (Limited Partnership)	22,696	–	–	22,696	US\$160,000
3. Star Brilliant Investment Limited	9,543	–	–	9,543	US\$0.9543
4. Shanghai Zhengmu Investment Center (Limited Partnership)	–	14,997	–	14,997	RMB100,000,000
5. Shanghai Mengxiang Enterprise Management Partnership Enterprise (Limited Partnership)	–	19,496	–	19,496	RMB130,000,000
6. Shanghai Fuhai Zhaoxun Enterprise Management Partnership Enterprise (Limited Partnership)	–	14,997	–	14,997	RMB100,000,000
7. V-Capital International Holding Co., Limited	–	7,498	–	7,498	US\$8,000,000
8. Shanghai Shanyoutao Enterprise Management Partnership Enterprise (Limited Partnership)	–	19,496	–	19,496	RMB130,000,000
9. Bohai Fengsheng, L.P.	–	7,498	–	7,498	RMB50,000,000
10. City-Scape Pte. Ltd.	–	–	28,494	28,494	US\$50,000,000
11. CP Wisdom Singapore Pte. Ltd.	–	–	28,494	28,494	US\$50,000,000
12. SIG Global China Fund I, LLLP	–	–	7,409	7,409	US\$13,000,000
13. VisionGain Weimob Limited Partnership	–	–	3,989	3,989	US\$7,000,000

On June 27, 2018, our Company issued and allotted an aggregate of 45,591 series D preferred shares to the Convertible Noteholders, following which all of the Convertible Notes were canceled. The number of series D Preferred Shares subscribed for by each Convertible Noteholder was as follows:

Name of Convertible Noteholder	Series D preferred shares subscribed by the Convertible Noteholder
SEAVI Limited	14,247
Henlius Hong Kong Holdings Limited	11,398
Promising Wealth Limited	8,548
ARCHina Weimob.	5,699
ASEAN China Investment Fund III L.P.	5,338
ASEAN China Investment Fund (US) III L.P.	361

Save as disclosed above, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountant's Report in Appendix I. The following alterations in the share capital or registered capital of our subsidiaries took place within the two years immediately preceding the date of this prospectus:

Shanghai Weimob Enterprise Development Co., Ltd.* (上海微盟企業發展有限公司) (“Weimob Development”)

On September 29, 2016, the registered capital of Weimob Development was increased from RMB12,578,660 to RMB34,978,660.

On December 29, 2017, the registered capital of Weimob Development was increased from RMB34,978,660 to RMB46,638,213.

On April 15, 2018, Weimob Enterprise transferred its 1% equity interest in Weimob Development to Tencent Mobility Limited for a consideration of RMB466,382.

On April 23, 2018, Weimob Enterprise transferred its 52.95% equity interest in Weimob Development to Weimob Technology HK Limited for a consideration of RMB291,225,000.

On June 21, 2018, the registered capital of Weimob Development was increased from RMB46,638,213 to RMB51,820,236.7 through additional capital contributions made by Weimob Technology HK Limited and Shanghai Guohe Capital Phase II Modern Service Industry Equity Investment Fund Partnership (Limited Partnership)* (上海國和二期現代服務業股權投資基金合夥企業(有限合夥)) in the amount of RMB3,886,517.75 and RMB1,295,505.92, respectively.

On June 21, 2018, Weimob Enterprise transferred its 1.45%, 1.50%, 1.50%, 1.00%, 2.50%, 7.50%, 2.50% and 1.00% equity interest in Weimob Development to Shenzhen Tencent Venture Base Development Co., Ltd.* (深圳市騰訊創業基地發展有限公司), Jiangyin Youshi Tongchuang Industrial Investment Partnership (Limited Partnership)* (江陰優勢同創產業投資合夥企業(有限合夥)), Yangzhou Fuhai Sanqi Internet Cultural Investment Center (Limited Partnership)* (揚州富海三七互聯網文化投資中心(有限合夥)), Yangzhou Fuhai Yangfan Internet Cultural Investment Center (Limited Partnership)* (揚州富海揚帆互聯網文化投資中心(有限合夥)), Ningbo Meishan Bonded Area Baotong Chentao Venture Investment Partnership (Limited Partnership)* (寧波梅山保稅港區寶通辰韜創業投資合夥企業(有限合夥)), Kunshan Yuecun Investment Partnership (Limited Partnership)* (昆山悅村投資合夥企業(有限合夥)), Shanghai Guohe Capital Phase II Modern Service Industry Equity Investment Fund Partnership (Limited Partnership)* (上海國和二期現代服務業股權投資基金合夥企業(有限合夥)) and Hengqin Xiru Investment Consulting Partnership (Limited Partnership)* (橫琴熙儒投資諮詢合夥企業(有限合夥)) for a consideration of RMB29,000,000, RMB30,000,000, RMB30,000,000, RMB20,000,000, RMB50,000,000, RMB150,000,000, RMB50,000,000 and RMB25,000,000, respectively.

On June 21, 2018, Beijing Yongming Huiyang Equity Investment Partnership (Limited Partnership)* (北京永明匯陽股權投資合夥企業(有限合夥)) transferred its 10.00%, 6.50%, 0.70%, 1.80%, 2.50% and 1.00% equity interest in Weimob Development to Kunshan Yuecun Investment Partnership (Limited Partnership)* (昆山悅村投資合夥企業(有限合夥)), Silicon Paradise Yuande Equity Investment Partnership (Limited Partnership)* (天堂硅谷元得股權投資合夥企業(有限合夥)), Hubei Boxun Equity Investment Partnership (Limited Partnership)* (湖北渤迅股權投資合夥企業(有限合夥)), Hubei Bofeng Equity Investment Partnership (Limited Partnership)* (湖北渤峰股權投資合夥企業(有限合夥)), Hangzhou Zhaoxin Investment Management Partnership (Limited Partnership)* (杭州兆信投資管理合夥企業(有限合夥)) and Ningbo Mengju Investment Management Partnership (Limited Partnership)* (寧波盟聚投資管理合夥企業(有限合夥)) for a consideration of RMB200,000,000, RMB130,000,000, RMB14,000,000, RMB36,000,000, RMB50,000,000 and RMB20,000,000, respectively.

On July 9, 2018, Shenzhen Tencent Venture Base Development Co., Ltd.* (深圳市騰訊創業基地發展有限公司), Jiangyin Youshi Tongchuang Industrial Investment Partnership (Limited Partnership)* (江陰優勢同創產業投資合夥企業(有限合夥)), Yangzhou Fuhai Sanqi Internet Cultural Investment Center (Limited Partnership)* (揚州富海三七互聯網文化投資中心(有限合夥)), Yangzhou Fuhai Yangfan Internet Cultural Investment Center (Limited Partnership)* (揚州富海揚帆互聯網文化投資中心(有限合夥)), Ningbo Meishan Bonded Area Baotong Chentao Venture Investment Partnership (Limited Partnership)* (寧波梅山保稅港區寶通辰韜創業投資合夥企業(有限合夥)), Shanghai Guohe Capital Phase II Modern Service Industry Equity Investment Fund Partnership (Limited Partnership)* (上海國和二期現代服務業股權投資基金合夥企業(有限合夥)), Silicon Paradise Yuande Equity Investment Partnership (Limited Partnership)* (天堂硅谷元得股權投資合夥企業(有限合夥)), Hubei Boxun Equity Investment Partnership (Limited Partnership)* (湖北渤迅股權投資合夥企業(有限合夥)), Hubei Bofeng Equity Investment Partnership (Limited Partnership)* (湖北渤峰股權投資合夥企業(有限合夥)), Hangzhou Zhaoxin Investment Management Partnership (Limited Partnership)* (杭州兆信投資管理合夥企業(有限合夥)), Ningbo Mengju Investment Management Partnership (Limited Partnership)* (寧波盟聚投資管理合夥企業(有限合夥)), Hengqin Xiru Investment Consulting Partnership (Limited Partnership)* (橫琴熙儒投資諮詢合夥企業(有限合夥)) and Tencent Mobility Limited transferred its 1.45%, 1.50%, 1.50%, 1.00%, 2.50%, 5.00%, 6.50%, 0.70%, 1.80%, 2.50%, 1.00%, 1.00% and 0.9% equity interest in Weimob Development to Weimob Technology HK Limited for a consideration of RMB4.83, RMB30,000,000, RMB30,000,000, RMB20,000,000, RMB50,000,000, RMB100,000,000, RMB130,000,000, RMB14,000,000, RMB36,000,000, RMB50,000,000, RMB20,000,000, RMB20,000,000 and USD0.45 respectively.

On July 16, 2018, Kunshan Yuecun Investment Partnership (Limited Partnership)* (昆山悅村投資合夥企業(有限合夥)) transferred its 17.5% equity interest in Weimob Development to Weimob Technology HK Limited for a consideration of RMB550,000,000.

On July 16, 2018, the registered capital of Weimob Development was increased from RMB51,820,237 to RMB251,820,237 through additional capital contributions made by Weimob Technology HK Limited in the amount of RMB200,000,000.

On August 27, 2018, the registered capital of Weimob Development was increased from RMB251,820,237 to RMB401,820,237 through additional capital contribution made by Weimob Technology HK Limited in the amount of RMB150,000,000.

On November 27, 2018, the registered capital of Weimob Development was increased from RMB401,820,237 to RMB679,352,237 through additional capital contribution made by Weimob Technology HK Limited in the amount of RMB277,532,000.

Beijing Weimeng Information Technology Co., Ltd.* (北京為盟信息科技有限公司) (“Beijing Weimob”)

On September 20, 2016, Weimob Enterprise transferred its 70% equity interest in Beijing Weimob to Weimob Development for a total consideration of RMB13,000,000.

On July 20, 2018, Weimob Development entered into a share purchase agreement with WU Chuanwen, ZHAO Jianshuang and WANG Yang, pursuant to which Weimob Development agreed to acquire the 30% equity interest held by WU Chuanwen, ZHAO Jianshuang and WANG Yang for, in aggregate, a total consideration of RMB18,000,000. The acquisition was registered with the relevant local Administration for Market Regulation on September 28, 2018, following which Beijing Weimob has become a wholly-owned subsidiary of Weimob Development.

Other Subsidiaries

On October 8, 2016, Weimob Enterprise transferred its 80% equity interest in Shanghai Meimeng Weimob Software Technology Co., Ltd.* (上海美萌軟件科技有限公司) to Weimob Development for a total consideration of RMB800,000.

On October 20, 2016, Weimob Enterprise transferred its 100% equity interest in Guangzhou Mengdian Information Technology Co., Ltd.* (廣州萌店信息科技有限公司) to Weimob Development for a total consideration of RMB2,000,000.

On October 27, 2016, Weimob Enterprise transferred its 70% equity interest in Hangzhou Weimeng Information Technology Co., Ltd.* (杭州為盟信息科技有限公司) to Weimob Development for a total consideration of RMB700,000.

On November 16, 2016, Weimob Enterprise transferred its 60% equity interest in Shanghai Mengyao Weimob Information Technology Co., Ltd.* (上海盟耀信息科技有限公司) to Weimob Development for a total consideration of RMB600,000.

On April 26, 2017, Weimob Enterprise transferred its 100% equity interest in Shanghai Mengju Weimob Information Technology Co., Ltd.* (上海盟聚信息科技有限公司) to Weimob Development for a total consideration of RMB1,000,000.

On June 5, 2017, Weimob Enterprise transferred its 100% equity interest in Susong Weimeng Enterprise Development Co., Ltd.* (宿松微盟企業發展有限公司) to Weimob Development for nil consideration.

On December 21, 2017, YU Liang transferred its 10% equity interest in Hangzhou Weimeng Information Technology Co., Ltd.* (杭州為盟信息科技有限公司) to ZHOU Mengmeng for nil consideration.

On January 22, 2018, the registered capital of Shanghai Mengju Weimob Information Technology Co., Ltd.* (上海盟聚信息科技有限公司) was increased from RMB1,000,000 to RMB100,000,000 through additional capital contributions made by Weimob Development in the amount of RMB99,000,000.

On July 6, 2018, the registered capital of Shanghai Mengju Weimob Information Technology Co., Ltd.* (上海盟聚信息科技有限公司) was increased from RMB100,000,000 to RMB200,000,000 through additional capital contributions made by Weimob Development in the amount of RMB100,000,000.

On August 8, 2018, the registered capital of Shanghai Mengyao Weimob Information Technology Co., Ltd.* (上海盟耀信息科技有限公司) was increased from RMB1,000,000 to RMB100,000,000 through additional capital contributions made by Weimob Development in the amount of RMB99,000,000.

On October 20, 2018, the registered capital of Shanghai Mengju Weimob Information Technology Co., Ltd.* (上海盟聚信息科技有限公司) was increased from RMB200,000,000 to RMB400,000,000 through additional capital contributions made by Weimob Development in the amount of RMB200,000,000.

On November 12, 2018, YU Liang and ZHOU Mengmeng transferred their 30% equity interest in Hangzhou Weimeng Information Technology Co., Ltd.* (杭州為盟信息科技有限公司) to Weimob Development for a total consideration of RMB900,000.

Save as disclosed above, there has been no alteration in the share capital or registered capital of the subsidiaries of our Company within the two years preceding the date of this prospectus.

4. Written resolutions of the shareholders of our Company dated December 6, 2018

Written resolutions of our Shareholders were passed on December 6, 2018, pursuant to which, among others:

- (a) immediately prior to the closing of the Global Offering, the authorised share capital of our Company be changed from US\$50,000 divided into 499,794,992 ordinary shares of a par value of US\$0.0001 each (the “**Ordinary Shares**”), 91,031 series C preferred shares of a par value of US\$0.0001 each (the “**Series C Shares**”) and 113,977 series D preferred shares of a par value of US\$0.0001 (the “**Series D Shares**”) each, to US\$500,000 divided into 5,000,000,000 ordinary shares of a par value of US\$0.0001 each, by:
 - (i) the conversion by re-designation and re-classification of the 91,031 issued Series C Shares and the 113,977 issued Series D Shares into 205,008 Ordinary Shares in accordance with Article 8.3C to the Memorandum of Association and Articles of Association;
 - (ii) the creation of an additional 4,500,000,000 ordinary shares of a par value of US\$0.0001 each.
- (b) our Company approved and adopted Memorandum of Association and Articles of Association with effect from the Listing;
- (c) conditional upon (1) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, on the Main Board, our Shares in issue and to be issued (pursuant to the Capitalization Issue, the Global Offering and the Over-allotment Option) as mentioned in this prospectus and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange; and (2) the Offer Price having been determined; (3) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s)) by the Joint Global Coordinators (on behalf of the Underwriters) and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements; and (4) the Underwriting Agreements having been duly executed by the Underwriting and our Company that:
 - (i) conditional on the share premium account of our Company being credited as a result of the Global Offering, the sum of US\$170,931.3069 be capitalized and applied in paying up in full at par value 1,709,313,069 Shares for allotment and issue to our Shareholders whose names were on the register of members of our Company immediately prior to the Global Offering and such Shares (or as they may direct) to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respect with the existing issued Shares;

- (ii) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to allot and issue the Offer Shares on and subject to the terms and conditions stated in this prospectus and in the relevant application forms;
- (iii) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than by way of Rights Issue, or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or pursuant to the issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of options granted under the Share Option Scheme or any other option scheme(s) or similar arrangement for the time being adopted for the grant or issue to Directors and/or officers and/or employees of our Group or rights to acquire Shares or pursuant to a specific authority granted by our Shareholders in general meeting, the Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Global Offering but before any exercise of any options which may be granted under the Share Option Scheme, until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within the next annual general meeting of our Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in general meetings of our Company varying or revoking the authority given to the Directors, whichever occurs first;

For the purpose of this paragraph, “Rights Issue” means an offer of shares in our Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by our Directors to holders of shares in our Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as our Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to our Company, or any recognized regulatory body or any stock exchange applicable to our Company);

- (iv) a general unconditional mandate be and is hereby given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Global Offering, until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period

within which the next annual general meeting of our Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in general meetings of our Company varying or revoking the authority given to the Directors, whichever occurs first;

- (v) the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (c)(iii) above by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to paragraph (c)(iv) above, provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Global Offering be and is approved; and

Each of the general mandates referred to in paragraphs (c)(iii), (c)(iv) and (c)(v) above will remain in effect until whichever is the earliest of:

1. the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
2. the expiration of the period within which our Company is required by any applicable law of the Cayman Islands or the Articles of Association to hold our next annual general meeting; or
3. the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

5. Repurchase of our Shares

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarized below:

(i) Shareholders' approval

All proposed repurchases of Shares must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions of the shareholders of our Company passed on December 6, 2018, a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase Shares (Shares which may be listed on the Stock Exchange) with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following completion of the Capitalization Issue and the Global Offering, further details of which have been described above in “A. Further information about our Company and Subsidiaries – 4. Written resolutions of the shareholders of our Company dated December 6, 2018” in this Appendix.

(ii) Source of funds

Any repurchases of Shares by us must be paid out of funds legally available for the purpose in accordance with our Articles of Association, the Listing Rules and the Cayman Companies Law. We are not permitted to repurchase our Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Shares to be repurchased

The Listing Rules provide that the Shares which are proposed to be repurchased by us must be fully-paid up.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable them to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing Shares, we may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of our Company’s current financial position as disclosed in this prospectus and taking into account its current working capital position, our Directors consider that, if the Repurchase Mandate is exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as it would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to us.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a shareholder's proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

We have not made any repurchases of our own securities in the past six months.

No core connected person has notified us that he/she has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. CORPORATE REORGANIZATION

In order to streamline the corporate structure and rationalize our corporate structure for the Listing, our Group underwent the Corporate Reorganization. See "History, Reorganization and Corporate Structure – Corporate Reorganization" for details.

C. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of the material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) an equity transfer agreement dated October 8, 2016 entered into between Weimob Enterprise and Weimob Development, pursuant to which Weimob Enterprise agreed to transfer 60% equity interest in Shanghai Mengyao Information Technology Co., Ltd.* (上海盟耀信息科技有限公司) to Weimob Development for a total consideration of RMB600,000;
- (b) an equity transfer agreement dated October 8, 2016 entered into between Weimob Enterprise and Weimob Development, pursuant to which Weimob Enterprise agreed to transfer 80% equity interest in Shanghai Meimeng Software Technology Co., Ltd.* (上海美萌软件科技有限公司) to Weimob Development for a total consideration of RMB800,000;
- (c) an equity transfer agreement dated October 20, 2016 entered into between Weimob Enterprise and Weimob Development, pursuant to which Weimob Enterprise agreed to transfer 100% equity interest in Guangzhou Mengdian Information Technology Co., Ltd.* (廣州萌店信息科技有限公司) to Weimob Development for a total consideration of RMB2,000,000;

- (d) an equity transfer agreement dated October 27, 2016 entered into between Weimob Enterprise and Weimob Development, pursuant to which Weimob Enterprise agreed to transfer 70% equity interest in Hangzhou Weimeng Information Technology Co., Ltd.* (杭州為盟信息科技有限公司) to Weimob Development for a total consideration of RMB700,000;
- (e) an equity transfer agreement dated April 26, 2017 entered into between Weimob Enterprise and Weimob Development, pursuant to which Weimob Enterprise agreed to transfer 100% equity interest in Shanghai Mengju Information Technology Co., Ltd.* (上海盟聚信息科技有限公司) to Weimob Development for a total consideration of RMB1,000,000;
- (f) an equity transfer agreement dated June 5, 2017 entered into between Weimob Enterprise and Weimob Development, pursuant to which Weimob Enterprise agreed to transfer 100% equity interest in Susong Weimeng Enterprise Development Co., Ltd.* (宿松微盟企業發展有限公司) to Weimob Development for no consideration;
- (g) an equity transfer agreement dated July 12, 2017 entered into between Mr. SUN Taomeng (孫桃猛) and Weimob Development, pursuant to which Mr. SUN Taomeng agreed to transfer 40% equity interest in Shanghai Mengyao Information Technology Co., Ltd.* (上海盟耀信息科技有限公司) to Weimob Development for a total consideration of RMB400,000;
- (h) a capital increase agreement dated December 28, 2017 entered into among Weimob Development, Beijing Yongming Huiyang Equity Investment Partnership (Limited Partnership)* (北京永明匯陽股權投資合夥企業(有限合夥)) and Weimob Enterprise, pursuant to which Beijing Yongming Huiyang Equity Investment Partnership (Limited Partnership)* (北京永明匯陽股權投資合夥企業(有限合夥)) agreed to subscribe for the registered capital of RMB11,659,553 in Weimob Development;
- (i) a capital increase and equity transfer agreement dated March 3, 2018 entered into among Weimob Development, Weimob Enterprise, Mr. SUN Taoyong (孫濤勇), Mr. FANG Tongshu (方桐舒), Mr. YOU Fengchun (游鳳椿), Beijing Yongming Huiyang Equity Investment Partnership (Limited Partnership)* (北京永明匯陽股權投資合夥企業(有限合夥)), Shanghai Rongma Enterprise Management Consulting Center (Limited Partnership)* (上海榮碼企業管理諮詢中心(有限合夥)), Shanghai Guohe Phase II Modern Service Industry Equity Investment Fund Partnership (Limited Partnership)* (上海國和二期現代服務業股權投資基金合夥企業(有限合夥)), Kunshan Yuecun Investment Partnership (Limited Partnership)* (昆山悅村投資合夥企業(有限合夥)), Shenzhen Tencent Venture Base Development Co., Ltd.* (深圳市騰訊創業基地發展有限公司), Jiangyin Youshi Tongchuang Industrial Investment Partnership (Limited Partnership)* (江陰優勢同創產業投資合夥企業(有限合夥)), Yangzhou Fuhai Sanqi Internet Culture Investment Center (Limited Partnership)* (揚州富海三七互聯網文化投資中心(有限合夥)), Yangzhou Fuhai Yangfan Internet Culture Investment Center (Limited Partnership)* (揚州富海揚帆互聯網文化投資中心(有限合夥)) and Ningbo Meishan Free Trade Zone Baotong Chentao Venture Investment Partnership (Limited Partnership)* (寧波梅山保稅港區寶通辰韜創業投資合夥企業(有限合夥)), pursuant to which (i) Shanghai Rongma Enterprise Management Consulting Center (Limited Partnership)* (上海榮碼企業管理諮詢中心(有限合夥)) and Shanghai Guohe Phase II Modern Service Industry Equity Investment Fund Partnership (Limited Partnership)* (上海國和二期現代服務業股權投資基金合夥企業(有限合夥)) agreed to subscribe for the registered capital of RMB3,886,517.75 and RMB1,295,505.92 in Weimob

Development, respectively, at the consideration of RMB150,000,000 and RMB50,000,000, respectively, and (ii) Weimob Enterprise agreed to transfer 1.45%, 1.50%, 1.50%, 1.00%, 2.50%, 7.50%, and 2.50% equity interest in Weimob Development to Shenzhen Tencent Venture Base Development Co., Ltd.* (深圳市騰訊創業基地發展有限公司), Jiangyin Youshi Tongchuang Industrial Investment Partnership (Limited Partnership)* (江陰優勢同創產業投資合夥企業(有限合夥)), Yangzhou Fuhai Sanqi Internet Culture Investment Center (Limited Partnership)* (揚州富海三七互聯網文化投資中心(有限合夥)), Yangzhou Fuhai Yangfan Internet Culture Investment Center (Limited Partnership)* (揚州富海揚帆互聯網文化投資中心(有限合夥)), Ningbo Meishan Free Trade Zone Baotong Chentao Venture Investment Partnership (Limited Partnership)* (寧波梅山保稅港區寶通辰韜創業投資合夥企業(有限合夥)), Kunshan Yuecun Investment Partnership (Limited Partnership)* (昆山悅村投資合夥企業(有限合夥)), and Shanghai Guohe Phase II Modern Service Industry Equity Investment Fund Partnership (Limited Partnership)* (上海國和二期現代服務業股權投資基金合夥企業(有限合夥)) for a consideration of RMB29,000,000, RMB30,000,000, RMB30,000,000, RMB20,000,000, RMB50,000,000, RMB150,000,000 and RMB50,000,000, respectively;

- (j) a shareholders' agreement dated March 3, 2018 entered into among Weimob Development, Weimob Enterprise, Mr. SUN Taoyong (孫濤勇), Mr. FANG Tongshu (方桐舒), Mr. YOU Fengchun (游鳳椿), Beijing Yongming Huiyang Equity Investment Partnership (Limited Partnership)* (北京永明匯陽股權投資合夥企業(有限合夥)), Shanghai Rongma Enterprise Management Consulting Center (Limited Partnership)* (上海榮碼企業管理諮詢中心(有限合夥)), Shanghai Guohe Phase II Modern Service Industry Equity Investment Fund Partnership (Limited Partnership)* (上海國和二期現代服務業股權投資基金合夥企業(有限合夥)), Kunshan Yuecun Investment Partnership (Limited Partnership)* (昆山悅村投資合夥企業(有限合夥)), Shenzhen Tencent Venture Base Development Co., Ltd.* (深圳市騰訊創業基地發展有限公司), Jiangyin Youshi Tongchuang Industrial Investment Partnership (Limited Partnership)* (江陰優勢同創產業投資合夥企業(有限合夥)), Yangzhou Fuhai Sanqi Internet Culture Investment Center (Limited Partnership)* (揚州富海三七互聯網文化投資中心(有限合夥)), Yangzhou Fuhai Yangfan Internet Culture Investment Center (Limited Partnership)* (揚州富海揚帆互聯網文化投資中心(有限合夥)) and Ningbo Meishan Free Trade Zone Baotong Chentao Venture Investment Partnership (Limited Partnership)* (寧波梅山保稅港區寶通辰韜創業投資合夥企業(有限合夥)) relating to the respective rights and obligations in Weimob Development;
- (k) an equity transfer agreement dated March 14, 2018 entered into among Weimob Development, Weimob Enterprise, Mr. SUN Taoyong (孫濤勇), Mr. FANG Tongshu (方桐舒), Mr. YOU Fengchun (游鳳椿), Beijing Yongming Huiyang Equity Investment Partnership (Limited Partnership)* (北京永明匯陽股權投資合夥企業(有限合夥)), Kunshan Yuecun Investment Partnership (Limited Partnership)* (昆山悅村投資合夥企業(有限合夥)), Zhejiang Silicon Paradise Yuande Equity Investment Partnership (Limited Partnership)* (浙江天堂硅谷元得股權投資合夥企業(有限合夥)), Hubei Boxun Equity Investment Partnership (Limited Partnership)* (湖北渤迅股權投資合夥企業(有限合夥)), Hubei Bofeng Equity Investment Partnership (Limited Partnership)* (湖北渤海峰股權投資合夥企業(有限合夥)), Hangzhou Zhaoxin Investment Management Partnership (Limited Partnership)* (杭州兆信投資管理合夥企業(有限合夥)) and Ningbo Mengju Investment Management Partnership (Limited Partnership)* (寧波盟聚投資管理合夥企業(有限合夥)), pursuant to which Beijing Yongming Huiyang Equity Investment Partnership (Limited Partnership)* (北京永明匯陽股權投資合夥企業(有限合夥)) agreed to transfer 10.00%, 6.50%, 0.70%, 1.80%, 2.50% and 1.00% equity interest in Weimob

Development to Kunshan Yuecun Investment Partnership (Limited Partnership)* (昆山悦村投資合夥企業(有限合夥)), Zhejiang Silicon Paradise Yuande Equity Investment Partnership (Limited Partnership)* (浙江天堂硅谷元得股權投資合夥企業(有限合夥)), Hubei Boxun Equity Investment Partnership (Limited Partnership)* (湖北渤迅股權投資合夥企業(有限合夥)), Hubei Bofeng Equity Investment Partnership (Limited Partnership)* (湖北渤峰股權投資合夥企業(有限合夥)), Hangzhou Zhaoxin Investment Management Partnership (Limited Partnership)* (杭州兆信投資管理合夥企業(有限合夥)) and Ningbo Mengju Investment Management Partnership (Limited Partnership)* (寧波盟聚投資管理合夥企業(有限合夥)) for a consideration of RMB200,000,000, RMB130,000,000, RMB14,000,000, RMB36,000,000, RMB50,000,000 and RMB20,000,000, respectively;

- (l) a shareholders' agreement dated March 14, 2018 entered into among Weimob Development, Weimob Enterprise, Mr. SUN Taoyong (孫濤勇), Mr. FANG Tongshu (方桐舒), Mr. YOU Fengchun (游鳳椿), Kunshan Yuecun Investment Partnership (Limited Partnership)* (昆山悦村投資合夥企業(有限合夥)), Zhejiang Silicon Paradise Yuande Equity Investment Partnership (Limited Partnership)* (浙江天堂硅谷元得股權投資合夥企業(有限合夥)), Hubei Boxun Equity Investment Partnership (Limited Partnership)* (湖北渤迅股權投資合夥企業(有限合夥)), Hubei Bofeng Equity Investment Partnership (Limited Partnership)* (湖北渤峰股權投資合夥企業(有限合夥)), Hangzhou Zhaoxin Investment Management Partnership (Limited Partnership)* (杭州兆信投資管理合夥企業(有限合夥)) and Ningbo Mengju Investment Management Partnership (Limited Partnership)* (寧波盟聚投資管理合夥企業(有限合夥)) relating to the respective rights and obligations in Weimob Development;
- (m) an equity transfer agreement dated April 2, 2018 entered into between Weimob Enterprise and Tencent Mobility Limited, pursuant to which Weimob Enterprise agreed to transfer 1% equity interest in Weimob Development to Tencent Mobility Limited for a total consideration of RMB466,382;
- (n) an equity transfer agreement dated April 21, 2018 entered into among Weimob Enterprise, Hengqin Xiru Investment Consulting Partnership (Limited Partnership)* (橫琴熙儒投資諮詢合夥企業(有限合夥)) and Weimob Development, pursuant to which Weimob Enterprise agreed to transfer its 1% equity interest in Weimob Development to Hengqin Xiru Investment Consulting Partnership (Limited Partnership)* (橫琴熙儒投資諮詢合夥企業(有限合夥)) for a total consideration of RMB25,000,000;
- (o) an equity transfer agreement dated April 23, 2018 entered into between Weimob Enterprise and Weimob Technology HK Limited (微盟科技香港有限公司), pursuant to which Weimob Enterprise agreed to transfer its 52.95% equity interest in Weimob Development to Weimob Technology HK Limited (微盟科技香港有限公司) for a total consideration of RMB291,225,000;
- (p) an equity transfer and capital increase agreement dated May 16, 2018 entered into among Guangzhou Xiangminiao, WANG Liang (王亮), LIN Xun (林迅), DAI Ai (戴愛), LI Gaohai (李高海), LI Fuqiao (李福橋), LIN Rongyan (林榮嚴), ZHANG Xuède (張學德), Guangzhou Mihuan Investment Partnership (Limited Partnership)* (廣州蜜獾投資合夥企業(有限合夥)) ("Guangzhou Mihuan") and Weimob Development, pursuant to which Weimob Development (i) agreed to purchase from Guangzhou Mihuan and WANG Liang (王亮) an aggregate 42.75% equity interest in Guangzhou Xiangminiao at a total consideration of RMB6,000,000; and (ii) agreed to subscribe for the registered capital of RMB250,000 in Guangzhou Xiangminiao at a consideration of RMB11,000,000;

- (q) a capital increase agreement dated May 21, 2018 entered into between Weimob Enterprise and Weimob Technology HK Limited (微盟科技香港有限公司), pursuant to which Weimob Technology HK Limited (微盟科技香港有限公司) agreed to subscribe for the registered capital of RMB3,886,517 in Weimob Development at a consideration of RMB150,000,000;
- (r) a supplemental agreement dated May 30, 2018 to the capital increase and equity transfer agreement dated March 3, 2018 set out in paragraph (i) above, entered into among Weimob Enterprise, Weimob Development and Shanghai Rongma Enterprise Management Consulting Center (Limited Partnership)* (上海榮碼企業管理諮詢中心(有限合夥)), pursuant to which the parties agreed to terminate the subscription of the registered capital in Weimob Development by Shanghai Rongma Enterprise Management Consulting Center (Limited Partnership)* (上海榮碼企業管理諮詢中心(有限合夥));
- (s) an equity transfer agreement dated July 9, 2018 entered into among Yangzhou Fuhai Yangfan Internet Culture Investment Center (Limited Partnership)* (揚州富海揚帆互聯網文化投資中心(有限合夥)), Tencent Mobility Limited, Jiangyin Youshi Tongchuang Industrial Investment Partnership (Limited Partnership)* (江陰優勢同創產業投資合夥企業(有限合夥)), Yangzhou Fuhai Sanqi Internet Culture Investment Center (Limited Partnership)* (揚州富海三七互聯網文化投資中心(有限合夥)), Shenzhen Tencent Venture Base Development Co., Ltd.* (深圳市騰訊創業基地發展有限公司), Ningbo Meishan Free Trade Zone Baotong Chentao Venture Investment Partnership (Limited Partnership)* (寧波梅山保稅港區寶通辰韜創業投資合夥企業(有限合夥)), Hengqin Xiru Investment Consulting Partnership (Limited Partnership)* (橫琴熙儒投資諮詢合夥企業(有限合夥)), Zhejiang Silicon Paradise Yuande Equity Investment Partnership (Limited Partnership)* (浙江天堂硅谷元得股權投資合夥企業(有限合夥)), Hubei Boxun Equity Investment Partnership (Limited Partnership)* (湖北渤迅股權投資合夥企業(有限合夥)), Hubei Bofeng Equity Investment Partnership (Limited Partnership)* (湖北渤峰股權投資合夥企業(有限合夥)), Hangzhou Zhaoxin Investment Management Partnership (Limited Partnership)* (杭州兆信投資管理合夥企業(有限合夥)), Ningbo Mengju Investment Management Partnership (Limited Partnership)* (寧波盟聚投資管理合夥企業(有限合夥)), Shanghai Guohe Phase II Modern Service Industry Equity Investment Fund Partnership (Limited Partnership)* (上海國和二期現代服務業股權投資基金合夥企業(有限合夥)) and Weimob Technology HK Limited (微盟科技香港有限公司), pursuant to which Yangzhou Fuhai Yangfan Internet Culture Investment Center (Limited Partnership)* (揚州富海揚帆互聯網文化投資中心(有限合夥)), Tencent Mobility Limited, Jiangyin Youshi Tongchuang Industrial Investment Partnership (Limited Partnership)* (江陰優勢同創產業投資合夥企業(有限合夥)), Yangzhou Fuhai Sanqi Internet Culture Investment Center (Limited Partnership)* (揚州富海三七互聯網文化投資中心(有限合夥)), Shenzhen Tencent Venture Base Development Co., Ltd.* (深圳市騰訊創業基地發展有限公司), Ningbo Meishan Free Trade Zone Baotong Chentao Venture Investment Partnership (Limited Partnership)* (寧波梅山保稅港區寶通辰韜創業投資合夥企業(有限合夥)), Hengqin Xiru Investment Consulting Partnership (Limited Partnership)* (橫琴熙儒投資諮詢合夥企業(有限合夥)), Zhejiang Silicon Paradise Yuande Equity Investment Partnership (Limited Partnership)* (浙江天堂硅谷元得股權投資合夥企業(有限合夥)), Hubei Boxun Equity Investment Partnership (Limited Partnership)* (湖北渤迅股權投資合夥企業(有限合夥)), Hubei Bofeng Equity Investment Partnership (Limited Partnership)* (湖北渤峰股權投資合夥企業(有限合夥)), Hangzhou Zhaoxin Investment Management Partnership (Limited Partnership)* (杭州兆信投資管理合夥企業(有限合夥)), Ningbo Mengju Investment Management Partnership (Limited Partnership)* (寧波盟聚投資管理合夥企業(有限合夥)), Shanghai Guohe Phase

- II Modern Service Industry Equity Investment Fund Partnership (Limited Partnership)* (上海國和二期現代服務業股權投資基金合夥企業(有限合夥)) agreed to transfer 1.0%, 0.9%, 1.5%, 1.5%, 1.45%, 2.5%, 1.0%, 6.5%, 0.7%, 1.8%, 2.5%, 1.0% and 5.0% equity interest in Weimob Development for a consideration of RMB20,000,000, US\$0.45, RMB30,000,000, RMB30,000,000, RMB4.83, RMB50,000,000, RMB20,000,000, RMB130,000,000, RMB14,000,000, RMB36,000,000, RMB50,000,000, RMB20,000,000 and RMB100,000,000, respectively, all of which shall be paid in U.S. dollars;
- (t) an equity transfer agreement dated July 16, 2018 entered into among Weimob Technology HK Limited (微盟科技香港有限公司) and Kunshan Yuecun Investment Partnership (Limited Partnership)* (昆山悅村投資合夥企業(有限合夥)), pursuant to which Kunshan Yuecun Investment Partnership (Limited Partnership)* (昆山悅村投資合夥企業(有限合夥)) agreed to transfer its 17.5% equity interest in Weimob Development to Weimob Technology HK Limited (微盟科技香港有限公司) for a consideration of RMB550,000,000, which shall be paid in U.S. dollars;
- (u) an equity transfer agreement dated July 20, 2018 entered into among Weimob Development, Mr. WU Chuanwen (吳傳文), Mr. ZHAO Jianshuang (趙建雙) and Mr. WANG Yang (王洋), pursuant to which Mr. WU Chuanwen (吳傳文), Mr. ZHAO Jianshuang and Mr. WANG Yang agreed to transfer their 30% equity interest in Beijing Weimeng Information Technology Co., Ltd.* (北京為盟信息科技有限公司) to Weimob Development for a total consideration of RMB18,000,000;
- (v) an equity transfer agreement dated November 12, 2018 entered into between Weimob Development and Mr. YU Liang (余亮), pursuant to which Mr. YU Liang agreed to transfer 20% equity interest in Hangzhou Weimeng Information Technology Co., Ltd.* (杭州為盟信息科技有限公司) to Weimob Development for a total consideration of RMB600,000;
- (w) an equity transfer agreement dated November 12, 2018 entered into between Weimob Development and Ms. ZHOU Mengmeng (周夢夢), pursuant to which Ms. ZHOU Mengmeng agreed to transfer 10% equity interest in Hangzhou Weimeng Information Technology Co., Ltd.* (杭州為盟信息科技有限公司) to Weimob Development for a total consideration of RMB300,000;
- (x) the Hong Kong Underwriting Agreement;
- (y) the cornerstone investment agreement dated December 25, 2018 entered into among our Company, Shanghai Beyond Science Co., Ltd.* (上海丙晟科技有限公司), Deutsche Securities Asia Limited, Haitong International Capital Limited, Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Company Limited and China International Capital Corporation Hong Kong Securities Limited, details of which are included in the section headed “Our Cornerstone Investors” in this prospectus;
- (z) the cornerstone investment agreement dated December 25, 2018 entered into among our Company, Shanghai Wentang Enterprise Management Center LLP* (上海文棠企業管理中心(有限合夥)), Deutsche Securities Asia Limited, Haitong International Capital Limited, Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Company Limited and China International Capital Corporation Hong Kong Securities Limited, details of which are included in the section headed “Our Cornerstone Investors” in this prospectus; and



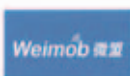


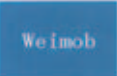


- (aa) the cornerstone investment agreement dated December 25, 2018 entered into among our Company, Huifu Payment Limited, Deutsche Securities Asia Limited, Haitong International Capital Limited, Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Company Limited and China International Capital Corporation Hong Kong Securities Limited, details of which are included in the section headed “Our Cornerstone Investors” in this prospectus.

2. Intellectual property rights

2.1 Trademarks



2.1.1 Registered Trademarks

As at the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:


No.	Trademark	Place of Registration	Registered Owner	Class	Registered Number	Expiry Date (dd/mm/yyyy)
1.		PRC	Weimob Development	9	15524956	06/02/2026
2.	<p>A </p> <p>B </p> <p>C </p>	Hong Kong	Weimob Inc.	9/16/35/36/38/41/42	304506958	26/04/2028
3.	<p>A </p> <p>B </p> <p>C </p> <p>D </p>	Hong Kong	Weimob Inc.	9/16/35/36/38/41/42	304506967	26/04/2028

2.1.2 Trademarks licensed by Weimob Enterprise

As at the Latest Practicable Date, we were licensed to use the following registered trademarks which we consider to be or may be material to our business. As at the Latest Practicable Date, Weimob Enterprise has agreed to assign such registered trademarks to Weimob Development and we are in the process of completing relevant transfer and registration procedures.

No.	Trademark	Place of Registration	Registered Owner	Class	Registered Number	Expiry Date (dd/mm/yyyy)
1.		PRC	Weimob Enterprise	35	13495221	31/12/2023
2.		PRC	Weimob Enterprise	42	13495261	31/12/2023
3.	微盟	PRC	Weimob Enterprise	35	12188642	31/12/2023
4.	微盟	PRC	Weimob Enterprise	42	12188720	31/12/2023
5.	盟聚	PRC	Weimob Enterprise	35	18618609	31/12/2023
6.	盟聚	PRC	Weimob Enterprise	42	18618238	31/12/2023
7.	盟聚	PRC	Weimob Enterprise	38	18622578	31/12/2023

As at the Latest Practicable Date, we were licensed to use the following trademark which have been applied for the registration that we consider to be or may be material to our business. As at the Latest Practicable Date, Weimob Enterprise has agreed to assign the following trademark to Weimob Development and we are in the process of completing relevant transfer and registration procedures.

No.	Trademark	Place of Registration	Applicant	Class	Application Number	Application Date (dd/mm/yyyy)
1.		PRC	Weimob Enterprise	35	12687973	31/05/2013

2.2 Copyrights

2.2.1 Registered copyright

As at the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Version	Registered Number	Registration Date (dd/mm/yyyy)
1. . . .	Weimob Extreme Series Software* (微盟至尊系列軟件)	V2.7.2	2017SR274680	16/06/2017
2. . . .	Weimob Shop SDP Series Software* (微盟旺鋪SDP系列軟件)	V2.3.2	2017SR274734	16/06/2017
3. . . .	Weimob Shop Micro-marketing Series Software* (微盟旺鋪微眾銷系列軟件)	V1.8.0	2017SR274726	16/06/2017
4. . . .	Weimob Wei Mall Solution Software* (微盟微商城解決方案軟件)	V1.0	2018SR453508	15/06/2018
5. . . .	Weimob Shop Multi-store Platform Software* (微盟旺鋪多門店平台軟件)	V1.0.0	2018SR454309	15/06/2018

2.3 Domain Names

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date (dd/mm/yyyy)
1. . . .	www.weimob.com	Weimob Development	09/05/2026

Save as aforesaid, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

D. FURTHER INFORMATION ABOUT OUR DIRECTORS**1. Directors' service contracts**

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

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

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

2. Directors' remuneration during the Track Record Period

For the three years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018, the aggregate of the remuneration paid and benefits in kind granted to our Directors by our Company and any of our subsidiaries was RMB2.152 million, RMB2.337 million, RMB2.637 million and RMB1.458 million, respectively.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending December 31, 2018 would be approximately RMB4.1 million.

During the Track Record Period, no emoluments were paid out by our Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office. None of our Directors had waived any remuneration during the Track Record Period. Save as disclosed in this prospectus, no other payments have been made, or are payable, by any member of our Group to the Directors during the Track Record Period.

E. DISCLOSURE OF INTERESTS

1. Disclosure of interests

(a) Interests and short positions of our Directors or Chief Executives in the share capital of our Company or our associated corporations and following the Capitalization Issue and the Global Offering

Immediately following completion of the Capitalization Issue and the Global Offering, the interests or short positions of our Directors and the chief executive of our Company in our Shares, underlying Shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interest in our Company

Name of Directors or chief executive	Capacity/Nature of Interest	Number of shares immediately after the completion of the Capitalization Issue and the Global Offering	Approximate percentage of shareholding immediately after the Capitalization Issue and the Global Offering
Mr. Sun	Settlor of a discretionary trust ⁽¹⁾⁽²⁾ ; interest held jointly with other persons ⁽³⁾	484,875,000	24.11%
Mr. Fang.	Interest in controlled corporation ⁽⁴⁾ ; interest held jointly with other persons ⁽³⁾	484,875,000	24.11%
Mr. You	Settlor of a discretionary trust ⁽⁵⁾ ; interest held jointly with other persons ⁽³⁾	484,875,000	24.11%
Mr. Huang Junwei	Beneficial owner ⁽⁶⁾	16,940,000	0.84%

Notes:

- (1) Mr. Sun's interest in our Company is indirectly held through Yomi.sun Holding Limited (the "Sun SPV"). Sun SPV is a company incorporated in the British Virgin Islands, and is wholly-owned by Youmi Investment Limited. Youmi Investment Limited is beneficially owned by the Youmi Trust, which was established by Mr. Sun as the settlor, appointor and investment manager. Cantrust (Far East) Limited is the trustee of the Youmi Trust, and Mr. Sun and his family members are the beneficiaries of the Youmi Trust. Mr. Sun is also a director of the Sun SPV. As such, each of Mr. Sun, Cantrust (Far East) Limited and Youmi Investment Limited is deemed to be interested in our Shares held by Sun SPV.
- (2) As at the Latest Practicable Date, Mr. Sun is the Settlor of the RSU Plan and is deemed to be interested in our Shares held by the Weimob Teamwork. For further details of the RSU Scheme, see "-F. RSU Plan".
- (3) Mr. Sun, Mr. Fang and Mr. You are parties acting in concert (having the meaning ascribed thereto in the Takeovers Code) 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.
- (4) Fang SPV is wholly-owned by Mr. Fang. Under the SFO, Mr. Fang is deemed to be interested in our Shares held by Fang SPV.
- (5) Mr. You's interest in our Company is indirectly held through Alter.You Holding Limited (the "You SPV"). You SPV is a company incorporated in the British Virgin Islands, and is wholly-owned by Fount Investment Limited. Fount Investment Limited is beneficially owned by the Fount Trust, which was established by Mr. You as the settlor, appointor and investment manager. Infiniti Trust (Asia) Limited is the trustee of the Fount Trust, and Mr. You and his family members are the beneficiaries of the Fount Trust. Mr. You is also a director of the You SPV. As such, each of Mr. You, Infiniti Trust (Asia) Limited and Fount Investment Limited is deemed to be interested in our Shares held by You SPV.
- (6) Mr. Huang Junwei is granted to RSUs equivalent to 16,940,000 Shares (subject to vesting conditions).

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as our Directors are aware, for information on the persons who will, as of the Latest Practicable Date and immediately following completion of the Capitalization Issue and the Global Offering, having or be deemed or taken to have interests or short positions in our Shares or underlying Shares which are required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group:

Name of Shareholder	Nature of interest	As of the Latest Practical Date		Immediately following the completion of the Capitalization Issue and Global Offering	
		Number of shares	Percentage (approximate)	Number of shares	Percentage (approximate)
City-Scape Pte. Ltd. ⁽¹⁾	Beneficial interest	28,494	8.33%	142,470,000	7.08%
CP Wisdom Singapore Pte. Ltd. ⁽²⁾	Beneficial interest	28,494	8.33%	142,470,000	7.08%

Notes:

- (1) City-Scape Pte. Ltd. is wholly-owned by GIC (Ventures) Pte. Ltd. and is an investment vehicle managed by GIC Special Investments Pte Ltd which is wholly-owned by GIC Private Limited.
- (2) CP Wisdom Singapore Pte. Ltd. is a limited liability company established under the laws of Singapore, is wholly-owned by WSDN Enterprises (S) Pte. Ltd., a limited liability company established under the laws of Singapore. WSDN Enterprises (S) Pte. Ltd. is a wholly subsidiary of Crescent Point Group.

Except as disclosed above and in “Substantial Shareholders” in this prospectus, our Directors are not aware of any person will, immediately prior to and following the completion of the Global Offering and the Capitalization Issue, have interests or short positions in any Shares or underlying Shares, which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in the circumstances at general meetings of any member of our Group.

2. Disclaimers

Save as disclosed in this prospectus:

- (a) our Directors are not aware of any person (not being our Director or chief executive) who will, immediately after completion of the Capitalization Issue and the Global Offering, have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group;

- (b) none of our Directors has any interest or short position in any of our Shares, underlying Shares or debentures or any shares, underlying shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once our Shares are listed;
- (c) none of our Directors nor any of the parties listed in “G. Other Information – 10. Consents of experts” in this Appendix is interested in the promotion of our Company, or in any subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;
- (d) none of our Directors nor any of the parties listed in “G. Other Information – 10. Consents of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (e) save in connection with the Underwriting Agreements, none of the parties listed in “G. Other Information – 10. Consents of experts” in this Appendix:
 - (i) is interested legally or beneficially in any securities of any member of our Group;
or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of our Group;
- (f) none of our Directors or their close associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest clients or the five largest suppliers of our Group.

F. RSU PLAN

1. Summary

The following is a summary of the principal terms of the restricted stock unit plan (the “**RSU Plan**”) of our Company as approved by the Board on July 1, 2018. The terms of the RSU Plan are not subject to the provisions of Chapter 17 of the Listing Rules as the RSU Plan will not involve the grant of options by us to subscribe for our Shares.

2. Purpose

The purpose of the RSU Plan is to recognize and reward participants for their contribution to our Group, to attract best available personnel to provide service to our Group, and to provide additional incentives to them to remain with and further promote the success of our Group’s business.

3. Effectiveness and Duration

Subject to any early termination as may be determined by the Board pursuant to terms of the RSU Plan, the RSU Plan shall be valid and effective for a period of 10 years commencing on the adoption date of July 1, 2018, 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 RSU Plan may continue to be valid and exercisable in accordance with their respective terms of grant.

4. Administration

The 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 Mr. Sun Taoyong and other members appointed by our Board from time to time, in accordance with the terms and conditions of the RSU Plan. The Administrator may, from time to time, select the participants to whom a grant of a restricted stock unit (“**Awards**”) may be granted.

The Administrator shall have the sole and absolute right to (a) interpret and construe the provisions of RSU Plan, (b) determine the persons who will be granted awards under the RSU Plan, the terms and conditions on which awards are granted and when the RSUs granted pursuant to the RSU Plan may vest, (c) make such appropriate and equitable adjustments to the terms of the awards granted under the 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).

5. Who may join

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

6. Maximum number of Shares

The total number of Shares underlying the RSU Plan (“**RSU Limit**”) shall not exceed the aggregate of 14,099 Shares as of the date of adoption of the RSU Plan initially held by the Weimob Teamwork as transferred from a company wholly-owned by Mr. Sun Taoyong (the “**Settlor**”), representing 4.12% of the issued Shares of our Company as of the date of adoption of the RSU Scheme (on a fully diluted and as-converted basis assuming all our Shares underlying the RSU Scheme have been issued). The Weimob Teamwork has been appointed as the trustee (the “**Trustee**”) pursuant to the trust deed to administrate the RSU Plan.

7. Terms and Conditions of Award**(a) Grant of Awards**

The Administrator may, from time to time, select the Participants to whom a grant of an Award may be made. The amount of an Award may be determined at the sole and absolute discretion of the Administrator and may differ among selected Participants.

(b) Consideration

The consideration (if any) payable by a selected Participant to the trustee for acceptance of the Award under the RSU Plan shall be determined at the sole and absolute discretion of the Administrator and any such consideration shall be held by the trustee as income of the trust funds and be applied by the trustee as it deems appropriate or desirable in accordance with the terms of the RSU Plan and the trust deed.

(c) Conditions of Award

Subject to the terms of the RSU Plan, the Awards may be granted on such terms and conditions (such as by linking the vesting of their RSU to the attainment or performance of milestones or targets by any member of our Group, the grantee or any group of grantees) as the Administrator may determine, provided such terms and conditions shall be consistent with any other terms and conditions of this Plan.

(d) Separate Programs

The Administrator may establish one or more separate programs under the RSU Plan for the purpose of issuing particular forms of Awards to one or more classes of grantees on such terms and conditions as determined by the Administrator from time to time.

(e) Restrictions

No grant of Award shall be made to any selected Participant at a time when the selected Participant would or might be prohibited from dealing in our Shares by the Listing Rules (where applicable) or by any other applicable rules, regulations or law.

For as long as our Shares are listed on the Stock Exchange, a grant of Award must not be made after inside information has come to the knowledge of the Administrator or our Company until such inside information has been announced in accordance with the requirements of the Listing Rules.

For as long as our Shares are listed on the Stock Exchange, a grant shall not be made on any day on which the financial results of our Company are published and during the period of:

- (i) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

For as long as the Shares are listed on the Stock Exchange, if required by the Stock Exchange or the Listing Rules, the grant of an Award shall be subject to the compliance with the requisite requirements under the Listing Rules or otherwise required by the Stock Exchange.

The Administrator may not grant any Awards to any Participants in any of the following circumstances:

- (i) the requisite approvals for that grant of Award from any applicable regulatory authorities have not been obtained; or
- (ii) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of Award or in respect of the RSU Plan, unless the Administrator determines otherwise; or
- (iii) where the grant of Award would result in a breach of any applicable securities laws, rules or regulations by any member of our Group or any of its directors; or
- (iv) the grant of Award would result in breach of the RSU Limit or other rules of the RSU Plan.

(f) Transferability of Awards

RSUs granted pursuant to the RSU Plan shall be personal to the grantee and shall not be assignable or transferable, except assignment or transfer from a grantee to a company wholly-owned by him or between two companies both of which are wholly-owned by him.

8. Taxes

The grantee shall be solely liable to pay all taxes, stamp duty and other levies that may be assessed or assessable on any transfer of Shares or payments made by the Administrator, the trustee or our Company (either directly or indirectly) under the RSU Plan and all transfers or payments required to be made hereunder by the Administrator, the trustee or our Company shall be subject to the deduction or withholding of such amounts as the Administrator may reasonably determine is necessary or desirable by reason of any liability to tax or obligation to account for tax or loss of any relief from tax that may fall on the Administrator or our Company, any member of our Group, or the trustee in respect of, or by reason of such delivery or sales of Shares underlying an RSU, and the grantee agrees to indemnify and keep the Administrator or our Company (for itself and as trustee for members of our Group), and the trustee indemnified in respect of any such liability, obligation or loss and accepts any claim in respect of such indemnity may be satisfied by set-off against any sums due from the Administrator or our Company, any Group Company, and/or the trustee to such grantee from time to time.

9. Vesting**(a) Vesting Notice**

Upon fulfillment or waiver (by the Administrator in its sole and absolute discretion) of the vesting period and vesting conditions (if any) applicable to a grantee, a vesting notice will be sent to the grantee by the Administrator, or by the relevant Trustee under the authorization and instruction by the Administrator, confirming (a) the extent to which the vesting period and vesting conditions have been fulfilled or waived; (b) the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip dividends in respect of these Shares) or the amount of cash the grantee will receive; and (c) where the grantee will receive Shares, the lock-up arrangements for such Shares (if applicable). The grantee is required to execute, after receiving the vesting notice, certain documents set out in the vesting notice that the Administrator considers necessary (which may include, without limitation, a certification that he or she has complied with all the terms and conditions set out in the RSU Plan and the Notice of Grant). In the event that the grantee fails to execute the required documents within 30 business days after receiving the vesting notice, the vested RSUs will lapse.

(b) RSUs which have vested

Subject to the execution of documents by the grantee as set out above, the RSUs which have vested shall be satisfied at the Administrator's sole and absolute discretion within a reasonable period from the vesting date of such RSUs, either by:

- (i) subject to the above paragraph 8, the Administrator directing and procuring the relevant trustee to transfer our Shares underlying the RSUs (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the grantee or his wholly-owned entity (as represented by the grantee) from the trust funds; and/or
- (ii) the Administrator directing and procuring the trustee to pay to the Grantee in cash an amount which is equivalent to the market value of our Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) set out in the paragraph (i) above by making on-market sales of such Shares or utilizing the cash in the trust funds as determined by the Trustee in its absolute discretion and after deduction or withholding of any tax, fines, levies, stamp duty and other charges applicable to the entitlement of the grantee and the sales of any Shares to fund such payment and in relation thereto.

The Administrator shall have the sole and absolute discretion to determine whether or not a grantee shall have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying a RSU prior to vesting of the RSU.

(c) Voting Rights

Subject to any applicable laws, regulations and rules, the powers and obligations of the Trustee will be limited as set forth in the trust deed and the Trustee shall, prior to the Shares being transferred to the Grantees pursuant to this RSU Plan, exercise all powers and rights attached to the Shares (including the voting rights thereof) under this RSU Plan and shall vote in accordance with the instruction of the Settlor. The Trustee will hold the trust funds in accordance with the terms of the trust deed and the Trustee will hold the Shares which are part of the trust funds.

10. Lapse and Forfeiture

Subject to terms and conditions of the RSU Plan, the unvested RSUs shall automatically lapse upon the earliest of:

- (i) the date of the termination of grantee's employment or service by any member of our Group; or
- (ii) in the event that certain general offer for Shares is made to our Shareholders, the date on which the offer (or, as the case may be, revised offer) closes; or
- (iii) in the event certain general offer for Shares by way of scheme of arrangement is made to our Shareholders, the record date for determining emolument under the scheme of arrangement; or
- (iv) the date of the commencement of the winding-up of our Company; or
- (v) the date on which the grantee commits a breach under the RSU Plan by contravening the term that no grantee shall in any way sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favor of any other person over or in relation to any RSU or any property held by the trustees on trust for the grantees, Awards, Shares underlying any Awards or RSUs or any interest or benefits therein; or
- (vi) the date on which it is no longer possible to satisfy any outstanding conditions to vesting; or
- (vii) the Administrator has decided that the unvested RSUs shall not be vested for the grantee in accordance with the rules of the RSU Plan and the terms and conditions as set out in the notice of grant.

Notwithstanding the aforesaid, in each case, the Administrator may in its sole and absolute discretion decide that any RSU shall not lapse or shall be subject to such conditions or limitations as the Administrator may decide.

11. Reorganization of Capital Structure

- (1) In the event of any alteration in the capital structure of our Company, such as capitalization issue, consolidation, sub-division and reduction of the share capital of our Company, the Administrator may make equitable adjustments that it considers appropriate, at its sole and absolute discretion, including:
 - (a) make arrangements for the grant of substitute RSUs of equivalent fair value to an Award in the purchasing or surviving company;
 - (b) reach such accommodation with the Grantee as it considers appropriate, including the payment of cash compensation to the Grantee equivalent to the fair value to any RSU to the extent not vested;
 - (c) waive any conditions to vesting of any RSU to the extent not already vested; or
 - (d) permit the continuation of an Award in accordance with its original terms.

- (2) Without prejudice to the above paragraph (1):
- (a) In the event our Company undertakes an open offer of new securities in respect of any Shares which are held by the Trustee under the RSU Plan, the Trustee shall not subscribe for any new Shares. In the event of a rights issue, the Trustee shall not take up any rights Shares and shall, if possible, sell the amount of the nil-paid rights allotted to it during a specific period and at a specific price range as determined by the Trustee in its sole and absolute discretion and the net proceeds of sale of such rights shall be held as income of the Trust Funds and be applied in accordance with the terms of this RSU Plan.
 - (b) In the event our Company issues bonus warrants in respect of any Shares which are held by the Trustee, the Trustee shall not subscribe for any new Shares by exercising any of the subscription rights attached to the bonus warrants and shall, if possible, sell the bonus warrants created and granted to it during a specific period and at a specific price range as determined by the Trustee in its sole and absolute discretion and the net proceeds of sale of such bonus warrants shall be held as income of the Trust Funds and be applied in accordance with the terms of this RSU Plan.
 - (c) In the event our Company undertakes a scrip dividend scheme, the Trustee shall elect cash dividend and the cash dividend will be treated as income of the Trust Funds and be applied in accordance the terms of this RSU Plan.
 - (d) In the event of other non-cash and non-scrip distribution made by our Company in respect of Shares held upon the Trust, the Trustee shall dispose of such distribution as determined by the Trustee in its sole and absolute discretion, the net sale proceeds thereof shall be deemed as income of the Trust Funds and shall be applied in accordance with the terms of this RSU Plan.

12. Alteration or Termination of the RSU Plan

(a) *Alteration*

The terms of the RSU Plan may be altered, amended or waived in any respect by our Company and the Administrator provided that such alteration, amendment or waiver shall not affect any subsisting rights of any grantee thereunder.

(b) *Termination*

The RSU Plan may be terminated at any time prior to the expiry of its term by the Board provided that such termination shall not affect any subsisting rights of any grantee under the RSU Plan. For the avoidance of doubt, no further Awards shall be granted after the RSU Plan is terminated but in all other respects the provisions of the RSU Plan shall remain in full force and effect. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid. In such event, (i) the Trustee shall act in accordance with the instruction of the Administrator to notify all grantees of such termination and how the trust funds held by the trustees on trust and other interests or benefits in relation to the outstanding RSUs shall be dealt with, and (ii) to the extent that any part of the trust funds will not be transferred to the Grantees under (i), the trust funds held by the trustee and any income thereof shall be transferred to the Settlor.

13. No Effect on Contract of Employment

The RSU Plan shall not form part of any contract of employment or engagement of services between our Group and any Participant and the rights and obligations of any Participant under the terms of his office, employment or engagement in services shall not be affected by the participation of the Participants in the RSU Plan or any rights which he may have to participate in it and the RSU Plan shall afford such a Participant no additional rights to compensation or damages in consequence of the termination of such office, employment or engagement for any reason.

14. Details of the RSUs granted under the RSU Plan

As of the Latest Practicable Date, the aggregate number of Shares underlying the granted RSUs is 13,933, representing approximately 4.07% of the issued share capital of our Company as at the Latest Practicable Date and approximately 3.06% of the issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering, and the aggregate number of Shares underlying the vested RSUs is 8,499.

Details of the RSUs granted pursuant to the RSU Plan to our Director are set out below:

Name of Director	Number of Shares underlying the RSUs granted as of the Latest Practicable Date	Approximate percentage of shareholding immediately before the completion of the Capitalization Issue and the Global Offering	Grant date	Vesting Period (subject to other conditions in the RSU Plan)
Mr. Huang Junwei (黃駿偉)	3,388	0.99%	July 1, 2018	80% of which vested on July 6, 2018 10% of which will vest on July 1, 2019 10% of which will vest on July 1, 2020

The RSUs granted in respect of 7,034 underlying Shares on July 1, 2018 have a vesting period of 24 months:

- 80% of which have been vested by July 31, 2018
- 10% of which will vest on July 1, 2019
- 10% of which will vest on July 1, 2020

The RSUs granted in respect of 657 underlying Shares on July 1, 2018 have a vesting period of 30 months:

- 70% of which have been vested by July 31, 2018
- 10% of which will vest on January 1, 2019
- 10% of which will vest on January 1, 2020
- 10% of which will vest on January 1, 2021

The RSUs granted in respect of 644 underlying Shares on July 1, 2018 have a vesting period of 36 months:

- 70% of which have been vested by July 31, 2018
- 10% of which will vest on July 1, 2019
- 10% of which will vest on July 1, 2020
- 10% of which will vest on July 1, 2021

The RSUs granted in respect of 934 underlying Shares on July 1, 2018 have a vesting period of 36 months:

- 50% of which have been vested by July 31, 2018
- 20% of which will vest on July 1, 2019
- 20% of which will vest on July 1, 2020
- 10% of which will vest on July 1, 2021

The RSUs granted in respect of 1,502 underlying Shares on July 1, 2018 have a vesting period of 36 months:

- 25% of which have been vested by July 31, 2018
- 25% of which will vest on July 1, 2019
- 25% of which will vest on July 1, 2020
- 25% of which will vest on July 1, 2021

The RSUs granted in respect of 1,153 underlying Shares on July 1, 2018 have a vesting period of 42 months:

- 60% of which have been vested by July 31, 2018
- 10% of which will vest on January 1, 2019
- 10% of which will vest on January 1, 2020
- 10% of which will vest on January 1, 2021
- 10% of which will vest on January 1, 2022

The RSUs granted in respect of 1,426 underlying Shares on July 1, 2018 have a vesting period of 42 months:

- 30% of which have been vested by July 31, 2018
- 20% of which will vest on January 1, 2019
- 20% of which will vest on January 1, 2020
- 20% of which will vest on January 1, 2021
- 10% of which will vest on January 1, 2022

The RSUs granted in respect of 219 underlying Shares on July 1, 2018 have a vesting period of 42 months:

- 25% of which will vest on January 1, 2019
- 25% of which will vest on January 1, 2020
- 25% of which will vest on January 1, 2021
- 25% of which will vest on January 1, 2022

The RSUs granted in respect of 365 underlying Shares on July 1, 2018 have a vesting period of 48 months:

- 25% of which will vest on July 1, 2019
- 25% of which will vest on July 1, 2020
- 25% of which will vest on July 1, 2021
- 25% of which will vest on July 1, 2022

Any vested or unvested RSUs or any Share underlying any RSUs shall not be transferred or sold prior to the Listing and during the period of six months following the Listing Date. The maximum number of Shares underlying the RSU Plan is 14,099 Shares, all of which have been issued and held by Weimob Teamwork, representing approximately 4.12% of the issued share capital of our Company as at the Latest Practicable Date. Immediately following the completion of Capitalization Issue and the Global Offering, the aggregate number of Shares underlying the RSU Plan will be 70,495,000 Shares, all of which will be held by Weimob Teamwork, representing approximately 3.50% of the issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering. Therefore, no grant of such RSUs will cause any dilution of the shareholding of our Shareholders immediately upon the Listing.

G. OTHER INFORMATION**1. Litigation**

As at the Latest Practicable Date, neither we nor any of our subsidiaries were/was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on its results of operations or financial condition.

2. Preliminary expenses

Our preliminary expenses were approximately US\$2,880 and have been paid by us.

3. Estate duty

Our Directors confirmed that no material liability for estate duty is likely to fall on any member of our Group.

4. Promoter

There are no promoters of our Company.

5. Joint Sponsors

The Joint Sponsors made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein and the Shares to be issued pursuant to the Capitalization Issue. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

Each of the Joint Sponsors confirms that it satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Our Company has entered into an engagement agreement with the Joint Sponsors, pursuant to which our Company agreed to pay the Joint Sponsors a total fee of US\$1.5 million to act as sponsors to our Company in the Global Offering.

6. No material adverse change

Our Directors confirm that there has been no material adverse change in our Company's financial or trading position or prospects since June 30, 2018 (being the date to which our latest audited combined financial statements were made up).

7. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provision) Ordinance so far as applicable.

8. Miscellaneous

- (1) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (a) no share or loan capital of any member of our Group has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;
 - (b) no share or loan capital of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option; and
 - (c) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
- (2) Save as disclosed in this prospectus:
 - (a) there are no founder, management or deferred shares nor any debentures in any member of our Group;
 - (b) no share or loan capital or debenture of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option; and
 - (c) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.
- (3) Save as disclosed in “C. Further Information about our Business – 1. Summary of the Material Contracts” in this section, none of our Directors or proposed Directors or experts (as named in this document), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.
- (4) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this document within the two years immediately preceding the date of this document.
- (5) Save as disclosed in this prospectus, no equity or debt securities of any company within our Group is presently listed on any stock exchange or traded on any trading system nor is any listing or permission to deal being or proposed to be sought.
- (6) Save as disclosed in this prospectus, our Company has no outstanding convertible debt securities or debentures.
- (7) There is no arrangement under which future dividends are waived or agreed to be waived.

9. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Deutsche Securities Asia Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of the regulated activities as defined under the SFO
Haitong International Capital Limited	A licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity under the SFO
JunHe LLP	Qualified PRC lawyers
Maples and Calder (Hong Kong) LLP	Cayman Islands attorney-at-law
PricewaterhouseCoopers	Certified Public Accountants
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

10. Consents of experts

Each of the experts named in paragraph 9 of this Appendix has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

11. Bilingual prospectus

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Particulars of the Over-allotment Option Grantor

The particulars of the Over-allotment Option Grantor are as follows. See “History, Reorganization and Corporate Structure – Information relating to the Investors” for further details.

Name	:	Shanghai Mengxiang Enterprise Management Partnership Enterprise (Limited Partnership) (上海盟想企業管理合夥企業(有限合夥)) (“Mengxiang”)
Description	:	Mengxiang is a limited partnership established under the laws of the PRC
Registered Address	:	Room 4011, 4th Floor No. 35, Rijing Road China (Shanghai) Pilot Free Trade Zone
Maximum number of Shares which the Over-allotment Option Grantor may be required to sell pursuant to the exercise of the Over-allotment Option	:	45,255,000

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) a copy of each of the **WHITE, YELLOW AND GREEN** Application Forms;
- (b) a copy of each of the written consents in “Statutory and General Information – G. Other Information – 10. Consents of Experts” in Appendix IV;
- (c) a copy of each of the material contracts in “Statutory and General Information – C. Further Information about Our Business – 1. Summary of the Material Contracts” in Appendix IV; and
- (d) the statement of particulars of the Over-allotment Option Grantor.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Hong Kong office of Clifford Chance at 27/F, Jardine House, One Connaught Place, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles of our Company;
- (b) the Accountant’s Report and the report on the unaudited pro forma financial information of our Group issued by PricewaterhouseCoopers, the texts of which are set out in Appendices I and II;
- (c) the audited combined financial statements of our Company for the three financial years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2018;
- (d) the PRC legal opinions issued by JunHe LLP, our legal advisor on PRC law, in respect of certain general corporate matters and property interests of our Group;
- (e) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisor on Cayman Islands law, summarizing certain aspects of the Companies Law referred to in Appendix III to this prospectus;
- (f) the Cayman Companies Law;
- (g) the written consents under “Statutory and General Information – G. Other Information – 10. Consents of Experts” in Appendix IV;
- (h) the material contracts in “Statutory and General Information – C. Further Information about Our Business – 1. Summary of the Material Contracts” in Appendix IV;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (i) the service contracts and the letters of appointment with our Directors in “Statutory and General Information – D. Further Information about Our Directors – 1. Directors’ service contracts” in Appendix IV;
- (j) the report issued by Frost & Sullivan, the summary of which is set forth in “Industry Overview”;
- (k) the terms of the RSU Plan; and
- (l) the statement of particulars of the Over-allotment Option Grantor.

Weimob  **微盟**