WEIMOB INC.
微盟集團*
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2013)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

The board of directors (the "**Directors**") (the "**Board**") of Weimob Inc. (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2018 together with the comparative figures for the year ended December 31, 2017. The Group's results have been audited by PricewaterhouseCoopers, the independent auditor of the Company, in accordance with Hong Kong Financial Reporting Standards (the "**HKFRS**"), and have been reviewed by the Audit Committee (as defined below).

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

FINANCIAL PERFORMANCE HIGHLIGHTS

	Year ended December 31,		**Year-on-year**
	2018	2017	**change**
	(RMB'000, except percentages)		
Revenue	**865,031**	534,011	62.0%
Gross profit	**517,649**	344,211	50.4%
Operating (loss)/profit	**(41,892)**	2,755	N/A
(Loss)/profit before income tax	**(1,090,597)**	2,833	N/A
(Loss)/profit for the year	**(1,091,207)**	2,637	N/A
Total comprehensive (loss)/income for the year	**(1,094,690)**	2,637	N/A
Non-HKFRS Measures:			
Adjusted EBITDA	**72,609**	23,187	213.1%
Adjusted net profit	**50,838**	11,165	355.3%

* *For identification purpose only*

2018 RESULTS HIGHLIGHTS

Our total revenue increased by 62.0% from RMB534 million in 2017 to RMB865 million for the year ended December 31, 2018. Our gross profit for the same period increased by 50.4% from RMB344 million in 2017 to RMB518 million in 2018. Our net loss was RMB1,091 million. The net loss was mainly attributable to a loss of RMB1,044 million from the change in fair value of financial liabilities other than from own credit risk related to our preferred shares under HKFRS, the listing and other one-off expenses of RMB60 million and share-based compensation of RMB33 million. Adjusted EBITDA increased by 213.1% from RMB23 million in 2017 to RMB73 million in 2018. Adjusted net profit increased by 355.3% from RMB11 million in 2017 to RMB51 million in 2018.

Our adjusted EBITDA margin increased from 4.3% in 2017 to 8.4% in 2018, and adjusted net margin increased from 2.1% in 2017 to 5.9% in 2018.

For the year ended December 31, 2018, we had 2.8 million registered merchants for our SaaS products and targeted marketing. The number of paying merchants of our SaaS products increased by 25.6% to 64,695, compared to the number as of December 31, 2017. In 2018, our ARPU of SaaS products increased by 5.2% to RMB5,365, the number of advertisers using our targeted marketing increased by 61.7% to 28,589, and the average spend per advertiser increased by 65.2% to RMB87,185, compared to 2017. The gross billing of our targeted marketing significantly increased by 167.2% to RMB2,493 million compared to 2017.

Through our unremitting efforts to pursue excellence in terms of services, technology and innovation, we received various awards and recognitions in 2018, including "Best Service Provider" in Regional and Industry Channels of Tencent Social Advertising (騰訊廣告區域及行業渠道「年度最佳服務商」), "Enterprise Service Innovation Award" in the 13th iResearch Awards in 2018 (2018第十三屆金瑞獎「企業服務創新獎」), "Top 50 Retail Digitalization Enabling Service Providers" in Luming Awards at Silu Retail Digitalization Service Conference 2018 (2018思路零售數字化服務大會路鳴獎「零售數字化賦能服務商TOP50」), "Top 100 Innovative Enterprises Most Worthy of Investment 2017-2018" (「2017-2018年度最具投資價值創新企業百強」) by CLPA, and "China's Most Innovative Enterprises of Smart Enterprise Service in 2018" (「2018中國智慧企業服務年度創新力企業榜單」) by Yi Ou.

BUSINESS REVIEW

In 2018, we achieved excellent business performance and results, with simultaneous growth in all business lines. In terms of SaaS products, our cloud service offerings, namely Commerce Cloud, Marketing Cloud, and Sales Cloud, achieved stable growth by closely focusing on product upgrades and launch of new products. In 2018, we had ten Commerce Cloud solutions, three Marketing Cloud solutions and one Sales Cloud solution. For the Commerce Cloud, Wei Mall (微商城), the core product of our new retail series, was successfully migrated to a new cloud in 2018, thus significantly improving our user experience. Moreover, our Smart Retail (智慧零售), Smart Store (智慧門店) and other solutions were recognized by a great number of retail brands. Our in-store offerings were extended to Smart Restaurant (智慧餐廳), Ke Lai Dian (客來店), Smart Food Delivery (智慧外賣), Smart Leisure (智慧休娛), Smart Travelling (智慧旅遊) and other solutions, and gradually became a new revenue growth engine. For the Marketing Cloud, with rapid iteration, our Wei Station (微站) became the first choice for enterprises building a WeChat Mini Program-based website. And our Marketing Assistant (廣告助手) helped enterprises to build their private customer data platform, as well as optimize their advertising strategies and marketing automation. For the Sales Cloud, we launched Sales Pusher (銷售推), a WeChat Mini Program-based business card product that helped improve the customer acquisition capability of sales force of enterprises, thus forming a complete enterprise service product matrix.

In terms of targeted marketing, we adopted the strategies of industry vertical segmentation and channel penetration, and at the same time, focused on improving value-added services to customers and tool empowerment, and empowered our merchants by developing tools and marketing technologies with focus on the specific industries for advertising services. We took the lead in adopting a strategy of combining tools with marketing services and achieved a rapid development of our targeted marketing business. In 2018, we achieved an explosive growth in our revenue from targeted marketing business. We were awarded the Best Service Provider in Regional and Industry Channels of Tencent Social Advertising again. Our leading position in the industry for three consecutive years and our collaborative relationship with Tencent enabled us to capture the future growth potential of mobile social commerce via WeChat. Meanwhile, we have been seeking more cooperation with media publishers, and have achieved satisfactory progress.

In terms of cloud platform, in 2018, our PaaS, Weimob Cloud platform, had amassed more than 400 developers and offered approximately 600 applications developed by third-party developers, which represents a milestone, as we no longer only provide standard solutions to serve small and medium businesses, but are able to provide customized solutions to serve larger customers, together with our partners.

In terms of strategic acquisition and investment, we reached a deal with Guangzhou Xiangminiao in 2018 to acquire the majority interests in it, which forms part of our strategy to expand into new industry verticals including hotel and hospitality and travelling, and is expected to support our Smart Hotel (智慧酒店) business. In the future, we plan to carry out mergers, acquisitions and investments in more industry verticals to expand our product offerings, and achieve a rapid business development through endogenous growth and outward expansion.

BUSINESS OUTLOOK

Looking forward to 2019, we will expand cloud service offerings, enhance monetization for existing customers, enhance the cooperation with Tencent and other decentralized platforms, construct an open and cooperative ecosystem of Weimob Cloud platform, explore more strategic cooperation and acquisition opportunities and insist on business empowerment in the decentralized business form.

We will always keep focusing on cloud services as the core businesses of the Company, and will put more force on Marketing Cloud, Sales Cloud and Service Cloud (服務雲), while utilizing existing competitive edges of Commerce Cloud. In the Commerce Cloud segment, we will focus on five major business lines, namely e-commerce, retail, catering, leisure and hotel and travelling, to provide our intelligent commerce solutions, and may expand our businesses into education, beauty, self-media and other industries in the future; in the Marketing Cloud segment, we help customers build a customer data platform (CDP) and a content innovation platform, and provide omni-channel contact points and marketing automation tools to improve the effect of customers' advertisements. In terms of Service Cloud and Sales Cloud, we will seek more strategic cooperation, investments and acquisitions to gain rapid entry into a new service field and realize rapid business development through outward expansion.

In addition, we will enhance monetization for existing customers. As of December 31, 2018, we had 2.8 million registered merchants for our diverse products and services. Our vast client base lays a solid foundation from which we can further make profits on a recurring basis. We will increase monetization of our SaaS products and targeted marketing through cross-marketing and cross-selling among different products and services.

We will enhance the cooperation with Tencent and other decentralized platforms, and cooperate in depth with Tencent in WeChat Mini Programs, Social Advertising, Smart Retail, WeChat Pay, Tencent Cloud and other business lines. We will promote the data sharing and relevant data product cooperation with Tencent to assist customers in providing more precisely targeted advertising and optimized marketing strategies. We will also enhance the cooperation with other leading decentralized platforms, such as Baidu, Zhihu, Douyin and Kuaishou.

We will further encourage third-party developers to develop applications on our Weimob Cloud platform, so as to expand our product offerings to customers. We no longer merely provide standard solutions to serve small and medium businesses, but are able to provide customized solutions, together with our partners, to serve key customers. In the next step, we will emphasize more on cultivating the ecosystem of our developers and open more public capabilities to build our ecosystem with developers.

We will explore more strategic cooperation and acquisition opportunities as we will expand our business along with our four clouds, namely the Commerce Cloud, Marketing Cloud, Service Cloud and Sales Cloud. For the Commerce Cloud, we will seek opportunities in industry verticals such as catering, retail, beauty, and hotel and hospitality. For the Marketing Cloud, we will closely focus on MarTech and seek opportunities in CDP, marketing automation, data analysis, and business intelligence. For Service Cloud, we will seek opportunities in smart customer service robot, cloud call, online customer service platform, ticket system, and cloud call out. For Sales Cloud, we will focus on SCRM, sales management, and office collaboration. We will look for the best enterprise service companies in China to arrange enterprise service ecosystems together.

We will always insist on merchant empowerment in the decentralized form. We believe that each enterprise should have control over its own members, data and private domain traffic. Through the establishment of direct connection between merchants and customers, Weimob Cloud provides a series of intelligent business solutions to support enterprises in digital transformation and make business more intelligent.

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

	Year ended December 31,	
	2018	2017
	(RMB'000)	
Revenue	**865,031**	534,011
Cost of sales	**(347,382)**	(189,800)
Gross profit	**517,649**	344,211
Selling and distribution expenses	**(449,799)**	(299,191)
General and administrative expenses	**(151,380)**	(59,730)
Other income	**16,490**	14,762
Other gains, net	**25,148**	2,703
Operating (loss)/profit	**(41,892)**	2,755
Finance costs	**(5,377)**	–
Finance income	**254**	78
Change in fair value of financial liabilities other than from own credit risk	**(1,043,582)**	–
(Loss)/profit before income tax	**(1,090,597)**	2,833
Income tax expense	**(610)**	(196)
(Loss)/profit for the year	**(1,091,207)**	2,637
Other comprehensive (loss)/income, net of tax		
Change in fair value of financial liabilities from own credit risk	**(3,483)**	–
Total comprehensive (loss)/income for the year	**(1,094,690)**	2,637
Attributable to:		
– Equity holders of the Company	**(1,092,689)**	2,831
– Non-controlling interests	**(2,001)**	(194)
	(1,094,690)	2,637

Key Operating Data

The following table sets forth our key operating data for the years ended/as of December 31, 2017 and 2018.

	Year ended/as of December 31,	
	2018	2017
SaaS products		
Addition in number of paying merchants	**26,995**	25,035
Number of paying merchants	**64,695**	51,494
Attrition rate[(1)]	**26.8%**	27.2%
Revenue (RMB in millions)	**347.1**	262.6
ARPU[(2)] (RMB)	**5,365**	5,100
Targeted marketing		
Addition in number of advertisers	**23,521**	16,447
Number of advertisers	**28,589**	17,681
Repurchase rate (Number of repurchased advertisers[(3)]/advertisers)	**55.4%**	50.6%
Gross billing (RMB in millions)	**2,492.5**	933.0
Average spend per advertiser (RMB)	**87,185**	52,767

Notes:

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

(2) Refers to the average revenue per paying merchant, which equals revenue of SaaS products for the year divided by the number of paying merchants as of the end of such year.

(3) Refer to advertisers who used our targeted marketing more than once during the year.

Key Financial Ratios

	Year ended December 31,	
	2018	2017
	%	
Total revenue growth	**62.0**	182.2
– SaaS products	**32.1**	49.5
– Targeted marketing	**90.9**	1,910.4
Gross margin(1)	**59.8**	64.5
– SaaS products	**85.0**	87.0
– Targeted marketing	**43.0**	42.6
Adjusted EBITDA margin(2)	**8.4**	4.3
Net margin(3)	**(126.1)**	0.5
Adjusted net margin(4)	**5.9**	2.1

Notes:

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

(2) Equals adjusted EBITDA divided by revenue for the year 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" below.

(3) Equals (loss)/profit divided by revenue for the year and multiplied by 100%.

(4) Equals adjusted net (loss)/profit divided by revenue for the year 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" below.

Revenue

Our total revenue increased by 62.0% from RMB534.0 million in 2017 to RMB865.0 million in 2018, primarily due to the increases in our revenues generated from both our SaaS products and targeted marketing. The following table sets forth a breakdown of our revenue by business segment for the years indicated.

	Year ended December 31,			
	2018		2017	
	(RMB in millions, except percentages)			
Revenue				
SaaS products	**347.1**	**40.1%**	262.6	49.2%
Targeted marketing	**518.0**	**59.9%**	271.4	50.8%
Total	**865.0**	**100.0%**	534.0	100.0%

SaaS products

Revenue from our SaaS products increased by 32.1% from RMB262.6 million in 2017 to RMB347.1 million in 2018, primarily due to the increased number of paying merchants for our SaaS products from 51,494 in 2017 to 64,695 in 2018, and the increased ARPU of our SaaS products from RMB5,100 in 2017 to RMB5,365 in 2018.

The following table sets forth a breakdown of our revenue from SaaS products by sales channels for the years indicated.

	Year ended December 31,			
	2018		2017	
	(RMB in millions, except percentages)			
Revenue				
Commerce Cloud	**266.3**	**76.7%**	191.4	72.9%
Marketing Cloud[(1)]	**80.8**	**23.3%**	71.2	27.1%
Total	**347.1**	**100.0%**	262.6	100.0%

Notes:

(1) Revenue from Marketing Cloud includes our revenue from Sales Pusher (銷售推) of RMB0.9 million in 2018.

Targeted marketing

The following table sets forth a breakdown of the gross billing of our targeted marketing by recognition method for the years indicated.

	Year ended December 31,			
	2018		**2017**	
	(RMB in millions, except percentages)			
Gross billing				
Gross method	**383.7**	**15.4%**	206.3	22.1%
Net method	**2,108.8**	**84.6%**	726.7	77.9%
Total	**2,492.5**	**100.0%**	933.0	100.0%

The gross billing of our targeted marketing increased significantly from RMB933.0 million in 2017 to RMB2,492.5 million in 2018, primarily due to the increase in the number of advertisers who purchased our targeted marketing from 17,681 in 2017 to 28,589 in 2018, as well as an increase in average spend per advertiser from RMB52,767 in 2017 to RMB87,185 in 2018.

Revenue from our targeted marketing increased by 90.9% from RMB271.4 million in 2017 to RMB518.0 million in 2018, which was in line with the increase in the gross billing.

The following table sets forth a breakdown of our revenue from targeted marketing by revenue recognition method for the years indicated.

	Year ended December 31,			
	2018		2017	
	(RMB in millions, except percentages)			
Revenue				
Gross method	**316.5**	**61.1%**	176.6	65.1%
Net method	**201.5**	**38.9%**	94.8	34.9%
Total	**518.0**	**100.0%**	271.4	100.0%

Our revenue from targeted marketing recognized on a gross basis increased by 79.2% from RMB176.6 million in 2017 to RMB316.5 million in 2018, while our revenue from targeted marketing recognized on a net basis increased by 112.5% from RMB94.8 million in 2017 to RMB201.5 million in 2018.

Cost of Sales

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

	Year ended December 31,			
	2018		2017	
	(RMB in millions, except percentages)			
Cost of sales				
Advertising traffic cost for targeted marketing revenue	**286.5**	**82.5%**	154.4	81.4%
Staff costs	**18.7**	**5.4%**	16.0	8.4%
Broadband and hardware costs	**11.6**	**3.3%**	9.5	5.0%
Contract operation services costs	**6.9**	**2.0%**	1.7	0.9%
Amortization of intangible assets	**18.4**	**5.3%**	5.4	2.8%
Taxes and surcharges	**5.0**	**1.4%**	2.7	1.4%
Depreciation and amortization	**0.3**	**0.1%**	0.1	0.1%
Total	**347.4**	**100.0%**	189.8	100.0%

Our cost of sales increased by 83.0% from RMB189.8 million in 2017 to RMB347.4 million in 2018, primarily because (i) our advertising traffic cost for targeted marketing revenue increased by 85.6% from RMB154.4 million in 2017 to RMB286.5 million in 2018, in line with the growth of our targeted marketing business, and (ii) our amortization of intangible assets increased significantly from RMB5.4 million in 2017 to RMB18.4 million in 2018, which represents the amortization of our intangible assets relating to self-developed software.

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

	Year ended December 31,			
	2018		2017	
	(RMB in millions, except percentages)			
Cost of sales				
SaaS products	**52.1**	**15.0%**	34.0	17.9%
Targeted marketing	**295.3**	**85.0%**	155.8	82.1%
Total	**347.4**	**100.0%**	189.8	100.0%

SaaS products

Cost of sales of our SaaS products increased by 53.1% from RMB34.0 million in 2017 to RMB52.1 million in 2018, primarily due to an increase of RMB13.0 million in our amortization of intangible assets relating to our self-developed software for SaaS products as a result of our increased investment in research and development and the corresponding increase in capitalized development costs and, to a lesser extent, an increase of RMB5.2 million in our contract operation services costs for SaaS products.

Targeted marketing

Cost of sales of our targeted marketing increased by 89.6% from RMB155.8 million in 2017 to RMB295.3 million in 2018, primarily due to an increase in our advertising traffic costs of RMB132.1 million for targeted marketing revenue recognized on a gross basis in 2018.

Gross Profit and Gross Margin

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

	Year ended December 31,					
	2018			2017		
	Gross profit	**%**	**Gross margin**	Gross profit	%	Gross margin
	(RMB in millions, except percentages)					
SaaS products	**294.9**	**57.0**	**85.0%**	228.6	66.4	87.0%
Targeted marketing	**222.7**	**43.0**	**43.0%**	115.6	33.6	42.6%
Total	**517.6**	**100.0**	**59.8%**	344.2	100.0	64.5%

Our overall gross profit increased by 50.4% from RMB344.2 million in 2017 to RMB517.6 million in 2018, primarily due to the increase in our total revenue.

Our overall gross margin decreased from 64.5% in 2017 to 59.8% in 2018, primarily due to the increased proportion of our revenue from targeted marketing where we generally have a lower gross margin. The gross margin of our SaaS products decreased from 87.0% in 2017 to 85.0% in 2018 mainly due to an increase in amortization of our intangible assets relating to our self-developed software for SaaS products, thereby driving the cost of sales of our SaaS products at a greater rate than revenue from our SaaS products. The gross margin of our targeted marketing slightly increased from 42.6% in 2017 to 43.0% in 2018 primarily due to an increase in the proportion of our revenue from targeted marketing recognized on a net basis as compared with revenue from targeted marketing recognized on a gross basis.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 50.3% from RMB299.2 million in 2017 to RMB449.8 million in 2018, primarily due to the increases in (i) staff costs for our sales and marketing personnel from RMB139.5 million in 2017 to RMB243.0 million in 2018 mainly as a result of the increase in the number of our sales and marketing staff, and (ii) contract acquisition costs for the sales of our SaaS products from RMB111.6 million in 2017 to RMB150.6 million in 2018. These increases were in tandem with the expansion of each of our business segments.

General and Administrative Expenses

Our general and administrative expenses increased significantly from RMB59.7 million in 2017 to RMB151.4 million in 2018, primarily due to (i) an increase of RMB27.3 million in listing expenses and RMB25.4 million in consulting fee in connection with other fund raising activities relating to our Pre-IPO investments incurred in 2018, (ii) an amount of RMB17.5 million in share-based payment expenses to Tencent Venture Base in 2018, and (iii) an increase of RMB16.1 million in staff costs as a result of our overall business growth.

Other Income

Our other income increased by 11.7% from RMB14.8 million in 2017 to RMB16.5 million in 2018, primarily due to the increase in government grants provided to us in the form of VAT refunds in relation to our SaaS products.

Other Gains, net

Our other net gains increased significantly from RMB2.7 million in 2017 to RMB25.1 million in 2018, mainly due to a foreign exchange gain 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 any such gain in 2018.

Operating (Loss)/Profit

As a result of the foregoing, we had an operating loss of RMB41.9 million in 2018 while we had an operating profit of RMB2.8 million in 2017.

Finance Costs

We incurred finance costs of RMB5.4 million in 2018, primarily due to interest expenses from our bank borrowing and our issuance of redeemable and convertible preferred shares in 2018.

Finance Income

Our finance income increased significantly from RMB0.1 million in 2017 to RMB0.3 million in 2018, primarily due to an increased interest income on our bank deposits, reflecting an increase in the average balance of our bank deposits in 2018.

Change in Fair Value of Financial Liabilities Other than from Own Credit Risk

We recorded change in fair value of financial liabilities other than from own credit risk of RMB1,043.6 million in 2018, primarily due to the fair value change of the financial instruments issued to our Series C and Series D investors. Upon completion of our IPO on January 15, 2019, such preferred shares were converted to ordinary shares, and therefore, no change in fair value of financial liabilities will incur thereafter.

Income Tax Expense

Our income tax expense increased from RMB0.2 million in 2017 to RMB0.6 million in 2018, primarily due to the increased taxable income of our subsidiaries in the PRC, resulting in the increases in both current income tax expense and deferred income tax expense by utilization of tax loss carried from the previous year.

Change in Fair Value of Financial Liabilities from Own Credit Risk

We recorded change in fair value of financial liabilities from own credit risk of RMB3.5 million, primarily due to the fair value change of the financial instruments issued to our Series C and Series D investors. Upon completion of our IPO on January 15, 2019, such preferred shares were converted to ordinary shares, and therefore, no change in fair value of financial liabilities will incur thereafter.

(Loss)/Profit for the Year

As a result of the foregoing, we recorded a loss of RMB1,091.2 million in 2018 while we recorded a profit of RMB2.6 million in 2017.

Non-HKFRS Measures: Adjusted EBITDA and Adjusted Net (Loss)/Profit

To supplement our consolidated 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 should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under HKFRS.

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

	Year ended December 31,	
	2018	2017
	(RMB in millions)	
Reconciliation of operating (loss)/profit to EBITDA and adjusted EBITDA:		
Operating (loss)/profit for the year:	**(41.9)**	2.8
Add:		
Depreciation	**3.6**	3.1
Amortization	**18.4**	5.4
EBITDA	**(19.9)**	11.3
Add:		
Share-based compensation	**32.6**	11.9
Listing and other one-off expenses[(1)]	**59.9**	–
Adjusted EBITDA	**72.6**	23.2

	Year ended December 31,	
	2018	2017
	(RMB in millions)	
Reconciliation of net (loss)/profit to adjusted net (loss)/profit:		
Net (loss)/profit for the year	**(1,091.2)**	2.6
Add:		
Share-based compensation	**32.6**	11.9
Listing and other one-off expenses[(1)]	**59.9**	–
Interest expenses[(2)]	**5.4**	–
Change in fair value of financial liabilities other than from own credit risk	**1,043.6**	–
Gain on modification of instruments issued to investors	**–**	(3.6)
Tax effects	**0.6**	0.2
Adjusted net (loss)/profit	**50.8**	11.2

Notes:

(1) Mainly include listing expenses of RMB27.3 million and consulting fee in connection with other fund raising activities of RMB25.4 million.

(2) Interests expenses are one-off interest expenses in relation to our reorganization for our IPO in 2018.

Liquidity and Financial Resources

We fund our cash requirements principally from proceeds from our business operations, bank borrowings, and shareholder equity contribution. As of December 31, 2018, we had cash and cash equivalents of RMB127.6 million.

As of December 31, 2018, we had a short-term bank loan of RMB80.0 million as we entered into a one-year loan agreement with Bank of Shanghai in June 2018 with an interest rate of 6.09% per annum guaranteed by Shanghai Weimob Enterprise Development Co., Ltd. As of December 31, 2018, we had redeemable and convertible preferred shares of RMB2,769.9 million, all of which had been converted to ordinary shares upon completion of our IPO on January 15, 2019. Therefore, upon our listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), we have turned into a positive equity position.

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,	
	2018	2017
	(RMB in millions)	
Fixed assets	**11.1**	4.5
Intangible assets	**62.3**	27.9
Total	**73.5**	32.4

Significant Investments

For the year ended December 31, 2018, we did not have any significant investment.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the year ended December 31, 2018, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Pledge of Assets

As of December 31, 2018, we did not pledge any of our assets.

Future Plans for Material Investments or Capital Assets

As of December 31, 2018, we did not have any plans for material investments and capital assets.

Foreign Exchange Risk Management

We mainly carry out our operations in the PRC with most transactions settled in Renminbi, and we are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Therefore, foreign exchange risk primarily arose from our recognized assets and liabilities when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. In 2018, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

Contingent Liabilities

As of December 31, 2018, we did not have any material contingent liabilities.

Employees

As of December 31, 2018, we had 2,843 full-time employees, the majority of whom are based in Shanghai, China.

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

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

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2018

	Note	Year ended December 31, 2018 RMB'000	2017 RMB'000
Revenue	4	**865,031**	534,011
Cost of sales	5	**(347,382)**	(189,800)
Gross profit		**517,649**	344,211
Selling and distribution expenses	5	**(449,799)**	(299,191)
General and administrative expenses	5	**(151,380)**	(59,730)
Other income	6	**16,490**	14,762
Other gains, net	7	**25,148**	2,703
Operating (loss)/profit		**(41,892)**	2,755
Finance costs	8	**(5,377)**	–
Finance income	9	**254**	78
Change in fair value of financial liabilities other than from own credit risk		**(1,043,582)**	–
(Loss)/profit before income tax		**(1,090,597)**	2,833
Income tax expense	10	**(610)**	(196)
(Loss)/profit for the year		**(1,091,207)**	2,637
(Loss)/profit attributable to:			
– Equity holders of the Company		**(1,089,206)**	2,831
– Non-controlling interests		**(2,001)**	(194)
		(1,091,207)	2,637
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		**(3,483)**	–
Total comprehensive (loss)/income for the year		**(1,094,690)**	2,637
Total comprehensive (loss)/income attributable to:			
– Equity holders of the Company		**(1,092,689)**	2,831
– Non-controlling interests		**(2,001)**	(194)
		(1,094,690)	2,637
(Loss)/Earnings per share (expressed in RMB per share)			
Basic and diluted	12	**(1.59)**	0.004

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2018

		As at December 31,	
		2018	2017
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**16,914**	9,724
Intangible assets		**57,054**	37,623
Development cost		**27,963**	3,510
Deferred income tax assets		**59,305**	59,703
Contract assets		**63,476**	69,581
Other non-current assets		**9,700**	–
Total non-current assets		**234,412**	180,141
Current assets			
Trade and notes receivables	*13*	**79,287**	30,647
Contract assets		**130,495**	93,551
Prepayments, deposits and other assets		**508,968**	140,880
Cash and cash equivalents		**127,585**	21,529
Total current assets		**846,335**	286,607
Total assets		**1,080,747**	466,748
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**–**	–
Share premium		**1,049**	–
Reserves		**(1,170,341)**	(44,163)
Accumulated losses		**(1,262,090)**	(172,884)
		(2,431,382)	(217,047)
Non-controlling interests		**(1,154)**	2,303
Total deficit		**(2,432,536)**	(214,744)

	As at December 31,	
	2018	2017
	RMB'000	*RMB'000*
LIABILITIES		
Non-current liabilities		
Redeemable and convertible preferred shares	**2,769,905**	–
Contract liabilities	**130,071**	145,107
Total non-current liabilities	**2,899,976**	145,107
Current liabilities		
Bank borrowing	**80,000**	–
Other payables and accruals	**270,303**	343,409
Contract liabilities	**262,792**	192,934
Current income tax liabilities	**212**	42
Total current liabilities	**613,307**	536,385
Total liabilities	**3,513,283**	681,492
Total equity and liabilities	**1,080,747**	466,748

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2018

		Attributable to equity holders of the Company						
	Note	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at January 1, 2018		**–**	**–**	**(44,163)**	**(172,884)**	**(217,047)**	**2,303**	**(214,744)**
Comprehensive loss								
Loss for the year		**–**	**–**	**–**	**(1,089,206)**	**(1,089,206)**	**(2,001)**	**(1,091,207)**
Other comprehensive loss – change in fair value of financial liabilities from own credit risk		**–**	**–**	**(3,483)**	**–**	**(3,483)**	**–**	**(3,483)**
Total comprehensive loss for the year		**–**	**–**	**(3,483)**	**(1,089,206)**	**(1,092,689)**	**(2,001)**	**(1,094,690)**
Transactions with owners								
– Issuance of ordinary shares		**–**	**1,049**	**–**	**–**	**1,049**	**–**	**1,049**
– Capital contribution from an investor		**–**	**–**	**11,660**	**–**	**11,660**	**–**	**11,660**
– Deemed distribution		**–**	**–**	**(1,125,614)**	**–**	**(1,125,614)**	**–**	**(1,125,614)**
– Share-based compensation expenses for employees		**–**	**–**	**8,703**	**–**	**8,703**	**–**	**8,703**
– Transactions with non-controlling interests		**–**	**–**	**(17,444)**	**–**	**(17,444)**	**(1,456)**	**(18,900)**
Total transactions with owners recognized directly in equity for the year		**–**	**1,049**	**(1,122,695)**	**–**	**(1,121,646)**	**(1,456)**	**(1,123,102)**
As at December 31, 2018		**–**	**1,049**	**(1,170,341)**	**(1,262,090)**	**(2,431,382)**	**(1,154)**	**(2,432,536)**
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		–	–	–	2,831	2,831	(194)	2,637
Transactions with owners								
– Share-based compensation expenses for employees		–	–	11,895	–	11,895	–	11,895
– Deemed contribution		–	–	17,324	–	17,324	–	17,324
– Conversion of financial liability to equity		–	–	40,650	(734)	39,916	–	39,916
– Transactions with non-controlling interests		–	–	(512)	–	(512)	512	–
Total transactions with owners recognized directly in equity for the year		–	–	69,357	(734)	68,623	512	69,135
As at December 31, 2017		–	–	(44,163)	(172,884)	(217,047)	2,303	(214,744)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31, 2018

	Year ended December 31, 2018 *RMB'000*	2017 *RMB'000*
Cash flows from operating activities		
Cash (used in)/generated from operations	**(258,607)**	49,393
Interest received	**254**	–
Interest paid	**(5,228)**	–
Income tax paid	**(42)**	–
Net cash (used in)/generated from operating activities	**(263,623)**	49,393
Cash flows from investing activities		
Purchase of short-term investments	**–**	(300)
Proceeds from disposals of short-term investments	**–**	11,814
Payment for acquisition of a subsidiary	**(1,000)**	–
Prepayment for equity investment	**(9,700)**	–
Purchase of property, plant and equipment	**(11,114)**	(4,498)
Proceeds from disposal of property, plant and equipment	**353**	43
Purchase of intangible assets	**(203)**	(1,111)
Payment for development cost	**(62,134)**	(27,858)
Payment to a related party	**(27,128)**	–
Interest received	**–**	78
Net cash used in investing activities	**(110,926)**	(21,832)
Cash flows from financing activities		
Capital contribution from an investor	**11,660**	–
Proceeds from issuance of ordinary shares	**994**	–
Proceeds from issuance of redeemable and convertible preferred shares	**1,914,518**	–
Cash paid in connection with the reorganisation	**(1,341,225)**	–
Deemed distribution	**(95,150)**	(39,282)
Proceeds from bank borrowings	**105,000**	–
Repayments of bank borrowings	**(25,000)**	–
Borrowing from related parties	**190,000**	11,807
Repayment to related parties	**(264,103)**	(7,513)
Payment of listing expenses	**(3,039)**	–
Acquire equity interest from non-controlling interest	**(12,820)**	–
Consulting fee in connection with other fund raising activities	**(25,390)**	–
Net cash generated from/(used in) financing activities	**455,445**	(34,988)
Net increase/(decrease) in cash and cash equivalents	**80,896**	(7,427)
Effect on exchange rate difference	**25,160**	–
Cash and cash equivalents at beginning of the year	**21,529**	28,956
Cash and cash equivalents at end of the year	**127,585**	21,529
Non-cash financing activity		
Conversion of financial liability to equity	**–**	39,916

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, collectedly 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, 2017 and 2018.

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

These consolidated financial statements are presented in Renminbi ("RMB") unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on March 22, 2019.

1.2 History and reorganisation of the Group

Prior to the incorporation of the Company and the completion of the 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") before September 2016.

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 became 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.

1.3 Basis of presentation

Pursuant to the Group Reorganisation, the Company became the ultimated holding company of the companies now comprising the Group. The consolidated financial statements of the Group have been prepared as if the Group has always been in the existence throughout both years presented, or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company pursuant to the Reorganisation.

2 BASIS OF PREPARATION

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

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

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 January 1, 2018 and earlier application is permitted. The Group has applied HKFRS 9 and HKFRS 15 which have been applied consistently throughout the years ended December 31, 2017 and 2018.

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	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
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	January 1, 2019
HKFRS 3	Definition of business	January 1, 2020
Amendments to HKAS 1 and HKAS 8	Definition of material	January 1, 2020
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

Except for HKFRS 16 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.

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 consolidated 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 consolidated 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 consolidated statements of financial position. This will affect related ratios, such as increase in debt to capital ratio. In the consolidated 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 amortisation 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 group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The Group has set up a project team which has reviewed all of the Group’s leasing arrangements over the year in light of the new lease accounting rules in HKFRS 16. The standard will affect primarily the accounting for the Group’s operating leases. The Group expects to recognise right-of-use assets of approximately RMB67.2 million and lease liabilities of RMB47.0 million (after adjustments for prepayments and accrued lease payments recognised as at December 31, 2018) on January 1, 2019. The Group expects that profit before income tax will decrease by approximately RMB0.5 million for 2019 as a result of adopting the new rules.

3 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 two 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 at December 31, 2017 and 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 consolidated financial statements. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

	SaaS products *RMB'000*	**Targeted marketing** *RMB'000*	**Total** *RMB'000*
Year ended December 31, 2018			
Segment revenue	**347,067**	**517,964**	**865,031**
Segment cost of sales	**(52,131)**	**(295,251)**	**(347,382)**
Gross profit	**294,936**	**222,713**	**517,649**
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	228,588	115,623	344,211

4 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, 2017 and 2018, was as follows:

	Year ended December 31,	
	2018	2017
	RMB'000	*RMB'000*
SaaS products	**347,067**	262,637
Targeted marketing		
– Gross method	**316,508**	176,576
– Net method	**201,456**	94,798
	517,964	271,374
	865,031	534,011

5 EXPENSES BY NATURE

	Year ended December 31,	
	2018	2017
	RMB'000	*RMB'000*
Employee benefits expenses	**322,288**	200,122
Advertising traffic cost for targeted marketing revenue	**286,503**	154,384
Promotion and advertising expenses	**168,118**	136,753
Utilities and office expenses	**40,562**	29,071
Listing expenses	**27,297**	–
Consulting fee in connection with other fund raising activities	**25,390**	–
Depreciation and amortisation	**22,026**	8,536
Share-based compensation expenses – non employee *(i)*	**17,534**	–
Server and SMS charges related to SaaS revenue	**11,618**	9,576
Contract operation service costs	**6,913**	1,666
Taxes and surcharges	**4,975**	2,693
Travelling and entertainment expenses	**4,943**	3,289
Auditors' remuneration	**196**	90
Others	**10,198**	2,541
	948,561	548,721

(i) 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 consolidated statement of comprehensive income for the year ended December 31, 2018 given no vesting condition exists.

6 OTHER INCOME

	Year ended December 31,	
	2018	2017
	RMB'000	*RMB'000*
Government grants *(i)*	**16,490**	14,748
Interest on financial assets held as investments	**–**	14
	16,490	14,762

(i) Government grants mainly represent VAT refund entitlement 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 refunds on accrual basis.

7 OTHER GAINS, NET

	Year ended December 31,	
	2018	2017
	RMB'000	*RMB'000*
Gain on modification of instruments issued to investors *(i)*	**–**	3,563
Bank charges	**(650)**	(203)
Foreign exchange gain	**28,390**	–
Others, net	**(2,592)**	(657)
	25,148	2,703

(i) In January 2017, pursuant to the equity owners and investors' agreement, all the 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 recognised as a gain in the consolidated statement of comprehensive income. Amount of RMB734,000 recorded in OCI related to credit risk were transferred to retained earnings.

8 FINANCE COST

	Year ended December 31,	
	2018	2017
	RMB'000	*RMB'000*
Interest expenses	**5,377**	–

9 FINANCE INCOME

	Year ended December 31,	
	2018	2017
	RMB'000	*RMB'000*
Interest income on bank deposits	**254**	78

10 INCOME TAX

	Year ended December 31,	
	2018	2017
	RMB'000	*RMB'000*
Current tax	**212**	42
Deferred income tax	**398**	154
Income tax expense	**610**	196

(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 for the year ended December 31, 2018.

(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 practices in respect thereof. The general corporate income tax rate in PRC is 25%. Weimob Development 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%.

11 DIVIDENDS

No dividends have been paid or declared by the Company for the years ended December 31, 2017 and 2018.

12 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share for the years ended December 31, 2017 and 2018 are calculated by dividing the (loss)/profit attribute to the Company's equity holders by the weighted average number of ordinary shares and ordinary shares deemed to be in issue during the respective year.

The number of ordinary shares for the purpose of calculating basic (loss)/earnings per share has been retrospectively adjusted for the capitalization issue of the shares of the Company completed on January 15, 2019.

	Year ended December 31,	
	2018	2017
Net (loss)/profit attributable to the owners of the Company (RMB'000)	**(1,089,206)**	2,831
Weighted average numbers of ordinary shares in issue	**684,615,000**	684,615,000
Basic (loss)/earnings per share (RMB)	**(1.59)**	0.004

The weighted average number of ordinary shares is calculated as follows:

	Year ended December 31	
	2018	2017
Number of issued shares	**136,923**	136,923
Effect of capitalization issue on January 15, 2019	**684,478,077**	684,478,077
Number of shares for the purpose of basic (loss)/earnings per share calculation	**684,615,000**	684,615,000

(b) Diluted

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

During the year ended December 31, 2018, 205,008 preferred shares were issued to certain investors respectively. The Group did not include these preferred shares in the calculation of basic earnings per share for the year ended December 31, 2017 as these shares are not considered outstanding for earnings per share calculation purposes. For the year ended December 31, 2018, the preferred shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive.

13 TRADE AND NOTES RECEIVABLE

	As at December 31,	
	2018	2017
	RMB'000	*RMB'000*
Trade receivable	**66,175**	28,647
Notes receivable	**13,112**	2,000
	79,287	30,647

Aging analysis of the trade receivables as at December 31, 2017 and 2018, based on date of recognition, is as follows:

	As at December 31,	
	2018	2017
	RMB'000	*RMB'000*
0 – 90 days	**66,175**	28,647

As at December 31, 2017 and 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, 2017 and 2018 no provision was made against the gross amounts of trade receivables.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange on January 15, 2019 (the "**Listing Date**"). As at the date of this announcement, the proceeds raised from the global offering of the Company had not been utilized. The Company intends to use such proceeds for the purpose as disclosed in the prospectus of the Company dated December 31, 2018.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2018.

CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and enhance its value and accountability. Since the shares of the Company were listed on the Main Board of the Stock Exchange on January 15, 2019, the Company has adopted the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (the "**Corporate Governance Code**").

During the period from the Listing Date and up to the date of this announcement, the Company has complied with all the applicable code provisions under the Corporate Governance Code with the exception for the deviation from code provision A.2.1 of the Corporate Governance Code.

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

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

MODEL CODE FOR SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the period from the Listing Date and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the period from the Listing Date up to the date of this announcement, none of the Company or any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Board has established the Audit Committee (the "**Audit Committee**"), comprising of three independent non-executive directors, namely, Mr. Tang Wei (Chairman), Mr. Sun Mingchun and Mr. Li Xufu. The primary duties of the Audit Committee are to review and supervise our Company's financial reporting process, risk management and internal controls.

The Audit Committee has, together with the Board and the external auditor of the Company, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended December 31, 2018.

This annual results announcement is based on the Group's audited consolidated financial statements for the year ended December 31, 2018 which have been agreed with the external auditor of the Company.

PUBLICATION OF ANNUAL RESULTS AND 2018 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.weimob.com). The annual report of the Company for the year ended December 31, 2018 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

By order of the Board
Weimob Inc.
Sun Taoyong
Chairman of the Board

Hong Kong, March 24, 2019

As at the date of this announcement, the Board comprises Mr. SUN Taoyong, Mr. FANG Tongshu, Mr. YOU Fengchun and Mr. HUANG Junwei as executive Directors; and Mr. SUN Mingchun, Mr. LI Xufu and Mr. TANG Wei as independent non-executive Directors.

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realized in future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.