

Weimob 微盟

WEIMOB INC.

微盟集團*

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

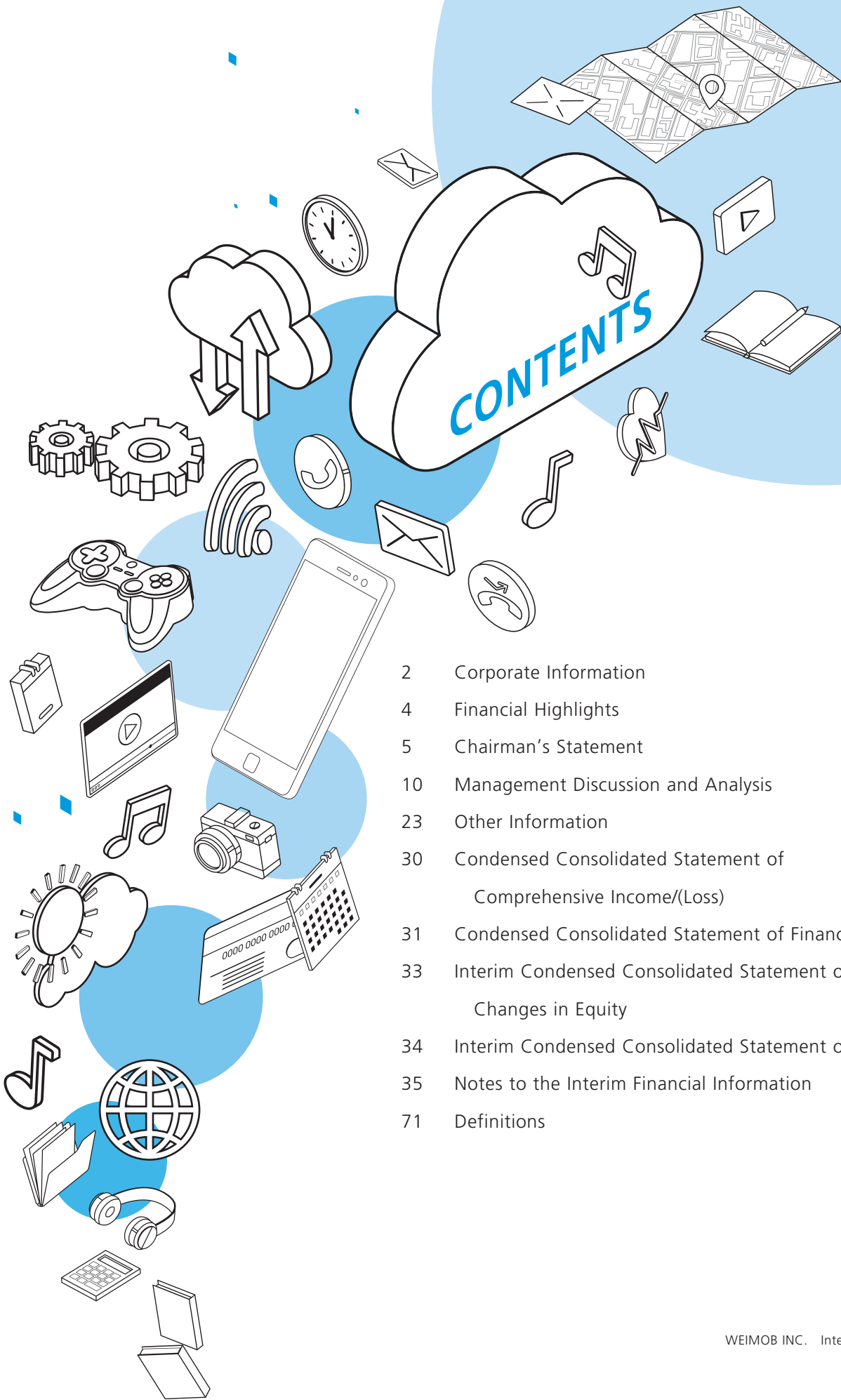
Stock Code 股份代號 : 2013

Interim Report 中期報告 2019



Making Business More
Intelligent
讓商業變得更智慧

*For identification purpose only 僅供識別



2	Corporate Information
4	Financial Highlights
5	Chairman's Statement
10	Management Discussion and Analysis
23	Other Information
30	Condensed Consolidated Statement of Comprehensive Income/(Loss)
31	Condensed Consolidated Statement of Financial Position
33	Interim Condensed Consolidated Statement of Changes in Equity
34	Interim Condensed Consolidated Statement of Cash Flows
35	Notes to the Interim Financial Information
71	Definitions



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. SUN Taoyong (*Chairman*)
Mr. FANG Tongshu
Mr. YOU Fengchun
Mr. HUANG Junwei

Independent Non-executive Directors

Dr. SUN Mingchun
Dr. LI Xufu
Mr. TANG Wei

JOINT COMPANY SECRETARIES

Mr. CAO Yi
Ms. NG Sau Mei (*ACIS, ACS*)

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

AUDITOR

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

LEGAL ADVISOR

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

As to Cayman Islands law:
Maples and Calder (Hong Kong) LLP
53/F, The Center
99 Queen's Road Central
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COMPLIANCE ADVISOR

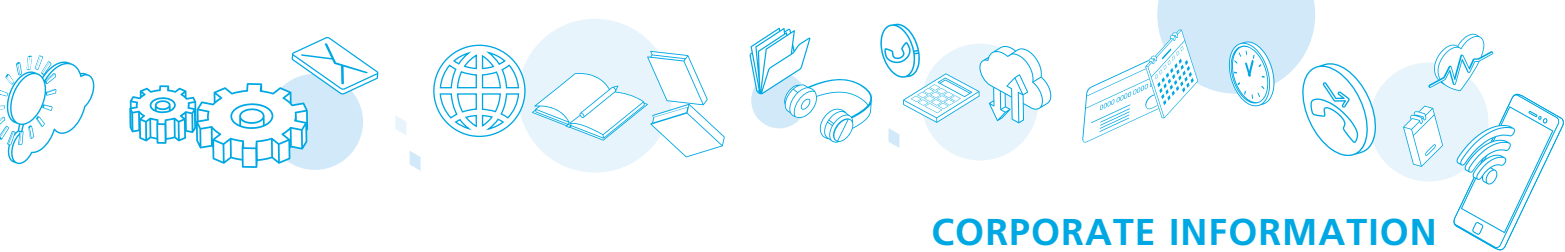
Haitong International Capital Limited
8/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

PRINCIPAL BANKERS

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Pilot Free Trade Zone Branch
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Pudong District
Shanghai
PRC

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

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



CORPORATE INFORMATION

AUTHORIZED REPRESENTATIVES

Mr. SUN Taoyong
Ms. NG Sau Mei

REGISTERED OFFICE

P.O. Box 309, Uglan House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN PRC

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PRC

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The Center
99 Queen's Road Central
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

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

STOCK CODE

2013

COMPANY'S WEBSITE

www.weimob.com

FINANCIAL HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

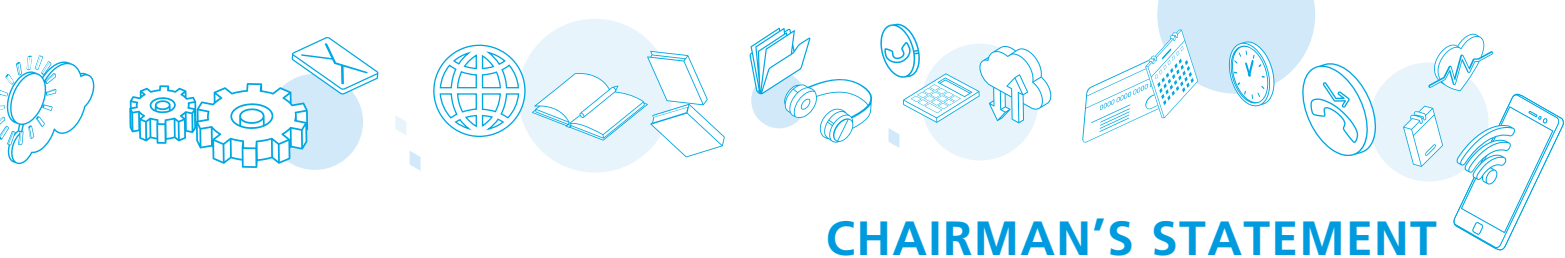
Six months ended June 30,

Year-on-year
change

	2019 <i>(unaudited)</i>	2018 <i>(audited)</i>	
	<i>(RMB in millions)</i>		
Revenue	656.7	332.1	97.8%
Gross profit	365.4	231.0	58.2%
Operating loss	(2.5)	(19.0)	(87.0)%
Profit/(loss) before income tax	291.7	(620.5)	N/A
Profit/(loss) for the period	288.1	(619.5)	N/A
Total comprehensive income/(loss) for the period	288.1	(622.2)	N/A
Adjusted EBITDA	68.3	38.1	79.2%
Adjusted net profit	29.5	28.4	3.7%

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of June 30, 2019 <i>(unaudited)</i>	As of December 31, 2018 <i>(audited)</i>	Change
	<i>(RMB in millions)</i>		
Assets			
Non-current assets	374.1	234.4	59.6%
Current assets	1,588.3	846.3	87.7%
Total assets	1,962.4	1,080.7	81.6%
Equity			
Capital and reserves attributable to equity holders of the Company	1,027.2	(2,431.4)	N/A
Non-controlling interests	(2.0)	(1.2)	76.5%
Total equity/(deficit)	1,025.2	(2,432.5)	N/A
Liabilities			
Non-current liabilities	140.6	2,900.0	(95.2)%
Current liabilities	796.6	613.3	29.9%
Total liabilities	937.2	3,513.3	(73.3)%
Total equity and liabilities	1,962.4	1,080.7	81.6%



CHAIRMAN'S STATEMENT

Weimob Inc. was successfully listed on the Main Board of the Stock Exchange on January 15, 2019. The successful Listing enhances our capital strength and brand recognition, which will help us capture development opportunities from intelligent business, further improve our innovation and service capabilities, support more enterprises in digital transformation, drive business innovation through technologies, and make business more intelligent. I hereby present to Shareholders our interim report for the six months ended June 30, 2019.

Our SaaS products and targeted marketing services are the cores of our businesses which include providing enterprises with various intelligent business solutions tailored for industry verticals and targeted marketing services through Tencent and other social media platforms to advertise to selected audience. With our cloud-based commerce and marketing service platforms, we connect merchants, consumers and social media platforms, and establish a vibrant ecosystem which provides a decentralized digital business platform enabling enterprises to contact and communicate with customers directly and manage their interaction and relationships with customers through online and offline channels.

In the first half of 2019, we continued to focus on our strategy of intelligent business ecosystem. We achieved breakthroughs in both of our two core businesses, SaaS products and targeted marketing services, which made our results record a significant growth. While strengthening our existing product capability, we also explored new areas through strategic cooperation, enhanced monetization of our client base, expanded our sales channels, and deepened our collaboration with Tencent and other strategic partners, which made our Company maintain the leading position in the cloud-based commerce and marketing service industries for SMBs.

I hereby report the financial position, operating highlights and business review of the Company for the first half of 2019, and summarize strategies and outlook of the Company for the second half of 2019.



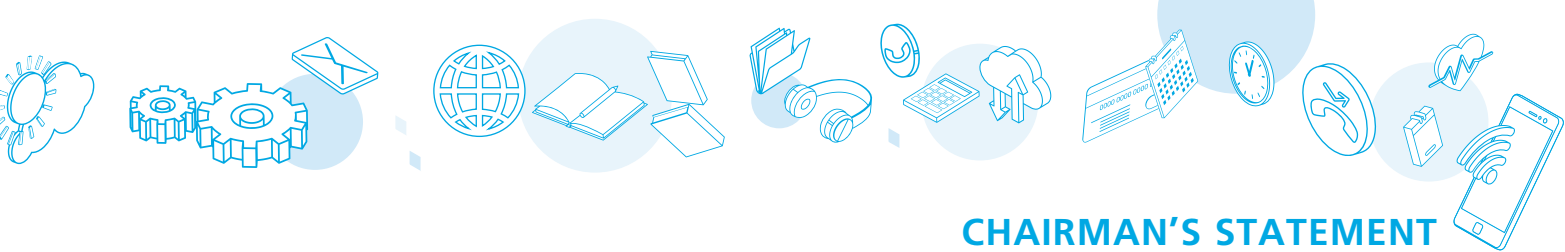
CHAIRMAN'S STATEMENT

RESULTS HIGHLIGHTS FOR THE FIRST HALF OF 2019

Our total revenue increased by 97.8% from RMB332 million in the first half of 2018 to RMB657 million in the first half of 2019. Our gross profit for the same periods increased by 58.2% from RMB231 million in the first half of 2018 to RMB365 million in the first half of 2019. Our net profit was RMB288 million, including the gain of RMB298 million from the change in fair value of financial liabilities recognized for our preferred shares under HKFRS. Our adjusted EBITDA significantly increased by 79.2% from RMB38 million in the first half of 2018 to RMB68 million in the first half of 2019, and adjusted net profit increased from RMB28 million in the first half of 2018 to RMB29 million in the first half of 2019.

For the six months ended June 30, 2019, we had 3.0 million registered merchants for our SaaS products and targeted marketing services. The number of paying merchants of our SaaS products increased by 24.3% to 70,006, and the ARPU of our SaaS products increased by 13.5% to RMB3,129. The number of advertisers using our targeted marketing services increased by 37.7% to 19,537, and the average spend per advertiser increased by 35.1% to RMB91,997. The gross billing of our targeted marketing significantly increased by 86.1% to RMB1,797 million.

Through our unremitting efforts and exploration in terms of service, technology and innovation, we received various awards and recognitions in the first half of 2019, including the "Regional Best Service Provider for Medium to Long Tail Channels in 2018" of Tencent Ads (騰訊廣告「區域及中長尾渠道2018年度最佳服務商」), "Best Growth Enterprise in Baoshan District in 2018" (「寶山區2018年度經濟工作最佳成長企業獎」) by Shanghai Baoshan District Government, "2018 Most Valuable Company for Investment in China" (「2018中國最具投資價值公司」) by Financing China (融資中國), "Top 100 Science and Technology Innovation Enterprise in China in 2018" (「2018中國科技創新企業100強」) by ifenxi (愛分析), "2019 China Finance – Most Investment Potential Award" (「2019中國融資最具投資潛力獎」) by China Finance (中國融資) and other awards.



CHAIRMAN'S STATEMENT

BUSINESS REVIEW

In the first half of 2019, we made breakthrough in both our SaaS products and targeted marketing businesses. In terms of SaaS products, we deployed our Commerce Cloud products with focus on e-commerce, retail, catering, local life, hotel and traveling and other industry verticals.

In terms of the e-commerce segment, we continuously upgrade our products with focus on Wei Mall, thus achieving stable increases in both the number of paying merchants and revenue. Meanwhile, we launched Zhiketui (直客推), which was among the first batch to connect to WeChat advertising platform. It reduced the steps of e-commerce advertisers to create a path for transaction, improved advertising efficiency, and helped form a closed loop from e-commerce traffic attraction to transaction within the ecosystem. We also launched the Distribution Market (分銷市場) which integrates high-quality sources of goods and traffic from social media, establishes a distribution network for enterprises to solve merchants' problems of shortage of goods and lack of traffic, and expands their sales channels.

In terms of the retail segment, we made breakthrough in our Smart Retail products. Smart Retail focuses on providing full-link digital solutions for owners of retail chain brands with offline stores, helping brand owners realize the digitalization of passenger flow, stores, shopping guide and marketing. As of the end of the first half of the year, we signed contracts with more than one hundred of well-known retail brands. The number of customers signing contracts with us increased more rapidly and the business size of the customers became larger and larger. The customers included some of the world's top 500 retail enterprises. Meanwhile, we were also recognized as the official designated partner of Tencent Smart Retail (騰訊智慧零售), and had a good collaboration with Tencent Smart Retail in customer acquisition, product research and development, and operational services. We believe that the retail segment will account for a significant proportion of Commerce Cloud in the future.

In terms of the catering segment, the Mini Program of catering provided by us for merchants has a leading market share. Our Smart Restaurant products enable catering enterprises to achieve integrated services of marketing, membership management, meal ordering, payment and food delivery, helping them accumulate members and build private traffic. We are strengthening the in-depth operation of the merchants' self-owned food delivery Mini Programs. We have cooperated with Syoo (商有) in launching products including Syoo Butler (商有管家) and Syoo Cloud Store (商有雲店) to help merchants establish their own food delivery Mini Programs, reducing the marketing and customer acquisition costs. Meanwhile, we are also strengthening the deployment for Mini Programs of ordering. For the fast food scenario, we have launched Smart Store products to quickly help merchants build Mini Programs of ordering, improving the ordering efficiency, reducing labor costs and maintaining offline passenger flow.

In terms of local life, hotel and traveling segments, our Ke Lai Dian products, with the core functions of online reservation, member management and periodic pay-per-use card, help stores increase revenue and fully meet the digital transformation needs of merchants who engaged in local life businesses including beauty, leisure and fitness. Our Smart Hotel products mainly provide hotels with WeChat direct sales solutions, including online room booking, online mall and other services. Meanwhile, we carried out in-depth cooperation with Guangzhou Xiangminiao in participating in in-depth operation of high-end hotels. For now, we have served hundreds of well-known and high-end starred hotels. As more and more merchants start to attach importance to private traffic and digital upgrade, we believe that more and more merchants will use our products in the future.



CHAIRMAN'S STATEMENT

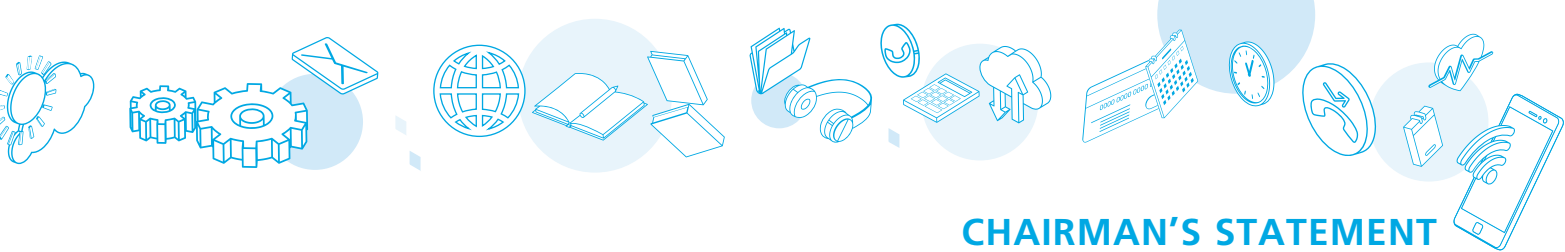


In terms of Marketing Cloud, we have marketing tools including Wei Station, Smart Marketing and Marketing Assistant. Our Wei Station products mainly provide upgrades focusing on template updates, decoration optimization, etc. At present, there are over 100 types of decoration templates. Merchants can use Wei Station to rapidly build their own official websites on Mini Programs. It has become the first choice for building a website on Mini Programs. As for Smart Marketing products, preliminary success has been achieved in constructing a customer data platform (CDP) for large and medium-sized customers. In the second half of the year, it will enter the comprehensive business expansion stage. Sales Pusher, a Sales Cloud product, with continuously strengthened product functions, has been deeply connected to WeChat Work (企業微信), and provided various marketing tools to support enterprises in sales and customer acquisition. In addition, we have continuously developed various social marketing plug-ins to help merchants quickly acquire customers through social sharing. We have successively launched innovative and interactive marketing plug-ins including Battle of Faces (臉戰) and Answering Quiz to Win (答題吃雞), enriching social marketing methods for our customers. There is a total of more than one hundred marketing plug-ins.

In terms of targeted marketing, in the challenging macro environment, our business still maintains a rapid and steady growth. This is because the customers we serve basically require performance-based advertising. So long as the input-output ratio of the customers is maintained stable, the overall budget will not be affected significantly. In addition, we continue to explore in depth in industry verticals and regional markets, providing targeted marketing services to regional corporate advertisers in different industries. As the leading service provider in regional and industry channels of Tencent Ads, we have been granted various key regional licenses and industrial licenses from Tencent Ads. Meanwhile, we obtained country-wide KA (Key Account) license, which not only deepened but widened our businesses. In addition, we enhanced the cooperation with more media traffic, which helped increase our traffic supply and became an important point of growth. We also enhanced the synergy between targeted marketing and SaaS products, and deeply explored the integrated "advertising + Mini Program" solution, which enabled our advertisers to obtain private traffic and form a closed loop of marketing with our SaaS products while placing advertisements.

In terms of cloud platform, we have amassed more than 450 third-party developers who offered approximately 700 applications. We have served many large customers and completed privatization deployment using our PaaS platform. We no longer only provide standard solutions to serve small and medium businesses, but we are also able to provide customized solutions to serve larger customers together with our partners.

In terms of strategic acquisition and investment, we invested in Zhejiang Demo Network Technology Co., Ltd. (浙江達摩網絡科技有限公司) to deepen our synergy in the Smart Retail segment. In 2018, we entered into an agreement to acquire the majority interests in Guangzhou Xiangminiao, which forms part of our strategy to expand into new industry verticals including hotel and traveling. 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.



CHAIRMAN'S STATEMENT

BUSINESS OUTLOOK

Looking forward to the second half of 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 and continue enabling business through decentralization business model.

We will always keep focusing on cloud services as the core of our business, and will put more force on Marketing Cloud, Service Cloud and Sales Cloud, while utilizing existing competitive edges of Commerce Cloud. In the Commerce Cloud, we will focus on five major business segments, namely e-commerce, retail, catering, local life and hotel and traveling, 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, we help clients build a customer data platform (CDP) and content innovation platforms, and provide omni-channel contact points and marketing automation tools to improve the effect of clients' advertisements. In terms of Service Cloud and Sales Cloud, we will seek more strategic cooperation, investments and acquisitions to rapidly enter into new service fields and realize rapid business development through outward expansion.

In addition, we will enhance monetization of existing customers. As of June 30, 2019, we had 3.0 million registered merchants for our diversified 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 Mini Programs, Social Advertising, Smart Retail, WeChat Pay, Tencent Cloud and other business lines. We will promote 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 (抖音) and Kuaishou (快手).

We will further encourage third-party developers to develop applications on our Weimob Cloud platform, so as to expand our product offerings to our clients. 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 larger businesses. In the next step, we will emphasize more on cultivating the ecosystem of developers and open more public capabilities to build our ecosystem with developers.

We will always be an enabler to the merchants through decentralization. We believe that each enterprise should have the control over its own members and data, and own its private traffic, and WeChat is undoubtedly the best connector. Through the establishment of direct connection between merchants and customers, Weimob provides a series of intelligent business solutions to support enterprises in digital transformation and make business more intelligent.

Mr. Sun Taoyong

Chairman and Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS


Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

	Six months ended June 30,	
	2019	2018
	<i>(unaudited)</i>	<i>(audited)</i>
	<i>(RMB'000)</i>	
Revenue	656,695	332,083
Cost of sales	(291,311)	(101,124)
Gross profit	365,384	230,959
Selling and distribution expenses	(322,887)	(187,757)
General and administrative expenses	(62,567)	(75,148)
Net impairment losses on financial assets	(2,718)	–
Other income	19,515	7,809
Other gains, net	808	5,138
Operating loss	(2,465)	(18,999)
Finance costs	(4,371)	(572)
Finance income	240	51
Change in fair value of redeemable and convertible preferred shares	298,280	(600,934)
Profit/(loss) before income tax	291,684	(620,454)
Income tax (expense)/credit	(3,607)	945
Profit/(loss) for the period	288,077	(619,509)
Other comprehensive income/(loss):		
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Change in fair value of redeemable and convertible preferred shares from own credit risk	–	(2,647)
Total comprehensive income/(loss) for the period	288,077	(622,156)
Attributable to:		
– Equity holders of the Company	288,960	(619,673)
– Non-controlling interests	(883)	(2,483)
	288,077	(622,156)

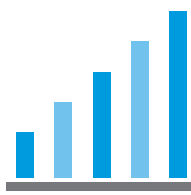


MANAGEMENT DISCUSSION AND ANALYSIS

Six months ended June 30, 2019




Financial Result




- Revenue RMB656.7 million
- Net Profit RMB288.1 million
- Adjusted EBITDA RMB68.3 million
- Adjusted net profit RMB29.5 million

Business Performance




- SaaS paying merchants 70,006
YoY + 24.3%
- ARPU RMB3,129
YoY + 13.5%
- Target Marketing advertisers 19,537
YoY + 37.7%
- Average spend per advertisers RMB91,997
YoY + 35.1%

SaaS



- Revenue RMB219.1 million
YoY + 41.1%
- Gross Profit RMB177.0 million
YoY + 35.1%

Targeted Marketing



- Gross Billing RMB1,797.4 million
YoY + 86.1%
- Revenue RMB437.6 million
YoY + 147.5%
- Gross Profit RMB188.4 million
YoY + 88.4%



MANAGEMENT DISCUSSION AND ANALYSIS

Key Operating Data

The following table sets forth our key operating data for the six months ended/as of June 30, 2019 and 2018.

	Six months ended/as of June 30,	
	2019	2018
SaaS products		
Addition in number of paying merchants	11,087	11,672
Number of paying merchants	70,006	56,313
Attrition rate ⁽¹⁾	8.9%	13.3%
Revenue (RMB in millions)	219.1 (unaudited)	155.3
ARPU ⁽²⁾ (RMB)	3,129	2,758
Targeted marketing		
Addition in number of advertisers	13,670	9,814
Number of advertisers	19,537	14,189
Repurchase rate (Number of repurchased advertisers ⁽³⁾ /advertisers)	56.7%	48.7%
Gross billing (RMB in millions)	1,797.4	966.0
Average spend per advertiser (RMB)	91,997	68,084

Notes:

- (1) Refers to the number of paying merchants not retained over a period divided by the number of paying merchants as of the end of the previous period.
- (2) Refers to the average revenue per paying merchant, which equals revenue of SaaS products for the period divided by the number of paying merchants as of the end of such period.
- (3) Refer to advertisers who used our targeted marketing more than once during the period.



MANAGEMENT DISCUSSION AND ANALYSIS

Key Financial Ratios

	Six months ended June 30,	
	2019	2018
	%	
Total revenue growth	97.8	56.7
– SaaS products	41.1	26.9
– Targeted marketing	147.5	97.4
Gross margin ⁽¹⁾	55.6	69.5
– SaaS products	80.8	84.4
– Targeted marketing	43.0	56.5
Adjusted EBITDA margin ⁽²⁾	10.4	11.5
Net margin ⁽³⁾	43.9	(186.5)
Adjusted net margin ⁽⁴⁾	4.5	8.6

Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our total revenue increased by 97.8% from RMB332.1 million in the six months ended June 30, 2018 to RMB656.7 million in the six months ended June 30, 2019, 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 periods indicated.

	Six months ended June 30,			
	2019		2018	
	<i>(unaudited)</i>		<i>(audited)</i>	
	<i>(RMB in millions, except percentages)</i>			
Revenue				
SaaS products	219.1	33.4%	155.3	46.8%
Targeted marketing	437.6	66.6%	176.8	53.2%
Total	656.7	100.0%	332.1	100.0%

SaaS products

Revenue from our SaaS products increased by 41.1% from RMB155.3 million in the six months ended June 30, 2018 to RMB219.1 million in the six months ended June 30, 2019, primarily due to the increased number of paying merchants for our SaaS products from 56,313 in the six months ended June 30, 2018 to 70,006 in the six months ended June 30, 2019, and the increased ARPU of our SaaS products from RMB2,758 in the six months ended June 30, 2018 to RMB3,129 in the six months ended June 30, 2019.

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

	Six months ended June 30,			
	2019		2018	
	<i>(unaudited)</i>		<i>(audited)</i>	
	<i>(RMB in millions, except percentages)</i>			
Revenue				
Commerce Cloud	169.5	77.4%	118.2	76.1%
Marketing Cloud ⁽¹⁾	49.6	22.6%	37.1	23.9%
Total	219.1	100.0%	155.3	100.0%

Note:

- (1) Revenue from Marketing Cloud includes our revenue from Sales Pusher (銷售推) of RMB2.8 million in the six months ended June 30, 2019.



MANAGEMENT DISCUSSION AND ANALYSIS

Targeted marketing

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

	Six months ended June 30,			
	2019		2018	
<i>(RMB in millions, except percentages)</i>				
Gross billing				
Gross method	329.1	18.3%	101.5	10.5%
Net method	1,468.3	81.7%	864.6	89.5%
Total	1,797.4	100.0%	966.0	100.0%

The gross billing of our targeted marketing increased significantly from RMB966.0 million in the six months ended June 30, 2018 to RMB1,797.4 million in the six months ended June 30, 2019, primarily due to the increase in the number of advertisers who purchased our targeted marketing from 14,189 in the six months ended June 30, 2018 to 19,537 in the six months ended June 30, 2019, as well as an increase in average spend per advertiser from RMB68,084 in the six months ended June 30, 2018 to RMB91,997 in the six months ended June 30, 2019.

Revenue from our targeted marketing increased significantly from RMB176.8 million in the six months ended June 30, 2018 to RMB437.6 million in the six months ended June 30, 2019, primarily due to an increase in our overall gross billing and an increase in our revenue recognized on a gross basis from RMB85.4 million in the six months ended June 30, 2018 to RMB279.0 million in the six months ended June 30, 2019.

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

	Six months ended June 30,			
	2019		2018	
		<i>(unaudited)</i>	<i>(audited)</i>	
<i>(RMB in millions, except percentages)</i>				
Revenue				
Gross method	279.0	63.8%	85.4	48.3%
Net method	158.6	36.2%	91.4	51.7%
Total	437.6	100.0%	176.8	100.0%

Our revenue from targeted marketing recognized on a gross basis increased significantly from RMB85.4 million in the six months ended June 30, 2018 to RMB279.0 million in the six months ended June 30, 2019, while our revenue from targeted marketing recognized on a net basis increased by 73.6% from RMB91.4 million in the six months ended June 30, 2018 to RMB158.6 million in the six months ended June 30, 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

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

	Six months ended June 30,			
	2019		2018	
	<i>(unaudited)</i>		<i>(audited)</i>	
	<i>(RMB in millions, except percentages)</i>			
Cost of sales				
Advertising traffic cost for targeted marketing revenue	241.2	82.8%	75.0	74.2%
Staff costs	11.9	4.1%	8.7	8.6%
Broadband and hardware costs	10.0	3.4%	5.3	5.2%
Contract operation services costs	5.2	1.8%	2.3	2.3%
Amortization of intangible assets	20.9	7.2%	7.6	7.5%
Taxes and surcharges	2.1	0.7%	2.1	2.1%
Depreciation and amortization	0.0	0.0%	0.1	0.1%
Total	291.3	100.0%	101.1	100.0%

Our cost of sales increased significantly from RMB101.1 million in the six months ended June 30, 2018 to RMB291.3 million in the six months ended June 30, 2019, primarily because (i) our advertising traffic cost for targeted marketing revenue increased significantly from RMB75.0 million in the six months ended June 30, 2018 to RMB241.2 million in the six months ended June 30, 2019, in line with the growth of our revenue from targeted marketing business recognized on a gross basis, and (ii) our amortization of intangible assets increased from RMB7.6 million in the six months ended June 30, 2018 to RMB20.9 million in the six months ended June 30, 2019, which represents the increase in 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 periods indicated.

	Six months ended June 30,			
	2019		2018	
	<i>(unaudited)</i>		<i>(audited)</i>	
	<i>(RMB in millions, except percentages)</i>			
Cost of sales				
SaaS products	42.0	14.4%	24.3	24.0%
Targeted marketing	249.3	85.6%	76.9	76.0%
Total	291.3	100.0%	101.1	100.0%



MANAGEMENT DISCUSSION AND ANALYSIS

SaaS products

Cost of sales of our SaaS products increased by 72.8% from RMB24.3 million in the six months ended June 30, 2018 to RMB42.0 million in the six months ended June 30, 2019, primarily due to an increase of RMB13.3 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 an increase of RMB4.7 million in our broadband and hardware cost.

Targeted marketing

Cost of sales of our targeted marketing increased significantly from RMB76.9 million in the six months ended June 30, 2018 to RMB249.3 million in the six months ended June 30, 2019, primarily due to an increase in our advertising traffic costs of RMB166.2 million for targeted marketing revenue recognized on a gross basis in the six months ended June 30, 2019.

Gross Profit and Gross Margin

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

	Six months ended June 30,					
	2019			2018		
	Gross profit	%	Gross margin	Gross profit	%	Gross margin
	<i>(unaudited)</i>			<i>(audited)</i>		
	<i>(RMB in millions, except percentages)</i>					
SaaS products	177.0	48.5	80.8%	131.0	56.7	84.4%
Targeted marketing	188.4	51.5	43.0%	100.0	43.3	56.5%
Total	365.4	100.0	55.6%	231.0	100.0	69.5%

Our overall gross profit increased by 58.2% from RMB231.0 million in the six months ended June 30, 2018 to RMB365.4 million in the six months ended June 30, 2019, primarily due to the increase in our total revenue.

Our overall gross margin decreased from 69.5% in the six months ended June 30, 2018 to 55.6% in the six months ended June 30, 2019, 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 84.4% in the six months ended June 30, 2018 to 80.8% in the six months ended June 30, 2019 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 decreased slightly from 56.5% in the six months ended June 30, 2018 to 43.0% in the six months ended June 30, 2019 primarily due to the increased proportion of our revenue recognized on a gross basis where we generally have a lower gross margin.



MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

Our selling and distribution expenses increased by 72.0% from RMB187.8 million in the six months ended June 30, 2018 to RMB322.9 million in the six months ended June 30, 2019, primarily due to the increases in (i) staff costs of our sales and marketing personnel from RMB94.7 million in the six months ended June 30, 2018 to RMB175.3 million in the six months ended June 30, 2019 as a result of the increase in the number of our sales and marketing staff, (ii) contract acquisition costs for the sales of our SaaS products from RMB67.8 million in the six months ended June 30, 2018 to RMB95.1 million in the six months ended June 30, 2019 which was in tandem with the expansion of our business, (iii) marketing and promotion costs from RMB10.3 million in the six months ended June 30, 2018 to RMB23.2 million in the six months ended June 30, 2019 due to the advertising and marketing activities relating to our IPO, and (iv) rental and property service expenses from RMB12.2 million in the six months ended June 30, 2018 to RMB22.7 million in the six months ended June 30, 2019 which was in line with our business expansion.

General and Administrative Expenses

Our general and administrative expenses decreased by 16.7% from RMB75.1 million in the six months ended June 30, 2018 to RMB62.6 million in the six months ended June 30, 2019, primarily due to a one-off share-based payment expense of RMB17.5 million in the six months ended June 30, 2018.

Net Impairment Losses on Financial Assets

We had net impairment losses on financial assets of RMB2.7 million in the six months ended June 30, 2019, primarily as a result of the expected credit loss from our other receivables.

Other Income

Our other income increased significantly from RMB7.8 million in the six months ended June 30, 2018 to RMB19.5 million in the six months ended June 30, 2019, primarily due to the increase in government grants provided to us in the form of VAT refunds and VAT input super deduction and interest income from term deposits.

Other Gains, net

Our other net gains decreased by 84.3% from RMB5.1 million in the six months ended June 30, 2018 to RMB0.8 million in the six months ended June 30, 2019, mainly because we had foreign exchange gain of RMB5.4 million in the six months ended June 30, 2018 while we had foreign exchange loss of RMB0.3 million in the six months ended June 30, 2019. This decrease was partially offset by gains from disposal of short-term investments measured at fair value of RMB1.3 million.

Operating (Loss)/Profit

As a result of the foregoing, our operating loss decreased from RMB19.0 million in the six months ended June 30, 2018 to RMB2.5 million in the six months ended June 30, 2019.

Finance Costs

Our finance costs increased significantly from RMB0.6 million in the six months ended June 30, 2018 to RMB4.4 million in the six months ended June 30, 2019, primarily due to the increased interest expenses from our bank borrowing and our interest expenses on lease liabilities which primarily relate to our rented office buildings in the six months ended June 30, 2019.



MANAGEMENT DISCUSSION AND ANALYSIS

Finance Income

Our finance income increased significantly from RMB51,000 in the six months ended June 30, 2018 to RMB0.2 million in the six months ended June 30, 2019, primarily due to the increased interest income on our bank deposits, reflecting an increase in the average balance of our bank deposits in the six months ended June 30, 2019.

Change in Fair Value of Redeemable and Convertible Preferred Shares

We recorded a loss in fair value of redeemable and convertible preferred shares 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. We recorded a gain in fair value of redeemable and convertible preferred shares of RMB298.3 million in the six months ended June 30, 2019 as a result of the difference between the fair value of the redeemable and convertible preferred shares immediately before their conversion into ordinary shares upon our Listing and that as of December 31, 2018 based on the best estimate from market participants' perspective. For further details, see Note 21 to the Interim Financial Information.

Income Tax (Expense)/Credit

We recorded income tax credit of RMB0.9 million in the six months ended June 30, 2018 while we had income tax expense of RMB3.6 million in the six months ended June 30, 2019, primarily because our certain subsidiaries in the PRC started to have taxable income in the first half of 2019 and utilized their tax losses carried from the previous years.

Profit/(Loss) for the Period

As a result of the foregoing, we recorded a profit of RMB288.1 million in the six months ended June 30, 2019 while we recorded a loss of RMB619.5 million in the six months ended June 30, 2018.

Total Comprehensive Income/(Loss) for the Period

As a result of the foregoing, we had a total comprehensive income of RMB288.1 million in the six months ended June 30, 2019 while we had a total comprehensive loss of RMB622.2 million in the six months ended June 30, 2018.

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

To supplement our condensed consolidated interim financial statements, which are presented in accordance with HKFRS, we also use adjusted EBITDA and adjusted net 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Six months ended June 30,	
	2019	2018
	<i>(RMB in millions)</i>	
Reconciliation of operating loss to EBITDA and adjusted EBITDA:		
Operating loss for the period:	(2.5)	(19.0)
Add:		
Depreciation	13.7⁽¹⁾	1.6
Amortization	21.0	7.6
EBITDA	32.3	(9.8)
Add:		
Share-based compensation	2.9	27.8
Listing and other one-off expenses	33.1	20.1
Adjusted EBITDA	68.3	38.1

	Six months ended June 30,	
	2019	2018
	<i>(RMB in millions)</i>	
Reconciliation of net profit/(loss) to adjusted net profit:		
Net profit/(loss) for the period	288.1	(619.5)
Add:		
Share-based compensation	2.9	27.8
Listing and other one-off expenses	33.1	20.1
Change in fair value of financial liabilities other than from own credit risk	(298.3)	600.9
Tax effects	3.6	(0.9)
Adjusted net profit	29.5	28.4

Note:

- (1) As we have adopted HKFRS16 since January 1, 2019, depreciation in the six months ended June 30, 2019 included depreciation of right-of-use assets of RMB10.0 million.



MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

We fund our cash requirements principally from proceeds from our business operations, bank borrowings, and shareholder equity contribution. As of June 30, 2019, we had cash and cash equivalents of RMB323.0 million and term deposit of RMB137.5 million.

As of June 30, 2019, we had short-term bank loans of RMB230.0 million as (i) we borrowed a short-term loan of RMB30.0 million from Shanghai Pudong Development Bank in March 2019 with an interest rate of 4.35% per annum, (ii) we borrowed a short-term loan of RMB50.0 million from China CITIC Bank in June 2019 with a floating interest rate which equals 1.35 times of the PBOC benchmark interest rate per annum, and (iii) we borrowed a short-term loan RMB150.0 million from Bank of Shanghai in June 2019 with an interest rate of 6.09% per annum for purchasing advertising traffic for our targeted marketing business. We monitor capital on the basis of the gearing ratio. As of June 30, 2019, our Group's gearing ratio was -7.7%. Our gearing ratio is calculated as net debt divided by total equity at the end of the period. Net debt equals to our total borrowing and financial liabilities measured at fair value through profit or loss less our cash and cash equivalents. We had negative gearing ratio as of June 30, 2019 primarily because our cash and cash equivalents increased significantly as a result of our IPO in January 2019. We had a positive equity position as of the same date as all of the redeemable and convertible preferred shares had been converted into ordinary shares upon Listing.

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:

	Six months ended June 30,	
	2019	2018
	<i>(RMB in millions)</i>	
Fixed assets	2.6	2.4
Intangible assets	49.6	20.5
Total	52.2	22.9

Significant Investments

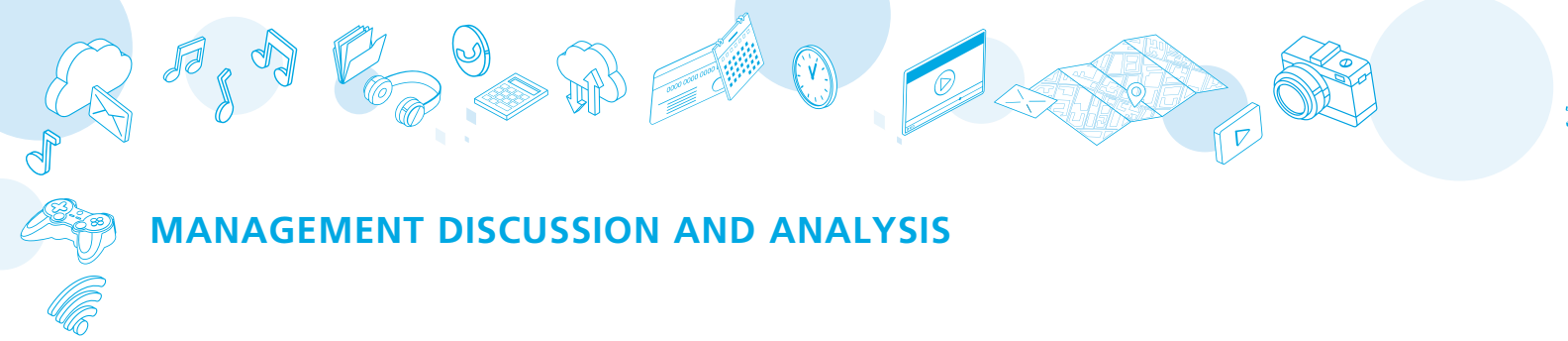
For the six months ended June 30, 2019, we did not have any significant investment.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the six months ended June 30, 2019, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Pledge of Assets

As of June 30, 2019, we did not pledge any of our assets.



MANAGEMENT DISCUSSION AND ANALYSIS

Future Plans for Material Investments or Capital Assets

As of June 30, 2019, 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 the six months ended June 30, 2019, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

Contingent Liabilities

As of June 30, 2019, we did not have any material contingent liabilities.

Employees

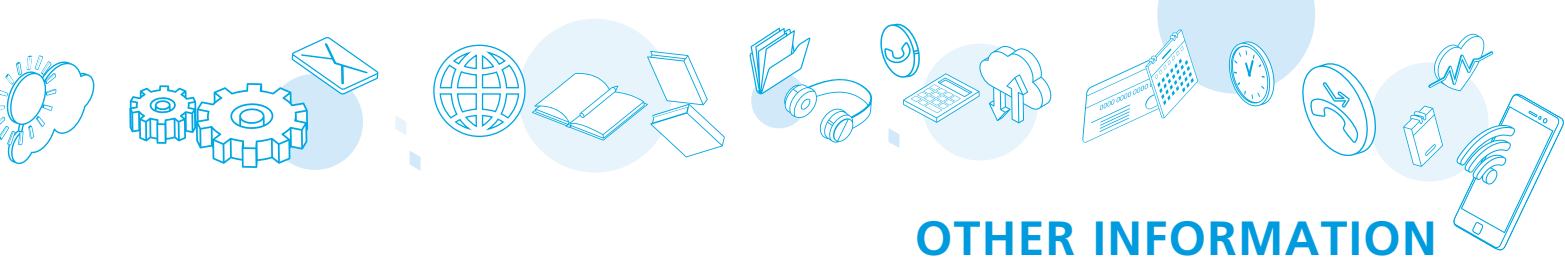
As of June 30, 2019, we had 3,221 full-time employees, the majority of whom are based in Shanghai, China.

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.



OTHER INFORMATION

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 Listing, the Company has adopted the principles and code provisions as set out in the Corporate Governance Code.

During the Relevant Period, 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, the 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 accordingly.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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 Relevant Period.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2019.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the accounting policies adopted by the Group with the management and the Company's external auditor. The Audit Committee also discussed risk management, internal controls of the Group and financial reporting matters with the management, including having reviewed and agreed to the unaudited interim results and the interim report of the Group for the six months ended June 30, 2019.



OTHER INFORMATION

CHANGES TO DIRECTORS' INFORMATION

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

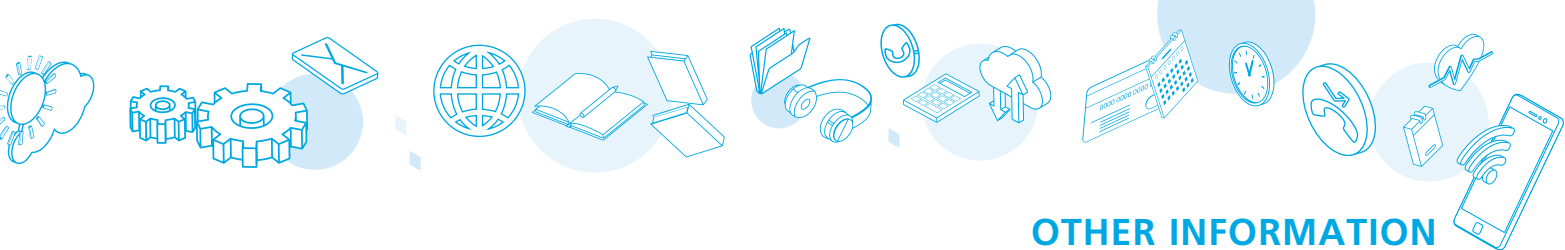
During the Relevant Period, none of the Company or any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

USE OF PROCEEDS FROM LISTING

The Company was successfully listed on the Main Board of the Stock Exchange on the Listing Date, net proceeds from the global offering after deducting underwriting fees and commissions and relevant expenses payable by the Company amounted to approximately HK\$758.2 million. As of June 30, 2019, the Group had utilized:

- Approximately HK\$68.0 million for enhancing research and development capabilities and improving technology infrastructure;
- Approximately HK\$56.9 million for strategic investments;
- Approximately HK\$36.6 million for investments in advertising and digital marketing, hotline sales center, and channel partner recruiting;
- Approximately HK\$34.8 million for purchasing social media advertising traffic for targeted marketing business;
- Approximately HK\$5.8 million for expanding the Marketing and Sales Clouds product offerings and the sales channels; and
- Approximately HK\$9.7 million for working capital and general corporate use.

The Company will use the remaining proceeds for the purpose as disclosed on pages 284 and 285 of the Prospectus and following the expected implementation timetable as disclosed on page 285 of the Prospectus.



OTHER INFORMATION

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

As of June 30, 2019, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Interests in Shares

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding (%)	Long/short position
Mr. SUN Taoyong ("Mr. SUN")	Settlor of a discretionary trust ⁽¹⁾⁽²⁾ ; interest held jointly with other persons ⁽³⁾	484,875,000	24.11	Long position
Mr. FANG Tongshu ("Mr. FANG")	Interest in controlled corporation ⁽⁴⁾ ; interest held jointly with other persons ⁽³⁾	484,875,000	24.11	Long position
Mr. YOU Fengchun ("Mr. YOU")	Settlor of a discretionary trust ⁽⁵⁾ ; interest held jointly with other persons ⁽³⁾	484,875,000	24.11	Long position
Mr. HUANG Junwei	Beneficial owner ⁽⁶⁾	16,940,000	0.84	Long position

Notes:

- Mr. SUN's interest in the 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 the Shares held by Sun SPV.
- Mr. SUN is the settlor of the RSU Plan (as defined hereinafter) and is deemed to be interested in the Shares held by Weimob Teamwork (PTC) Limited ("**Weimob Teamwork**"). Further details of the RSU Plan are set out in the section headed "Restricted Stock Unit Plan" from pages 27 to 28 of this interim report.
- Mr. SUN, Mr. FANG and Mr. YOU are parties acting in concert (having the meaning ascribed thereto in the Hong Kong Code on Takeovers and Mergers) and form the Substantial Shareholders Group. As such, each of Mr. SUN, Mr. FANG and Mr. YOU is deemed to be interested in the Shares held by other members of the Substantial Shareholders Group.
- Jeff.Fang Holding Limited (the "**Fang SPV**") is wholly-owned by Mr. FANG. Under the SFO, Mr. FANG is deemed to be interested in the Shares held by Fang SPV.



OTHER INFORMATION

- (5) Mr. YOU's interest in the 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 the Shares held by You SPV.
- (6) Mr. HUANG Junwei is granted to RSUs equivalent to 16,940,000 Shares (subject to vesting conditions).

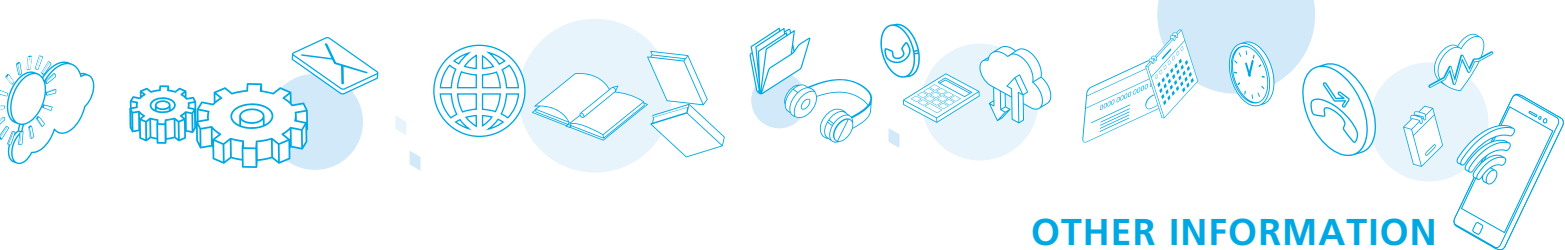
Save as disclosed above, as of June 30, 2019, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2019, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests in Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding (%)	Long/short position
Cantrust (Far East) Limited	Trustee ⁽¹⁾	321,145,000	15.97	Long position
Youmi Investment Limited	Interest in controlled corporation ⁽¹⁾	321,145,000	15.97	Long position
Sun SPV	Beneficial interest ⁽¹⁾	321,145,000	15.97	Long position
Tencent Mobility Limited	Beneficial interest ⁽²⁾	58,665,000	2.92	Long position
THL H Limited	Beneficial interest ⁽²⁾	96,820,000	4.81	Long position
Tencent Holdings Limited	Interest in controlled corporation ⁽²⁾	155,485,000	7.73	Long position
City-Scape Pte. Ltd.	Beneficial interest ⁽³⁾	142,470,000	7.08	Long position
GIC (Ventures) Pte. Ltd.	Interest in controlled corporation ⁽³⁾	142,470,000	7.08	Long position
GIC Private Limited	Interest in controlled corporation ⁽³⁾	142,470,000	7.08	Long position
GIC Special Investments Private Limited	Investment manager ⁽³⁾	142,470,000	7.08	Long position
CP Wisdom Singapore Pte. Ltd.	Beneficial interest ⁽⁴⁾	142,470,000	7.08	Long position
WSDN Enterprises (S) Pte. Ltd.	Interest in controlled corporation ⁽⁴⁾	142,470,000	7.08	Long position
Crescent Point Group	Interest in controlled corporation ⁽⁴⁾	142,470,000	7.08	Long position



OTHER INFORMATION

Notes:

1. Sun SPV is a company incorporated in the British Virgin Islands, and is wholly-owned by Youmi Investment Limited. Youmi Investment Limited is beneficially owned by the Youmi Trust, which was established by Mr. SUN as the settlor, appointor and investment manager. Cantrust (Far East) Limited is the trustee of the Youmi Trust, and Mr. SUN and his family members are the beneficiaries of the Youmi Trust. Mr. SUN is also a director of the Sun SPV. As such, each of Mr. SUN, Cantrust (Far East) Limited and Youmi Investment Limited is deemed to be interested in the Shares held by Sun SPV.
2. Tencent Mobility Limited and THL H Limited are wholly-owned subsidiaries of Tencent Holdings Limited. Under the SFO, Tencent Holdings Limited is deemed to be interested in 58,665,000 Shares held by Tencent Mobility Limited and 96,820,000 Shares held by THL H Limited.
3. City-Scape Pte. Ltd. is wholly-owned by GIC (Ventures) Pte. Ltd. and is an investment vehicle managed by GIC Special Investments Private Limited which is wholly-owned by GIC Private Limited.
4. 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.

Save as disclosed above, as of June 30, 2019, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO.

RESTRICTED STOCK UNIT PLAN

The restricted stock unit plan (the “**RSU Plan**”) of the Company was approved and adopted by the Board on July 1, 2018 (the “**Adoption Date**”). The RSU Plan is not subject to the provisions of chapter 17 of the Listing Rules. The purpose of the RSU Plan is to recognize and reward participants for their contribution to the Group, to attract best available personnel to provide services to the Group, and to provide additional incentives to them to remain with and further promote the success of the Group’s business. For more information on the RSU Plan, please refer to the section headed “F. RSU PLAN” under Statutory and General Information in Appendix IV of the Prospectus. Certain principal terms and details of the RSU Plan are summarized as follows:

Effectiveness and Duration

Subject to any early termination as may be determined by the Board pursuant to terms of the RSU Plan, the RSU Plan shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which no awards will be granted, but the provisions of this RSU Plan shall in all other respects remain in full force and effect and the awards granted during the term of the RSU Plan may continue to be valid and exercisable in accordance with their respective terms of grant.

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 the 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 RSU (“**Awards**”) may be granted.



OTHER INFORMATION

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).

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 the Group; and (b) any person who, in the sole opinion of the Administrator, has contributed or will contribute to any member of the Group (including business partners of any member of the Group, such as suppliers, clients, or any persons who provide technical support, consultancy, advisory or other services to any member of the Group).

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 the Company as of the Adoption Date of the RSU Plan (on a fully diluted and as-converted basis assuming all the shares underlying the RSU Plan have been issued). Immediately following the completion of the capitalization issue and the global offering of the Company on January 15, 2019, the aggregate number of Shares held by the Weimob Teamwork was 70,495,000 Shares, representing approximately 3.50% of the issued Shares of the Company as of June 30, 2019. Weimob Teamwork has been appointed as the trustee (the “**Trustee**”) pursuant to the trust deed to administrate the RSU Plan.

Details of the RSUs granted under the RSU Plan

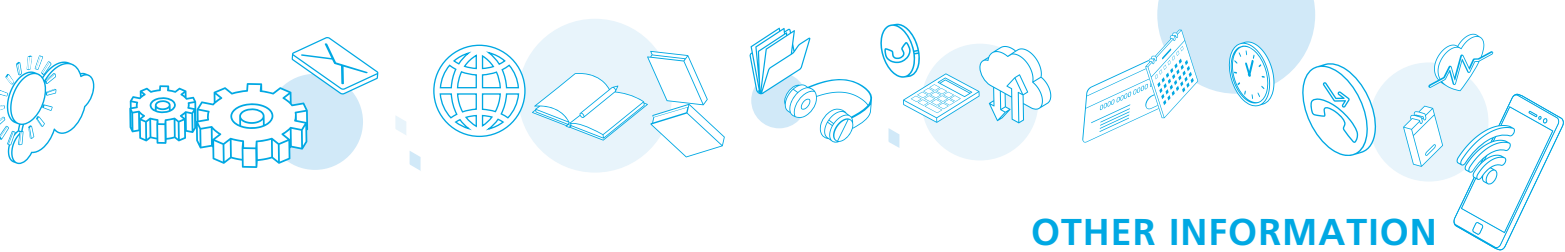
As of June 30, 2019, the aggregate number of Shares underlying the granted RSUs was 69,670,000, representing approximately 3.46% of the issued share capital of the Company as of June 30, 2019, and the aggregate number of Shares underlying the vested RSUs was 52,160,000. As of the date of this interim report, the aggregate number of Shares underlying the granted RSUs and the aggregate number of Shares underlying the vested RSUs remained unchanged.

Details of the RSUs granted pursuant to the RSU Plan to the Director are set out below:

Name of Director	Number of Shares underlying the RSUs granted as of June 30, 2019 ⁽¹⁾	Approximate percentage of shareholding as of June 30, 2019 ⁽¹⁾	Grant date	Vesting period (subject to other conditions in the RSU Plan)
Mr. HUANG Junwei	16,940,000	0.84%	July 1, 2018	80% of which vested on July 6, 2018 10% of which vested on July 1, 2019 10% of which will vest on July 1, 2020

Note:

- (1) As of the date of this interim report, the number of Shares underlying the RSUs granted to Mr. Huang Junwei remained unchanged.



OTHER INFORMATION

SUBSEQUENT EVENTS

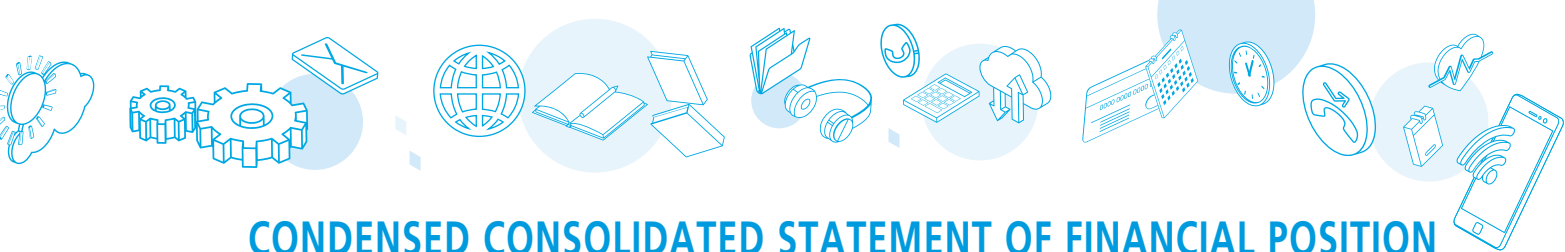
References are made to the announcements of the Company dated July 25, 2019, July 26, 2019, July 31, 2019 and August 6, 2019, in relation to, among others, the placing of 255,000,000 new Shares by the Company to certain places by way of top-up placing. On July 30, 2019, a total of 255,000,000 Shares held by Yomi.sun Holding Limited, Alter.You Holding Limited and Weimob Teamwork (each being a Shareholder of the Company, collectively the “**Top-up Vendors**”) have been successfully placed to not less than six independent investors at the price of HK\$4.60 per Share (the “**Vendor Placing**”). On August 6, 2019, a total of 255,000,000 new Shares have been issued to the Top-up Vendors at the same price of HK\$4.60 per Share under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 20 June, 2019 (the “**Subscription**”) as all the conditions for the Subscription have been fulfilled. Immediately following the completion of the Vendor Placing and the Subscription, the total issued share capital of the Company increased from 2,011,355,000 Shares to 2,266,355,000 Shares. The net proceeds raised by the Company from the Subscription were approximately HK\$1,157.1 million. The Company intends to apply the net proceeds for pursuing strategic cooperation, and potential investment and acquisition as well as supporting the post-acquisition integration and operations, which the Company believes will expand the Group’s product offerings and bring synergies with its existing product offerings and therefore enrich the Group’s services to the merchants and extend its footprint in affiliated markets. Furthermore, the Company intends to apply a portion of the net proceeds to increase investment in research and development and technology platform construction. For further details of the placing, please refer to relevant announcements mentioned above.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

FOR THE SIX MONTHS ENDED JUNE 30, 2019

		Six months ended June 30,	
	<i>Note</i>	2019	2018
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Revenue	8	656,695	332,083
Cost of sales	9	(291,311)	(101,124)
Gross profit		365,384	230,959
Selling and distribution expenses	9	(322,887)	(187,757)
General and administrative expenses	9	(62,567)	(75,148)
Net impairment losses on financial assets		(2,718)	–
Other income	10	19,515	7,809
Other gains, net	11	808	5,138
Operating loss		(2,465)	(18,999)
Finance costs	12	(4,371)	(572)
Finance income	13	240	51
Change in fair value of redeemable and convertible preferred shares	21(b)	298,280	(600,934)
Profit/(loss) before income tax		291,684	(620,454)
Income tax (expense)/credit	14	(3,607)	945
Profit/(loss) for the period		288,077	(619,509)
Other comprehensive income/(loss):			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Change in fair value of redeemable and convertible preferred shares from own credit risk		–	(2,647)
Total comprehensive income/(loss) for the period		288,077	(622,156)
Profit/(loss) attributable to:			
– Equity holders of the Company		288,960	(617,026)
– Non-controlling interests		(883)	(2,483)
		288,077	(619,509)
Total comprehensive income/(loss) attributable to:			
– Equity holders of the Company		288,960	(619,673)
– Non-controlling interests		(883)	(2,483)
		288,077	(622,156)
Earnings/(loss) per share (expressed in RMB per share)			
– Basic earnings/(loss) per share	16(a)	0.15	(0.90)
– Diluted loss per share	16(b)	(0.005)	(0.90)

The accompanying notes on pages 35 to 70 form an integral part of this interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

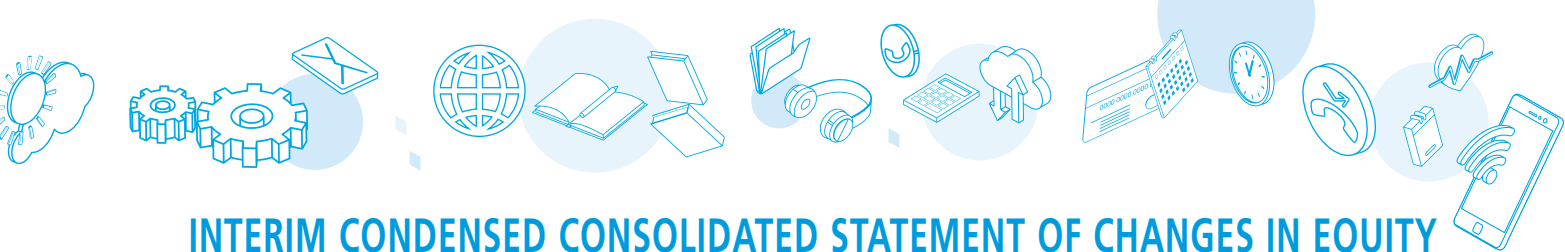
	Note	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	17	15,816	16,914
Right-of-use assets	4.1	63,734	–
Intangible assets	18	89,907	57,054
Development costs	19	23,720	27,963
Deferred income tax assets	22	56,699	59,305
Contract assets	8	45,556	63,476
Investments accounted for using the equity method	20	35,000	–
Financial assets at fair value through profit or loss	21	30,000	–
Other non-current assets	23	13,700	9,700
Total non-current assets		374,132	234,412
Current assets			
Trade and notes receivables	25	121,471	79,287
Contract assets	8	134,904	130,495
Prepayments, deposits and other assets	24	861,298	508,968
Financial assets at fair value through profit or loss	6	10,166	–
Term deposits		137,494	–
Cash and cash equivalents		322,970	127,585
Total current assets		1,588,303	846,335
Total assets		1,962,435	1,080,747
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	28	1,359	–
Shares held for RSU scheme	28, 30	(44,321)	–
Share premium	28	3,166,415	1,049
Other reserves	29	(1,119,613)	(1,170,341)
Accumulated losses		(976,613)	(1,262,090)
Non-controlling interests		1,027,227 (2,037)	(2,431,382) (1,154)
Total equity/(deficit)		1,025,190	(2,432,536)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT JUNE 30, 2019

	Note	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Financial liabilities measured at fair value through profit or loss	21(a)(b)	10,000	2,769,905
Lease liabilities	4.1	32,669	–
Contract liabilities	8	97,945	130,071
Total non-current liabilities		140,614	2,899,976
Current liabilities			
Bank borrowings	26	230,000	80,000
Lease liabilities	4.1	15,590	–
Financial liabilities measured at fair value through profit or loss	21(a)	10,000	–
Other payables and accruals	27	257,502	270,303
Contract liabilities	8	282,868	262,792
Current income tax liabilities		671	212
Total current liabilities		796,631	613,307
Total liabilities		937,245	3,513,283
Total equity and liabilities		1,962,435	1,080,747

The accompanying notes on pages 35 to 70 form an integral part of this interim financial information.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Note	Attributable to equity holders of the Company							Total RMB'000
		Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000	
(Unaudited)									
As at January 1, 2019		-*	1,049	-	(1,170,341)	(1,262,090)	(2,431,382)	(1,154)	(2,432,536)
Comprehensive income/(loss)									
Profit/(loss) for the period		-	-	-	-	288,960	288,960	(883)	288,077
Total comprehensive income/(loss) for the period		-	-	-	-	288,960	288,960	(883)	288,077
Transaction with owners									
Conversion of convertible redeemable preferred shares into ordinary shares	28	-*	2,471,625	-	3,483	(3,483)	2,471,625	-	2,471,625
Share capitalisation	28	1,155	(1,155)	-	-	-	-	-	-
Issuance of ordinary shares	28	204	727,270	-	-	-	727,474	-	727,474
Share issuance costs	28	-	(32,374)	-	-	-	(32,374)	-	(32,374)
Contribution from a shareholder in relation to RSU Scheme Trust	28, 30	-	-	(61,333)	61,333	-	-	-	-
Transfer of vested RSUs	28, 30	-	-	17,012	(17,012)	-	-	-	-
Share-based compensation expenses	30	-	-	-	2,924	-	2,924	-	2,924
Transactions with owners in their capacity for the period		1,359	3,165,366	(44,321)	50,728	(3,483)	3,169,649	-	3,169,649
As at June 30, 2019		1,359	3,166,415	(44,321)	(1,119,613)	(976,613)	1,027,227	(2,037)	1,025,190
(Audited)									
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 redeemable and convertible preferred shares from own credit risk	21(b)	-	-	-	(2,647)	-	(2,647)	-	(2,647)
Total comprehensive loss for the period		-	-	-	(2,647)	(617,026)	(619,673)	(2,483)	(622,156)
Transaction with owners									
Issuance of ordinary shares	28	-*	1,049	-	-	-	1,049	-	1,049
Capital contribution from an investor		-	-	-	11,660	-	11,660	-	11,660
Deemed distribution	29	-	-	-	(1,125,614)	-	(1,125,614)	-	(1,125,614)
Share-based compensation expenses for employees	30	-	-	-	3,859	-	3,859	-	3,859
Transactions with non-controlling interests	29	-	-	-	(8,862)	-	(8,862)	(1,138)	(10,000)
Transactions with owners in their capacity for the period		-*	1,049	-	(1,118,957)	-	(1,117,908)	(1,138)	(1,119,046)
As at June 30, 2018		-*	1,049	-	(1,165,767)	(789,910)	(1,954,628)	(1,318)	(1,955,946)

* The relevant amounts are all less than RMB1,000

The accompanying notes on pages 35 to 70 form an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2019

		Six months ended June 30,	
	<i>Note</i>	2019	2018
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Cash flows from operating activities			
Cash used in operations		(409,115)	(136,158)
Interest received		240	51
Interest paid		(4,331)	(314)
Income tax paid		(542)	(42)
Net cash used in operating activities		(413,748)	(136,463)
Cash flows from investing activities			
Placements of term deposits		(452,775)	–
Receipt from term deposits		315,281	–
Interest received from term deposits and gain from financial assets at fair value through profit or loss		1,544	–
Payment to invest in associates	20, 21(a)	(55,000)	–
Payment for acquisition of a subsidiary		–	(1,000)
Prepayment for equity investment	23	(4,000)	(1,800)
Purchase of property, plant and equipment		(4,021)	(2,376)
Purchase of short-term investments measured at fair value through profit and loss		(10,000)	–
Proceeds from disposal of property, plant and equipment		–	56
Purchase of intangible assets		(53)	–
Payment for development costs		(49,562)	(20,505)
Net cash used in investing activities		(258,586)	(25,625)
Cash flows from financing activities			
Capital contribution from an investor		–	11,660
Capital contribution from a preferred shareholder		–	50,000
Proceeds from issuance of ordinary shares	28(a)	727,474	–
Proceeds from issuance of redeemable and convertible preferred shares	21(b)	–	1,269,708
Cash paid in connection with the Reorganisation		–	(291,225)
Deemed distribution	29	–	(96,478)
Proceeds from bank borrowings	26	230,000	105,000
Repayments of bank borrowings	26	(80,000)	(25,000)
Borrowing from related parties		–	190,000
Borrowing from a third party	21(a)	10,000	–
Repayment from Shanghai Weimob Enterprise Co., Ltd.		1,000	–
Repayment to related parties		–	(214,040)
Payment of listing expenses		(15,460)	(2,590)
Principal elements of lease payments		(5,410)	–
Net cash generated from financing activities		867,604	997,035
Net increase in cash and cash equivalents		195,270	834,947
Effect on exchange rate difference		115	1,148
Cash and cash equivalents at beginning of the period		127,585	21,529
Cash and cash equivalents at end of the period		322,970	857,624

The accompanying notes on pages 35 to 70 form an integral part of this interim financial information.



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

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, including structured entities (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 periods ended June 30, 2018 and 2019.

Prior to the incorporation of the Company and the completion of the group reorganisation before IPO (the “Reorganisation”), 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. 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 Reorganisation pursuant to which the Listing Business were transferred to the Company.

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

The condensed consolidated interim financial information comprises the consolidated statement of financial position as at June 30, 2019, the related consolidated statement of comprehensive income for the six-month periods then ended, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

The Interim Financial Information have been approved for issue by the Board of Directors on August 28, 2019.

2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Accounting Standards Board and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), as set out in the 2018 annual report of the Company dated March 22, 2019 (the “2018 Financial Statements”).



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

3 SIGNIFICANT ACCOUNTING POLICY

The accounting policies applied are consistent with those used in the 2018 Financial Statements, as described in those annual financial statements, except for the newly added accounting policy and critical accounting judgement for consolidation of structured entities (Note 5), the estimation of income tax (Note 14) and the adoption of new and amended standards below.

3.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies. In particular, the Group has applied simplified transition approach and does not restate any comparative amounts for the year prior to first adoption of HKFRS 16 Leases.

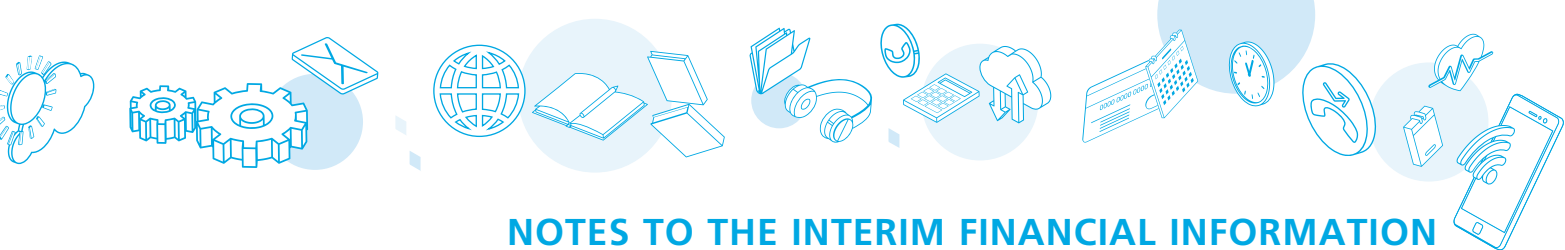
The impact of the adoption of the HKFRS 16 and the new accounting policies are disclosed in Note 4 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

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

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on January 1, 2019 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
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 1 and HKAS 8	Definition of Material	January 1, 2020
Amendments to HKFRS 3	Definition of a Business	January 1, 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	January 1, 2020
HKFRS 17	Insurance contracts	January 1, 2021

The Group is currently assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

4 CHANGES IN ACCOUNTING POLICY AND OTHER KEY ACCOUNTING POLICIES

As explained in Note 3.1 above, the Group has adopted HKFRS 16 from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on January 1, 2019.

4.1 Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 6.78%.

	At January 1, 2019 RMB'000
Operating lease commitments excluding lease prepayments disclosed as at December 31, 2018	69,255
Less: Associated non-lease components which can not meet the definition of a lease	(506)
Less: short-term leases recognised on a straight-line basis as expense	(1,580)
	67,169
Discounted using the lessee's incremental borrowing rate of at the date of initial application	44,074
Lease liability recognised as at January 1, 2019	44,074
Of which are:	
Current lease liabilities	12,270
Non-current lease liabilities	31,804
	44,074

The right-of-use assets were measured on a simplified transition approach without restating comparative amounts, and were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	June 30, 2019 RMB'000	January 1, 2019 RMB'000
Buildings	63,734	64,137



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

4 CHANGES IN ACCOUNTING POLICY AND OTHER KEY ACCOUNTING POLICIES (Continued)

4.1 Adjustments recognised on adoption of HKFRS 16 (Continued)

The change in accounting policy affected the following items in the consolidated statement of financial position on January 1, 2019:

- right-of-use assets – increase by RMB64,137,000
- lease liabilities (current portion) – increase by RMB12,270,000
- lease liabilities (non-current portion) – increase by RMB31,804,000
- prepayments – decrease by RMB20,063,000

Since the Group applied the simplified transition approach, there has been no impact on retained earnings on January 1, 2019.

(i) *Practical expedients applied*

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

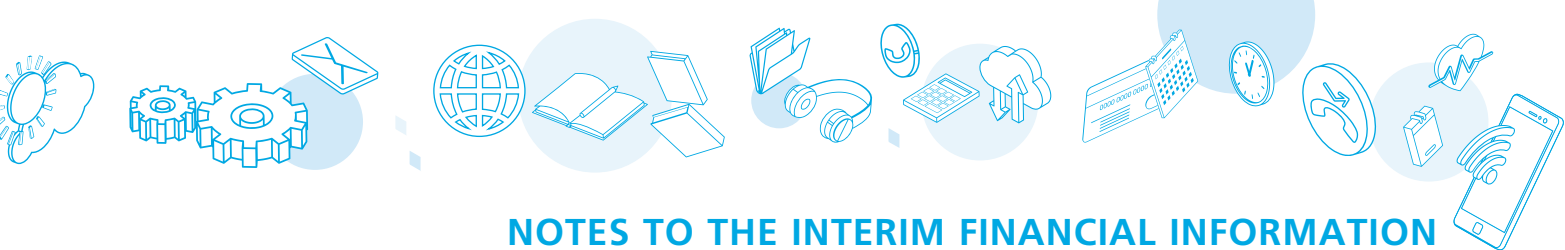
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 Determining whether an Arrangement contains a Lease.

4.2 The Group's leasing activities and how these are accounted for

The Group leases office buildings. Rental contracts are typically made for fixed periods of 1 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of office buildings were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

4 CHANGES IN ACCOUNTING POLICY AND OTHER KEY ACCOUNTING POLICIES (Continued)

4.2 The Group's leasing activities and how these are accounted for (Continued)

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

5 ESTIMATES

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2018 Financial Statements except for the newly added critical judgement for consolidation of structured entities as below.

Consolidation of structured entities

Where the Group acts as investor in structured entities, the Group makes significant judgement on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group considers the purpose and design of the structured entity and assesses the Group's contractual rights and obligations, and evaluates the Group's current ability to direct the relevant decisions of structured entities, performs analysis on the Group's exposure to variability of returns from its interests in the structured entities, and the rights held by other parties in the structured entities.

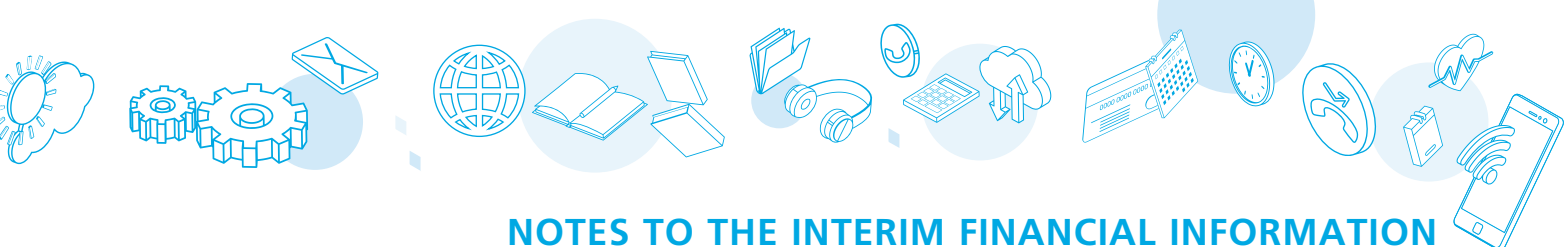
6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

6.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2018 Financial Statements.

There have been no changes in the risk management policies during the six months ended June 30, 2019.



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

6.2 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
(Unaudited)					
As at June 30, 2019					
Other payables and accruals (excluding staff costs and welfare accruals, advance from advertisers and other tax payable)	42,305	-	-	-	42,305
Bank borrowing (including interest accrual up to maturity)	242,308	-	-	-	242,308
Financial liabilities at fair value through profit or loss (<i>Note 21(a)</i>)	10,000	-	10,000	-	20,000
Lease liabilities (<i>Note 4.1</i>)	15,590	9,356	18,907	4,406	48,259
Total	310,203	9,356	28,907	4,406	352,872



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

6.2 Liquidity risk (Continued)

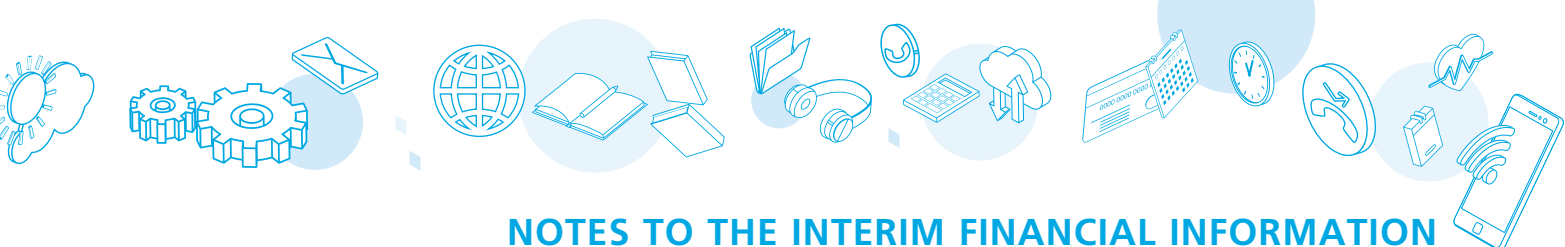
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
(Audited)					
As at December 31, 2018					
Other payables and accruals (excluding staff costs and welfare accruals, advance from advertisers and other tax payable)	34,068	–	–	–	34,068
Bank borrowing (including interest accrual up to maturity)	82,436	–	–	–	82,436
Total	116,504	–	–	–	116,504

As at December 31, 2018, the Group's financial liabilities also included financial liabilities measured at fair value through profit or loss which represented the redeemable and convertible preferred shares of RMB2,769,905,000, all of which have been converted into ordinary shares of the Company upon completion of the Initial Public Offering ("IPO") on January 15, 2019.

6.3 Fair values 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

6.3 Fair values estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair values as at June 30, 2019.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Unaudited)				
Assets				
Financial assets at fair value through profit or loss				
– Non-current (<i>Note 21(a)</i>)	–	–	30,000	30,000
– Current	–	–	10,166	10,166
	–	–	40,166	40,166
Liabilities				
Financial liabilities measured at fair value through profit or loss				
– Non-current (<i>Note 21(a)</i>)	–	–	10,000	10,000
– Current (<i>Note 21(a)</i>)	–	–	10,000	10,000
	–	–	20,000	20,000

The following table presents the Group's financial liabilities that are measured at fair values as at December 31, 2018.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Audited)				
Liabilities				
Non-current Redeemable and convertible preferred shares (<i>Note 21(b)</i>)	–	–	2,769,905	2,769,905

The Group did not hold any financial assets that carried at fair value as at December 31, 2018.

There were no transfers of financial assets and liabilities between level 1, level 2 and level 3 during the six months ended June 30, 2018 and 2019.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

6.3 Fair values estimation (Continued)

Financial instruments in level 3

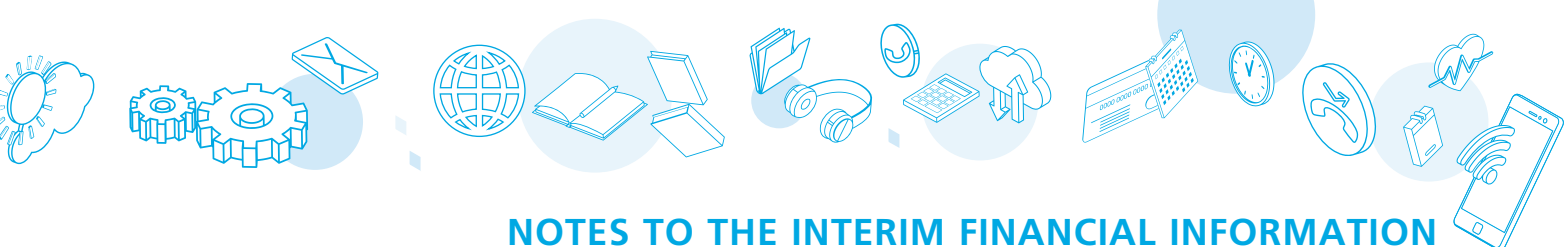
If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

- 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 June 30, 2019, Level 3 instruments of the Group's assets and liabilities include financial assets and liabilities 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 following table presents the changes in level 3 financial instruments for the six months ended June 30, 2018 and 2019.

	Non-current financial assets at fair value through profit or loss RMB'000	Current financial assets at fair value through profit or loss RMB'000	Total RMB'000
(Unaudited)			
Six months ended June 30, 2019			
Opening balance – January 1, 2019	–	–	–
Addition	30,000	10,000	40,000
Changes in fair value	–	166	166
Closing balance – June 30, 2019	30,000	10,166	40,166
Net unrealized gains for the period	–	166	166



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

6.3 Fair values estimation (Continued)

Financial instruments in level 3 (Continued)

	Redeemable and convertible preferred shares RMB'000	Non-current financial liabilities measured at fair value through profit or loss RMB'000	Current financial liabilities measured at fair value through profit or loss RMB'000	Total RMB'000
(Unaudited)				
Six months ended June 30, 2019				
Opening balance – January 1, 2019	2,769,905	–	–	2,769,905
Changes in fair value	(298,280)	–	–	(298,280)
Conversion of financial liability into equity	(2,471,625)	–	–	(2,471,625)
Addition	–	10,000	10,000	20,000
Closing balance – June 30, 2019	–	10,000	10,000	20,000

The Group has a team of personnel with valuation experience that manages the evaluation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation methodologies to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

As at June 30, 2019, the current financial assets at fair value through profit or loss are a bank wealth management product with non-guaranteed principal and floating return. The Group used expected return rate to estimate its fair value. Changes in fair value of those investments had been recognised in "Other gains, net" in the consolidated statement of comprehensive income. As at June 30, 2019, the carrying amount of the non-current financial assets, the non-current and current financial liabilities that measured at fair value through profit or loss related to investment transaction made in 2019 (Note 21) approximate to their fair value which is based on a recent arm's length transaction price.



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

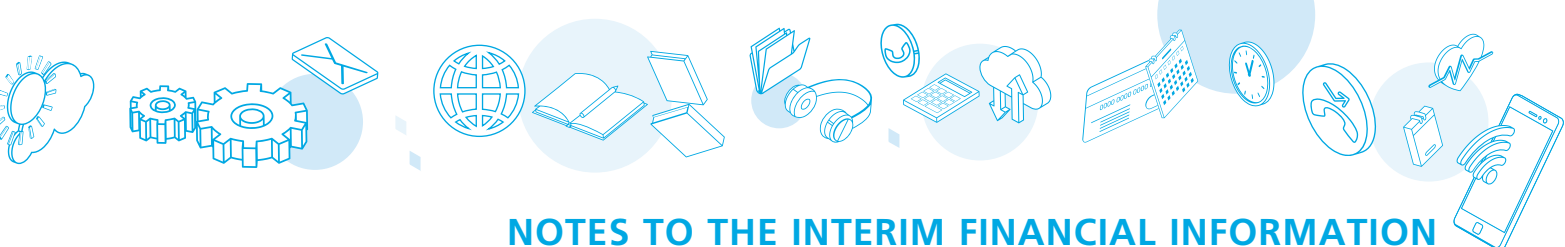
6.3 Fair values estimation (Continued)

Financial instruments in level 3 (Continued)

As at December 31, 2018, the valuation technique used to value the redeemable and convertible preferred shares is a combination of market approach and equity allocation method of these instruments issued to investors based on available information as of December 31, 2018. The unobservable inputs included expected IPO price, discount for lack of marketability ("DLOM"), and IPO possibility. By December 31, 2018, the offering price had been determined ranging from HK\$2.8 to HK\$3.5. The valuer applied the middle offering price, which was the best estimate from market participants' perspective as at December 31, 2018, to determine the fair value of the total equity of the Company. Based on this middle offering price used, the fair value of the redeemable and convertible preferred shares as at December 31, 2018 was RMB 2,769,905,000 (Note 21(b)).

The Company was successfully listed on January 15, 2019, upon which all the redeemable and convertible preferred shares were converted into ordinary shares. The actual Listing offering price was at the low end of the estimated offering price range of HK\$2.80. The fair value of the redeemable and convertible preferred shares immediately before conversion, measured based on the number of converted ordinary shares multiplied by the Listing offering price of HK\$2.8 was RMB 2,471,625,000, and the change in fair value between December 31, 2018 and January 15, 2019 of RMB 298,280,000 was recognised as a gain in the consolidated statement of comprehensive income for the six months ended June 30, 2019. Meanwhile, given there was no significant change in the Group's credit risk during the period from December 31, 2018 to January 15, 2019, the fair value changes of redeemable and convertible preferred shares from its own credit risk was insignificant.

Except for the level 3 instruments mentioned above, the Group's financial assets and liabilities include cash and cash equivalents, term deposits, trade and other receivables, bank borrowings, lease liabilities, other payables and accruals, the carrying values of which approximated their fair values due to their short maturities.



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

7 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 are 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 sales for SaaS products segment primarily comprised of employee benefit expenses and other direct services costs. Cost of sales for targeted marketing segment primarily comprised of traffic purchase cost.

As at June 30, 2019 and as at December 31, 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
(Unaudited)			
Six months ended June 30, 2019			
Segment revenue	219,068	437,627	656,695
Segment cost of sales	(42,037)	(249,274)	(291,311)
Gross profit	177,031	188,353	365,384
(Audited)			
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	131,038	99,921	230,959

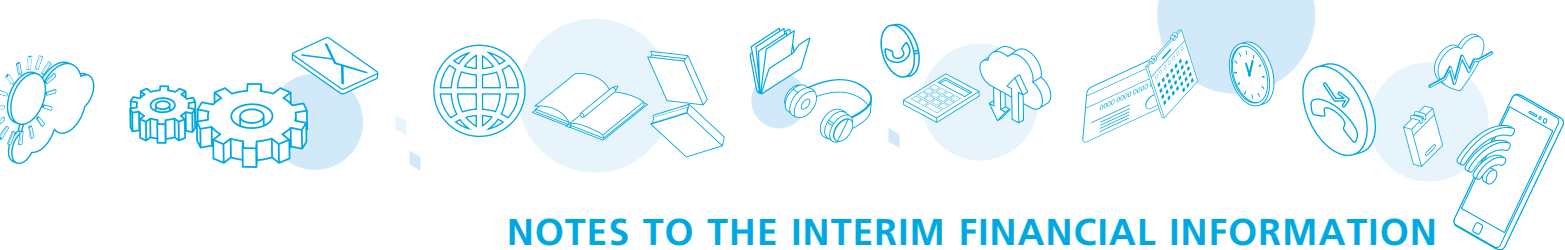
NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

8 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 six months ended June 30, 2018 and 2019, was as follows:

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
SaaS products	219,068	155,292
Targeted marketing		
– Gross method	279,040	85,429
– Net method	158,587	91,362
	437,627	176,791
	656,695	332,083
	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Timing of revenue recognition		
At a point in time	437,627	176,791
Over time	219,068	155,292
	656,695	332,083



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

8 REVENUE (Continued)

Contract assets and liabilities

(i) *Significant changes in contract assets and liabilities*

Contract assets of the Group are the contract acquisition costs, which represent the differences between the gross amount billed to the customer by channel partners and the amount billed to channel partners by the Group. 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.

(ii) *Revenue recognised in relation to contract liabilities*

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Contract liabilities — current	282,868	262,792
Contract liabilities — non-current	97,945	130,071
Contract liabilities — SaaS products	380,813	392,863
	Six months ended June 30, 2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Beginning Balance	392,863	338,041
Addition	189,550	157,873
Recognised in revenue	(201,600)	(136,738)
Ending Balance	380,813	359,176

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

8 REVENUE (Continued)

Contract assets and liabilities (Continued)

(ii) Revenue recognised in relation to contract liabilities (Continued)

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period	158,258	112,670

(iii) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from SaaS products contracts.

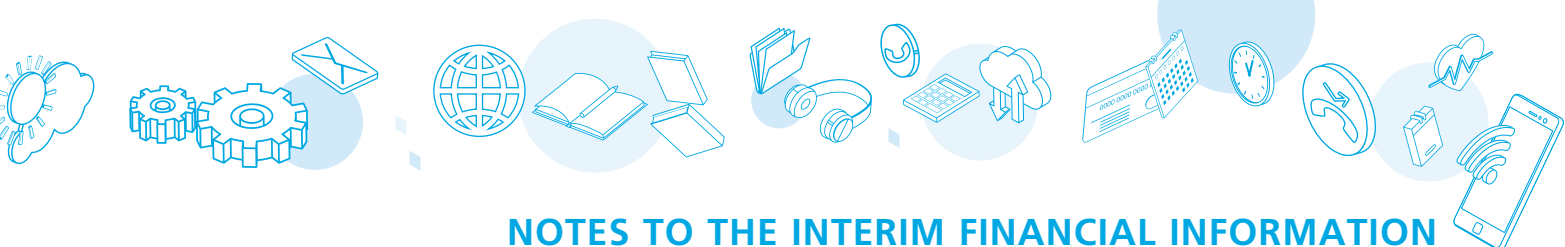
	As at	As at
	June 30,	December 31,
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
SaaS products related	390,897	392,863

The Company expects that unsatisfied performance obligations of approximately RMB292,952,000 as at June 30, 2019 will be recognised as revenue within 1 year. The remaining unsatisfied performance obligations of approximately RMB97,945,000 will be recognised between 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 statement of financial position.

	As at	As at
	June 30,	December 31,
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contract assets — current	134,904	130,495
Contract assets — non-current	45,556	63,476
Total contract assets — SaaS products	180,460	193,971



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

8 REVENUE (Continued)

Contract assets and liabilities (Continued)

(iv) Assets recognised from incremental costs to obtain a contract (Continued)

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Amortisation recognised as selling expenses related to SaaS products during the period	95,071	67,792

9 EXPENSES BY NATURE

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Advertising traffic cost for targeted marketing revenue	241,157	75,072
Employee benefits expenses	217,648	132,411
Promotion and advertising expenses	118,304	78,122
Depreciation and amortisation	24,731	9,200
Utilities and office expenses	17,824	18,759
Listing expenses	16,937	20,146
Server and SMS charges related to SaaS revenue	15,257	7,601
Depreciation of right-of-use assets	9,998	–
Auditors' remuneration	4,611	7
Travelling and entertainment expenses	4,535	1,747
Share-based compensation expenses – non employee	–	17,534
Others	5,763	3,430
	676,765	364,029

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

9 EXPENSES BY NATURE (Continued)

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:

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Salaries, wages and bonus	1,794	1,794
Other social security costs, housing benefits and other employee benefits	179	165
Pension cost — defined contribution plan	153	147
Share-based compensation	976	1,752
	3,102	3,858

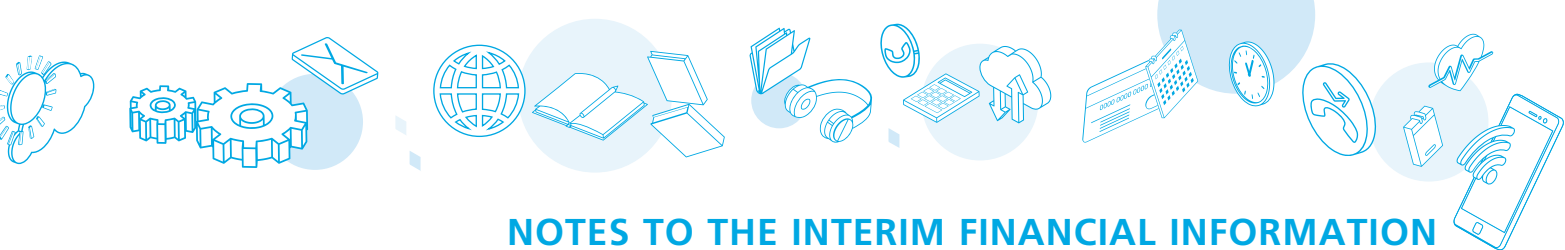
10 OTHER INCOME

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Government grants (i)	17,614	7,809
Interest income from term deposits	1,901	—
	19,515	7,809

(i) Government grants mainly represent value-added tax ("VAT") refund entitlement since June 2017 and VAT input super deduction entitlement since April 2019.

11 OTHER GAINS, NET

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Bank charges	(338)	(215)
Foreign exchange (loss)/gain, net	(255)	5,416
Fair value change of short-term investment measured at fair value through profit and loss	166	—
Gains from disposal of short-term investments measured at fair value	1,272	—
Others, net	(37)	(63)
	808	5,138



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

12 FINANCE COSTS

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Interest expenses on borrowings	2,789	572
Interest expenses on lease liabilities	1,582	–
	4,371	572

13 FINANCE INCOME

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Interest income from bank deposits	240	51

14 INCOME TAX EXPENSE/(CREDIT)

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

(i) Cayman Islands Income Tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies 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 six months ended June 30, 2019.

(iii) PRC Enterprise Income Tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in PRC is 25%. Weimob Development in the PRC was approved as High and New Technology Enterprise, and is subject to a preferential income tax rate of 15% from 2017 to 2020.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

14 INCOME TAX EXPENSE/(CREDIT) (Continued)

(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%.

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Current tax	1,001	–
Deferred income tax (Note 22)	2,606	(945)
Income tax expense/(credit)	3,607	(945)

15 DIVIDENDS

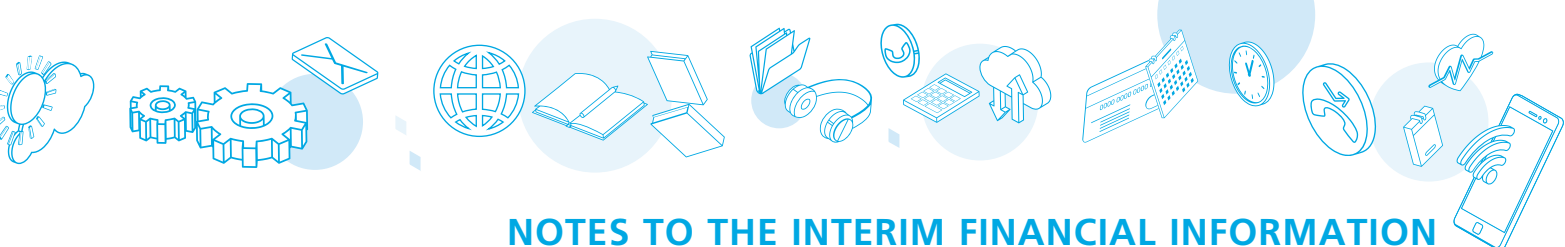
No dividends have been paid or declared by the Company for the six months ended June 30, 2018 and 2019.

16 EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic (loss)/earnings per share for the six months ended June 30, 2018 and 2019 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 periods. For the six months ended June 30, 2018, the number of ordinary shares for the purpose of calculating basic (loss)/earnings per share has been retrospectively adjusted for the capitalisation issue of the shares of the Company completed on January 15, 2019 (Note 28).

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000
Net profit/(loss) attributable to the equity holders of the Company	288,960	(617,026)
Weighted average numbers of ordinary shares in issue	1,885,271,188	684,615,000
Basic earnings/(loss) per share (expressed in RMB per share)	0.15	(0.90)



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

16 EARNINGS/(LOSS) PER SHARE (Continued)

(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.

For the six months ended June 30, 2019, redeemable and convertible shares issued by the Company are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share from their date of issue. The redeemable and convertible shares have not been included in the determination of basic earnings per share. Details relating to the redeemable and convertible shares are set out in Note 21(b).

For the six months ended June 30, 2019, the dilutive potential ordinary shares of restricted stock units ("RSUs") granted to employees were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

As the Group incurred losses for six months ended June 30, 2018, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for six months ended June 30, 2018 was the same as basic loss per share of the respective periods.

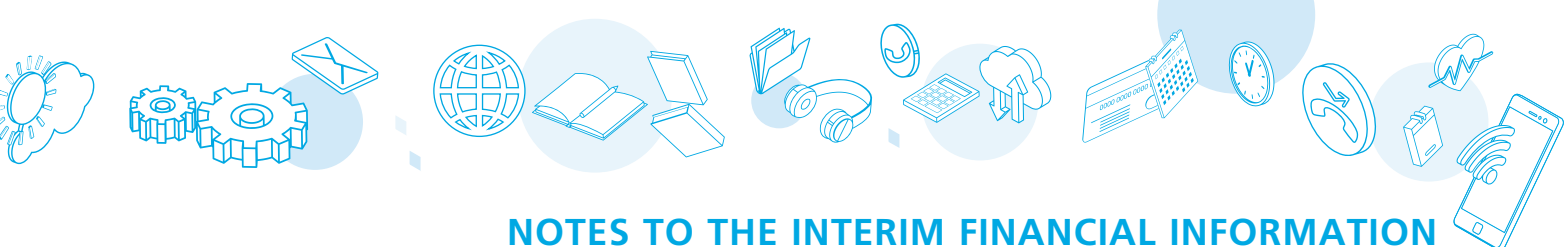
	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	
Net profit/(loss) attributable to the equity holders of the Company	288,960	(617,026)
Impact of change in fair value of redeemable and convertible preferred shares	(298,280)	–
Net loss used to determine earnings per share	(9,320)	(617,026)
Weighted average number of ordinary shares in issue	1,885,271,188	684,615,000
Adjustments for redeemable and convertible preferred shares	79,284,862	–
Weighted average number of ordinary shares for diluted earnings per share	1,964,556,050	684,615,000
Diluted loss per share (expressed in RMB per share)	(0.005)	(0.90)

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

17 PROPERTY, PLANT AND EQUIPMENT

	Computer and electronic equipment RMB'000	Furniture and fixtures RMB'000	Vehicles RMB'000	Leasehold improvement RMB'000	Total RMB'000
(Unaudited)					
Cost					
At January 1, 2019	8,739	2,662	809	12,815	25,025
Additions	1,051	369	–	1,208	2,628
Disposals	(10)	–	–	–	(10)
At June 30, 2019	9,780	3,031	809	14,023	27,643
Accumulated depreciation					
At January 1, 2019	(3,423)	(991)	(600)	(3,097)	(8,111)
Depreciation	(1,229)	(254)	(71)	(2,172)	(3,726)
Disposals	10	–	–	–	10
At June 30, 2019	(4,642)	(1,245)	(671)	(5,269)	(11,827)
Net carrying amount					
At January 1, 2019	5,316	1,671	209	9,718	16,914
At June 30, 2019	5,138	1,786	138	8,754	15,816
(Audited)					
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
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



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

18 INTANGIBLE ASSETS

	Trademarks RMB'000	Self- developed software RMB'000	Acquired Software licenses RMB'000	Total RMB'000
(Unaudited)				
Cost				
At January 1, 2019	3,398	78,306	449	82,153
Additions	–	–	53	53
Capitalisation of development costs (Note 19)	–	53,805	–	53,805
Disposals	–	–	(4)	(4)
At June 30, 2019	3,398	132,111	498	136,007
Accumulated amortisation				
At January 1, 2019	–	(25,002)	(97)	(25,099)
Amortisation	–	(20,948)	(57)	(21,005)
Disposals	–	–	4	4
At June 30, 2019	–	(45,950)	(150)	(46,100)
Net carrying amount				
At January 1, 2019	3,398	53,304	352	57,054
At June 30, 2019	3,398	86,161	348	89,907
(Audited)				
Cost				
At January 1, 2018	3,398	40,625	246	44,269
Capitalisation of development costs (Note 19)	–	8,768	–	8,768
At June 30, 2018	3,398	49,393	246	53,037
Accumulated amortisation				
At January 1, 2018	–	(6,596)	(50)	(6,646)
Amortisation	–	(7,556)	(12)	(7,568)
At June 30, 2018	–	(14,152)	(62)	(14,214)
Net carrying amount				
At January 1, 2018	3,398	34,029	196	37,623
At June 30, 2018	3,398	35,241	184	38,823

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

19 DEVELOPMENT COST

Development costs that do not meet the criteria of capitalisation are recognised as an expense as incurred. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. The self-developed software with development costs occurred but not ready for use is recorded as development costs in the statement of financial position and subject to impairment test at each period end.

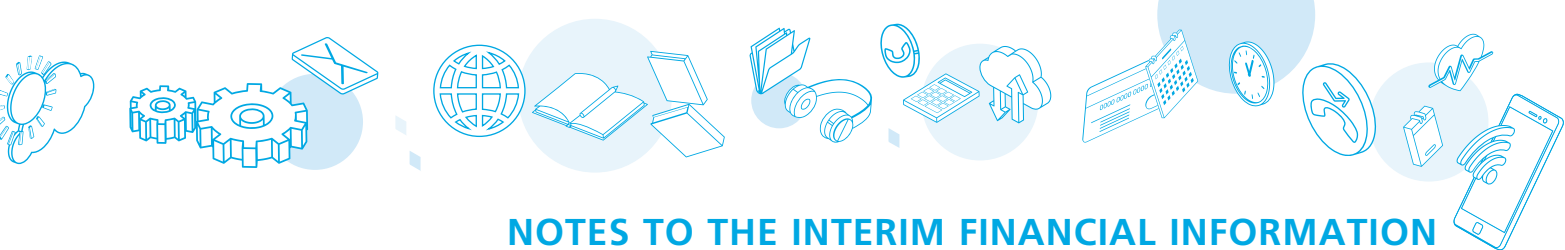
	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
As at January 1	27,963	3,510
Development costs capitalised during the period	49,562	20,505
Transfer to intangible assets	(53,805)	(8,768)
As at June 30	23,720	15,247

20 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	As at	As at
	June 30,	December 31,
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Investment accounted for using the equity method	35,000	–

The movement of equity-accounted investment for the six months ended June 30, 2019 is as follows:

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
At the beginning of the period	–	–
Additions	35,000	–
Share of profit/(loss) of the associates	–	–
At the end of the period	35,000	–



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

20 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

On June 4, 2019, Weimob Development entered into an investment fund agreement with an individual investor and a venture capital to establish a contractual fund to invest in a portfolio of companies (the "Portfolio Companies"), all of which belonged to the Excluded Business.

Pursuant to the investment fund agreement, Weimob Development, the individual investor and the venture capital holds 64%, 27% and 9% of the equity interest, respectively and each enjoys pro rata share of the fund's net assets. The venture capital is the fund manager and responsible for all of the investment affairs. Weimob Development has significant influence in the investment fund, and hence the Group has accounted for the investment using equity method. As of June 30, 2019, Weimob Development has made a total investment of RMB35,000,000 and the share of profit/(loss) of this fund in the six months ended June 30, 2019 was insignificant.

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

(a) Financial assets and liabilities at fair value through profit or loss as at June 30, 2019

In January 2019, Weimob Development established a 3-year contractual based fund (the "Fund") with a venture capital to invest in a SaaS company. According to the investment fund agreement ("Fund Agreement"), Weimob Development takes the subordinate tranche and the venture capital takes the senior tranche, and Weimob Development's investment in the Fund cannot be less than 50% of the total investment in the Fund. As of June 30, 2019, Weimob Development and the venture capital have each made RMB10 million investment into the fund. The Fund designates one of the Company's directors as a director of the invested SaaS company. The Company concluded that it controls and hence consolidates the Fund. Investment from the venture capital amounting to RMB10,000,000 was treated as non-current financial liabilities at fair value through profit or loss as of June 30, 2019.

In February 2019, the Fund acquired 27% equity interest of the SaaS company (the "Investment") at a total consideration of RMB30,000,000, among which RMB20,000,000 has been paid as of June 30, 2019, and the payment of remaining consideration of RMB10,000,000 is contingent upon the achievement of certain business performance targets in 2019 by the SaaS company. The Company recognised RMB10,000,000 payable in current financial liabilities at fair value through profit or loss as contingent consideration as of June 30, 2019.

The equity interest acquired by the Fund is entitled to certain preferential rights including, but not limited to, redemption rights and liquidation preference etc. Therefore, the investment in the SaaS company is accounted for as financial assets at fair value through profit or loss. As at June 30, 2019, the directors of the Company assessed the fair value of this investment approximates the total initial consideration of RMB30,000,000.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

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

(b) Redeemable and convertible preferred shares as at December 31, 2018

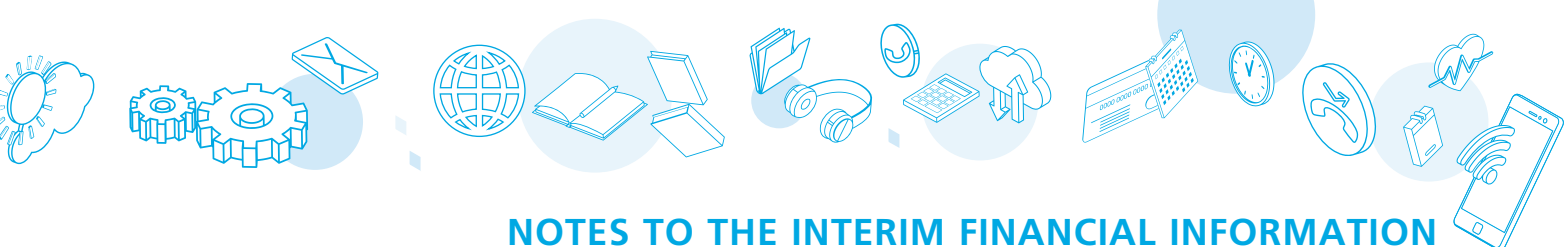
Before the IPO, the Group completed a series of pre-IPO fund raising at the offshore level in the Company and at the onshore level in Weimob Development, and undertook a corporate Reorganization whereupon the Company became the holding company and the listing vehicle of the Group. As part of the pre-IPO fund raising and Reorganization, the Company issued 91,031 Series C and 113,977 series D preferred Shares (collectively the "Preferred Shares") in June 2018 with the certain preferential rights of redemption, conversion and liquidation preference. The Company recorded these Preferred Shares as financial liability measured at fair value through profit or loss as at December 31, 2018.

Upon completion of the IPO on January 15, 2019, all of the Preferred Shares were automatically converted and subdivided (pursuant to the share subdivision) to ordinary shares. As a result, 1,025,040,000 ordinary shares in total were issued to Series C and Series D investors immediately after the capitalisation issue. The balance of Preferred Shares was transferred to share capital and share premium of the Company on that date. Consequently, all preferred rights entitled to the Preferred Shares holders lapsed and such holders thereafter hold rights pari passu to all other ordinary shareholders as of that date.

The fair value of the Preferred Shares as at December 31, 2018 and immediately before conversion into ordinary shares as at January 15, 2019 are as follows:

	Number of Preferred Shares before conversion	Number of ordinary shares converted after the capitalisation issue	Fair value as at December 31, 2018 RMB'000	Fair value immediately before conversion as at January 15, 2019 RMB'000
Series C Preferred Shares	91,031	455,155,000	1,221,139	1,097,492
Series D Preferred Shares	113,977	569,885,000	1,548,766	1,374,133
Total	205,008	1,025,040,000	2,769,905	2,471,625

The fair value changes between December 31, 2018 and January 15, 2019 of RMB298,280,000 were recorded in the consolidated statements of comprehensive income for the six months ended 2019. The cumulative loss recognised in other comprehensive income related to the Preferred Shares due to changes in the liability's credit risk of RMB3,483,000 was transferred from other reserve to accumulated losses upon conversion.



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

22 DEFERRED INCOME TAXES

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Deferred income tax assets:		
to be recovered after more than 12 months	16,419	17,173
to be recovered within 12 months	40,280	42,132
	56,699	59,305

The movements in deferred income tax assets and liabilities during the periods without taking into consideration the offsetting of balances within the same jurisdiction are as follows:

Deferred income tax assets

	Tax losses RMB'000	Contract liabilities RMB'000	Others RMB'000	Total RMB'000
(Unaudited)				
As at January 1, 2019	24,862	60,063	3,474	88,399
Recognised in the profit or loss	(1,043)	(3,538)	(50)	(4,631)
As at June 30, 2019	23,819	56,525	3,424	83,768
(Audited)				
As at January 1, 2018	27,838	51,004	5,329	84,171
Recognised 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

Deferred income tax assets are recognised for tax losses carrying forwards and deductible temporary differences to the extent that realisation of the related tax benefits through the future taxable profits is probable. As at June 30, 2019, the Group did not recognise net deferred income tax assets in respect of losses and deductible temporary differences of RMB7,980,000 and RMB1,740,000 respectively. These tax losses will expire from 2019 to 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

22 DEFERRED INCOME TAXES (Continued)

Deferred income tax liabilities

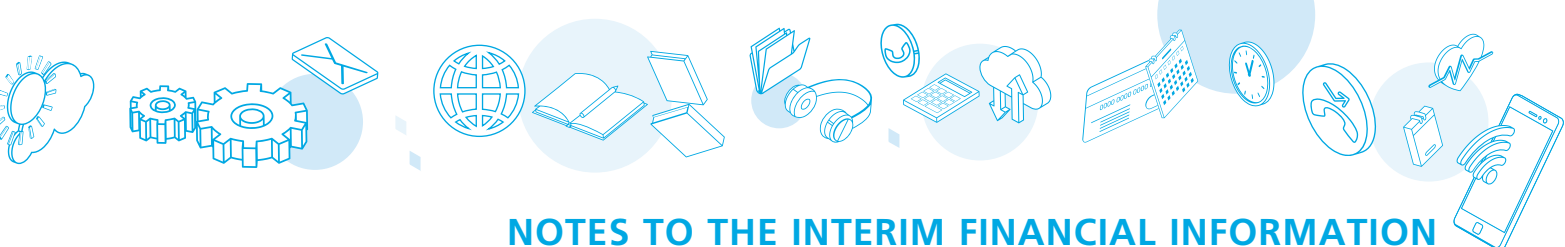
	Contract assets RMB'000
(Unaudited)	
As at January 1, 2019	(29,094)
Recognised in the profit or loss	2,025
As at June 30, 2019	(27,069)
(Audited)	
As at January 1, 2018	(24,468)
Recognised in the profit or loss	(2,321)
As at June 30, 2018	(26,789)

23 OTHER NON-CURRENT ASSETS

On May 16, 2018, Weimob Development entered into a share transfer and capital injection agreement (the "Agreement") with Guangzhou Xiangminiao Internet Technology Co., Ltd. ("Guangzhou Xiangminiao") and its shareholders. Pursuant to the agreement, Weimob Development agreed to acquire certain equity interests from the shareholders of Guangzhou Xiangminiao for RMB6,000,000 and make capital injection into Guangzhou Xiangminiao of RMB11,000,000 in order to obtain 51.50% equity interest in Guangzhou Xiangminiao. On July 6, 2018, Weimob Development paid RMB6,000,000 and acquired 42.75% of the equity ownership in Guangzhou Xiangminiao. On October 26, November 21 and December 17, 2018, Weimob Development made capital injection of RMB3,700,000 with the remaining RMB7,300,000 to be paid in 2019.

According to the legal assessment of the Company's external legal counsel, the purchase of equity interest from existing shareholders and the capital injection are an integral arrangement for Weimob Development to obtain control in Guangzhou Xiangminiao. Weimob Development will not obtain control until it pays the full consideration of RMB17,000,000 and with all of the other closing conditions fulfilled.

As at June 30, 2019, Weimob Development has neither obtained control nor significant influence over Guangzhou Xiangminiao. Therefore, the total cash paid, amounting to RMB13,700,000 (December 31, 2018: RMB9,700,000), was recorded in non-current assets in the consolidated statement of financial position as an advance payment for long-term investment.



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

24 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Prepayments for purchasing advertising traffic related to targeted marketing revenue	599,422	342,273
Other receivables in relation to prepayment on behalf of advertisers – third parties	159,799	77,503
Other receivables due from third parties	34,587	–
Other receivables due from Weimob Enterprise	26,128	27,128
Deposits – third parties	8,599	4,144
Recoverable value-added tax	8,401	3,727
Prepayments for purchasing advertising services	6,082	6,727
Receivables in relation to value-added tax refund (Note 10)	5,973	7,119
Prepayments for contract operation service costs	2,249	1,584
Interest receivables from term deposits	1,629	–
Prepayments for rent and property management fee	1,191	20,200
Staff advance	919	1,171
Other receivables in relation to prepayment on behalf of advertisers – related parties	–	171
Prepaid listing expenses	–	6,529
Others	8,399	10,692
Less : Provision for impairment of other receivables	(2,080)	–
	861,298	508,968

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

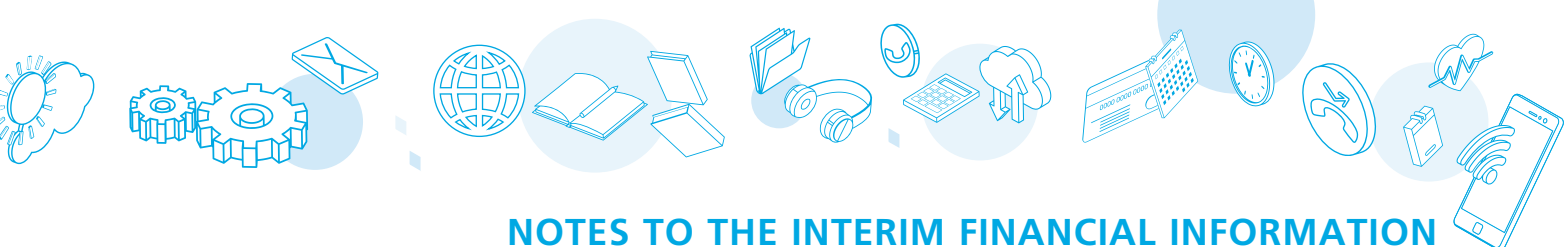
25 TRADE AND NOTES RECEIVABLES

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Trade receivables	122,109	66,175
Notes receivables	–	13,112
Less: Provision for impairment of trade and notes receivables	(638)	–
	121,471	79,287

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

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
0 – 90 days	120,935	66,175
90 – 180 days	536	–
	121,471	66,175

As at June 30, 2019 and December 31, 2018, the carrying amounts of trade receivables were primarily denominated in RMB and approximated their fair values at each of the reporting dates. The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS9. As at June 30, 2019, RMB638,000 provision was made against the gross amounts of trade and notes receivables (December 31, 2018: nil).



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

26 BANK BORROWINGS

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Short-term bank borrowings	230,000	80,000

On June 20, 2018, the Group borrowed an unsecured loan of RMB80,000,000 from Bank of Shanghai bearing an interest rate of 6.09% per annum, which has been settled on June 19, 2019.

On March 29, 2019, the Group borrowed an unsecured loan of RMB30,000,000 from Shanghai Pudong Development Bank bearing an interest rate of 4.35% per annum, which will be due within one year.

On June 20, 2019, the Group borrowed an unsecured one-year loan of RMB50,000,000 from China CITIC Bank. The loan bore a floating interest rate which equals 1.35 times of one-year People's Bank of China's loan prime rate.

On June 28, 2019, the Group entered into an unsecured one-year loan agreement with Bank of Shanghai, and borrowed RMB150,000,000 bearing an interest rate of 6.09% per annum. This loan is for the sole purpose of purchasing advertising traffic related to targeted marketing.

27 OTHER PAYABLES AND ACCRUALS

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Payroll and welfare payables	105,983	100,108
Advance from advertisers – third parties	104,521	130,875
Payable related to purchase non-controlling interest in Beijing Weimob Information Technology Co., Ltd.	6,080	6,080
Deposits	5,457	5,477
Other taxes payable	4,693	5,229
Accruals for listing expenses	17,475	12,187
Auditors' remuneration accrual	2,125	–
Advance from advertisers – related party	–	23
Other payable and accruals	11,168	10,324
	257,502	270,303

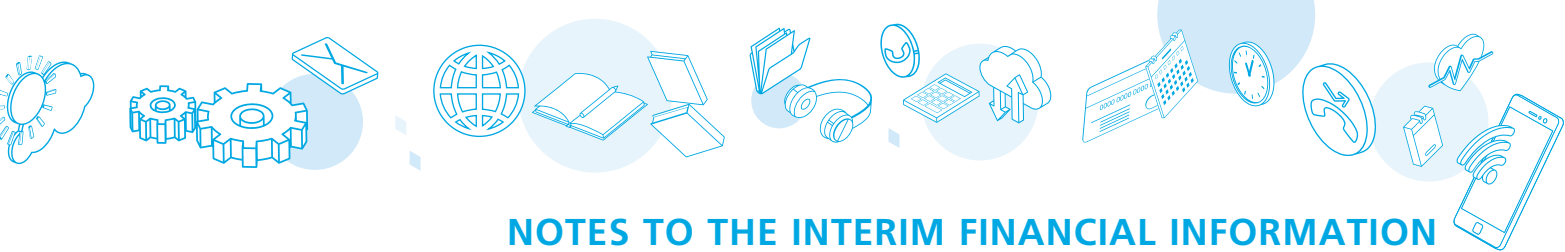
NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

28 SHARE CAPITAL, SHARE HELD FOR RSU SCHEME AND SHARE PREMIUM

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Total RMB'000
(Unaudited)					
As at January 1, 2019	136,923	–*	1,049	–	1,049
Conversion of convertible redeemable preferred shares into ordinary shares (a)	205,008	–*	2,471,625	–	2,471,625
Share capitalisation (a)	1,709,313,069	1,155	(1,155)	–	–
Issuance of ordinary shares (a)	301,700,000	204	727,270	–	727,474
Share issuance costs (b)	–	–	(32,374)	–	(32,374)
Contribution from a shareholder in relation to RSU Scheme Trust	–	–	–	(61,333)	(61,333)
Transfer of vested RSUs (Note 30)	–	–	–	17,012	17,012
As at June 30, 2019	2,011,355,000	1,359	3,166,415	(44,321)	3,123,453
	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Total RMB'000
(Audited)					
As at January 1, 2018	–	–	–	–	–
Issuance of ordinary shares	136,923	–*	1,049	–	1,049
As at June 30, 2018	136,923	–*	1,049	–	1,049

* The relevant amounts are all less than RMB1,000.



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

28 SHARE CAPITAL, SHARE HELD FOR RSU SCHEME AND SHARE PREMIUM (Continued)

- (a) On January 15, 2019, all of the 205,008 redeemable and convertible preferred shares were converted into the same number of ordinary shares (Note 21(b)). The fair value of the Preferred Shares immediately before the conversion was RMB 2,471,625,000, and the conversion resulted in the increase in share capital of RMB138 and share premium of approximately RMB2,471,625,000.

On January 15, 2019, the Company further issued 1,709,313,069 shares by way of 1:5000 capitalisation of US\$170,931 (equivalent to approximately RMB1,155,000) out of the share premium of the Company. The number of total ordinary shares immediately after the capitalisation issue is 1,709,655,000, being the total ordinary shares of 341,931 immediately before the new share offering multiplied by 5,000.

Upon the Listing on the Main Board of the Stock Exchange of Hong Kong Limited on January 15, 2019, the Company issued 301,700,000 new ordinary shares at par value of USD0.0001 per share for cash consideration of HKD2.80 each, and raised gross proceeds of approximately HKD844,760,000 (equivalent to approximately RMB727,474,000). The respective share capital amount was approximately RMB204,000 and share premium arising from the issuance was approximately RMB727,270,000.

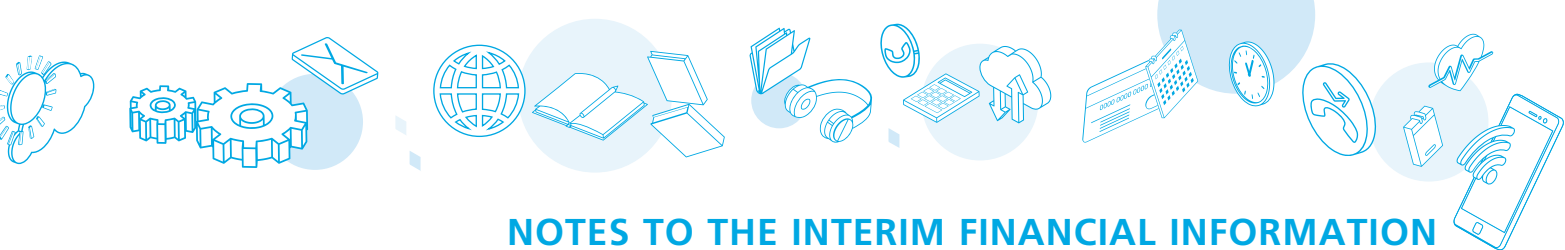
- (b) Share issuance costs mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs associated with the Listing. Incremental costs that are directly attributable to the issue of the new shares amounting to approximately RMB32,374,000 which were treated as a deduction against the share premium arising from the issuance.

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

29 OTHER RESERVES

	Capital reserves RMB'000	Financial Liability measured at fair value through profit or loss RMB'000	Share-based payments RMB'000	Total RMB'000
(Unaudited)				
As at January 1, 2019	(1,234,222)	(3,483)	67,364	(1,170,341)
Contribution from a shareholder in relation to RSU Scheme Trust (<i>Note 30</i>)	61,333	–	–	61,333
Share-based compensation expenses for employees (<i>Note 30</i>)	–	–	2,924	2,924
Transfer of vested RSUs (<i>Note 30</i>)	–	–	(17,012)	(17,012)
Transfer other comprehensive loss into retained earnings (<i>Note 21(b)</i>)	–	3,483	–	3,483
As at June 30, 2019	(1,172,889)	–	53,276	(1,119,613)
(Audited)				
As at January 1, 2018	(102,824)	–	58,661	(44,163)
Capital contribution from a shareholder	11,660	–	–	11,660
Change in fair value from our credit risk	–	(2,647)	–	(2,647)
Deemed contribution	77	–	–	77
Purchase equity interest in Weimob Development during Reorganisation	(1,125,691)	–	–	(1,125,691)
Share-based compensation expenses for employees (<i>Note 30</i>)	–	–	3,859	3,859
Transaction with Non-controlling shareholders	(8,862)	–	–	(8,862)
As at June 30, 2018	(1,225,640)	(2,647)	62,520	(1,165,767)



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

30 SHARE-BASED PAYMENTS

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.

As part of the Reorganisation, the Original Option Plan was replaced by the newly adopted Restricted Share Unit Scheme of the Company pursuant to a resolution of the Board on July 1, 2018. The vesting conditions of the Restricted Share Unit (the “RSU”) were maintained the same and there was no significant incremental cost upon the modification. The total number of shares underlying the RSU plan shall not exceed the aggregate of 14,099 shares as of the date of adoption of the RSU plan. The vesting period of the RSU plan varies from 2 years to 4 years.

During the Reorganisation, the Company has set up one structured entity (“RSU Scheme Trust”), namely Weimob Teamwork, which is solely for the purpose of administering and holding the Company’s shares for the RSU scheme. 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. The Weimob Teamwork has been appointed as the trustee (the “Trustee”) pursuant to the trust deed to administrate the RSU Plan immediately after the consummation of the IPO. Prior to the IPO, Mr. Sun Taoyong is the administrator of the RSU Scheme Trust.

Since the Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited on January 15, 2019, the Company has the power to direct the relevant activities of the RSU Scheme Trust and it has the ability to use its power over the RSU Scheme Trust to affect its exposure to returns. Therefore, the assets and liabilities of the RSU Scheme Trust are included in the Group’s consolidated statement of financial position and the ordinary shares held for the Company’s RSU scheme were regarded as treasury shares and presented as a deduction in equity as “Shares held for RSU scheme”.

The share-based compensation expenses recognised for the six months ended June 30, 2018 and 2019 are summarised in the following table:

	Six months ended June 30,	
	2019	2018
	RMB’000	RMB’000
	(Unaudited)	(Audited)
Share-based compensation expenses for employees	2,924	10,235



NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2019

30 SHARE-BASED PAYMENTS (Continued)

Movements in the number of RSUs granted and not yet vested is as follows:

	Number of RSUs
(Unaudited)	
As at January 1, 2019	4,913
Adjusted for the capitalisation issue	24,560,087
Vested	(7,055,000)
Forfeited	(160,000)
As at June 30, 2019	17,350,000

No RSUs were expired during the six months ended June 30, 2018 and 2019.

As of June 30, 2019, the aggregate number of shares underlying the granted RSUs is 69,670,000 among which 52,160,000 shares were vested and 160,000 shares were forfeited.

31 CAPITAL COMMITMENTS

As disclosed in Note 23, capital commitment to acquire equity ownership in Guangzhou Xiangminiao as of June 30, 2019 amounted to RMB3,300,000.

32 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in this report, there are no significant related party transactions during the six months ended June 30, 2019 or balances as of June 30, 2019 with the Group.

33 CONTINGENT LIABILITIES

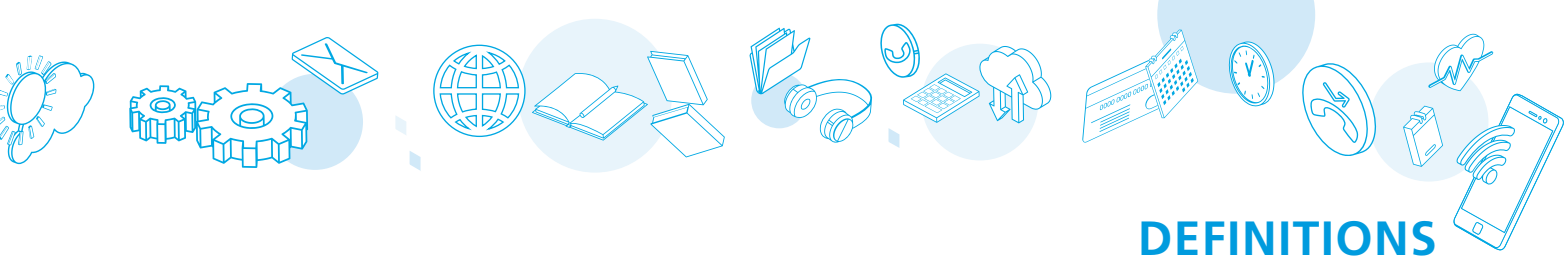
The Group has no significant contingent liabilities as at December 31, 2018 and June 30, 2019.

34 SUBSEQUENT EVENTS

On July 30, 2019, a total of 255,000,000 shares held by Yomi.sun Holding Limited, Alter.You Holding Limited and Weimob Teamwork (PTC) Limited, each being a shareholder of the Company (collectively, the "Top-up Vendors") have been placed at the price of HK\$4.60 per share to several investors. In connection with this vendor placing, on August 6, 2019, the Company issued a total of 255,000,000 shares to the Top-up Vendors at the same price of HK\$4.60 per share. The net proceeds to the Company from the subscription are approximately HK\$1,157.1 million.

Immediately following completion of the vendor placing and the subscription, the total number of shares increased to 2,266,355,000.

There are no other material subsequent events during the period from June 30, 2019 to the approval date of this condensed consolidated interim financial information by the Board of Directors on August 28, 2019.



DEFINITIONS

“Board”	the board of Directors of the Company
“Company”	Weimob Inc., an exempted company incorporated in the Cayman Islands with limited liability on January 30, 2018
“Corporate Governance Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Director(s)”	director(s) of the Company
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“HKFRS”	Hong Kong Financial Reporting Standards
“IPO”	Initial Public Offering
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on January 15, 2019
“Listing Date”	January 15, 2019, the date on which the Shares are listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“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 interim report only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus of the Company dated December 31, 2018
“Relevant Period”	the period from the Listing Date and up to the date of this interim report
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“RSU”	the restricted stock unit
“SFO”	the Securities and Futures Ordinance



DEFINITIONS

“Share(s)”	ordinary shares in the share capital of the Company with a par value of US\$0.0001
“Shareholder(s)”	holder(s) of the Shares
“SMBs”	small and medium businesses, a category of merchants whose annual revenue is less than RMB20 million
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 the Company
“Tencent”	Tencent Holdings Limited, a limited liability company organized and existing under the laws of the Cayman Islands and the shares of which are listed on the Main Board (stock code: 700) and/or its subsidiaries
“VAT”	value-added tax
“Weimob Development”	Shanghai Weimob Enterprise Development Co., Ltd.* (上海微盟企業發展有限公司), a company established under the laws of the PRC on September 10, 2014, being a wholly-owned subsidiary of our Company

* For identification purpose only

