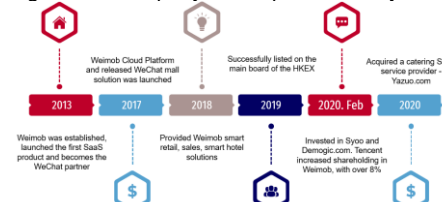
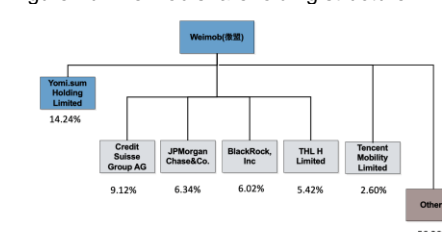


Figure 1a: Company development history



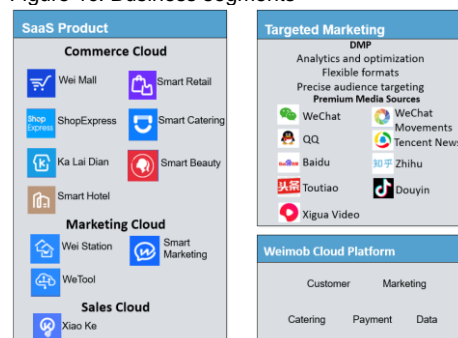
Source: Company official website, prospectus, public information collection

Figure 1b: Weimob shareholding structure



Source: Annual report, public information collection

Figure 1c: Business segments



Source: Weimob official website

Figure 1d: Average revenue per ad (¥)

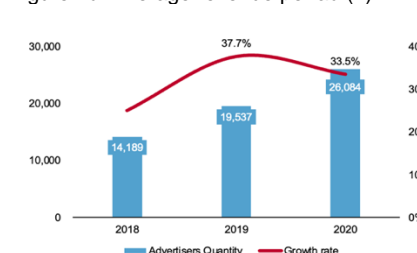


Figure 1e: No. of advertisers

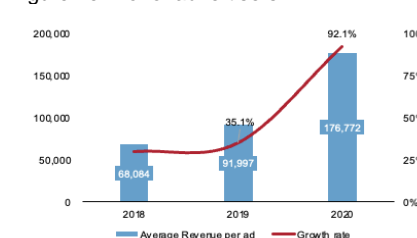
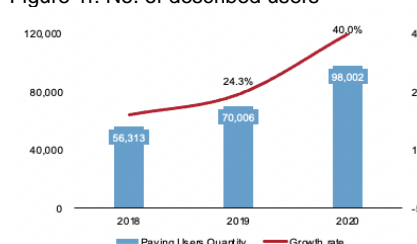


Figure 1f: No. of described users



Business Model

Business introduction

Weimob (微盟) is a decentralized and intelligent business solution provider, which helps enterprises realize digital transformation. Based on its own PaaS Cloud, such as Marketing Cloud, Sales Cloud, and Commerce Cloud, Weimob creates intelligent business ecology.

Company history

In 2013, Weimob was established in Shanghai and became the first partner of WeChat official account to develop its tools. The company seized the market opportunity of users and e-commerce growth in WeChat and released the foremost tool for WeChat business in 2014. Subsequently, Weimob expanded customers and had more than 800 agents in China within a year. The company completed three rounds of ABC financing in 2014-15, with 680 million CNY. In 2016, Weimob established an advertising business division and launched a Targeted-Marketing business. In 2017, Weimob became one of the first suppliers to provide business and marketing solutions through WeChat mini program. Besides, it launched the PaaS Weimob cloud to support third-party software developers to serve merchants through the platform and expand the merchant category of services to e-commerce, catering, hotel, tourism and other industries. In 2018, it completed round D financing. In January 2019, it was listed on the main board of The Hong Kong Stock Exchange. It was included in the Hang Seng Composite Index and became a general standard of Hong Kong stocks. (Figure 1a)

Corporate shareholding structure

Corporate management holds 14.24% shares; there are no significant changes in shareholding structure. (Figure 1b)

Business Model

As for the Targeted Marketing segment, Weimob provides one-stop marketing services for advertisers via an intelligent algorithm, marketing automation and other technologies and high-quality media sources. In terms of SaaS products, Weimob delivers an abundance of industrial services, including retail, catering, mall and so on. The Weimob Cloud Platform is attractive to third-party developers for it expands the technical capabilities of the core products and builds an ecosystem to provide more application choices as well as better services for merchants. (Figure 1c)

SWOT analysis: strength

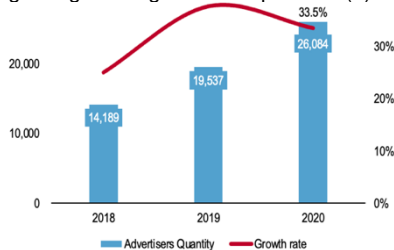
SaaS and Targeted Marketing are simultaneous developing. Because of the pandemic, more and more companies and merchants have begun to focus on online business trends, increasing the demand for SaaS products. As the SaaS e-commerce leader, Weimob concentrated on two major business segments: SaaS products and Targeted Marketing. These two major sectors have high customer retention and an rising trend in revenue per customer. (Figure 1d, 1e, 1f, 1g)

Moreover, Weimob has **stable cooperation with Tencent**. With Tencent's investment, Weimob became one of Tencent's first marketing service providers. Tencent has started to enter the field of e-commerce and social video, and the future WeChat personal live stream channel will be improved. Users' loyalty and activity are predicted to rise. Moreover, QQ and WeChat account for about 46% of the user time on China's Internet. Weimob, holding 12 Tencent advertising provider licenses and three service provider licenses, takes the full benefits of Tencent's growth in social advertising. (Figure 1h, 1i)

SWOT analysis: weakness

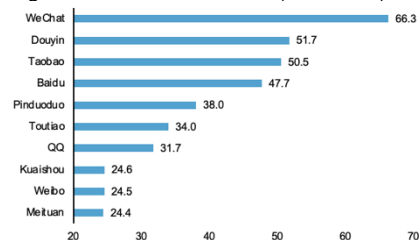
Gross margin decreases because of the fierce competition. Both targeted marketing and E-commerce SaaS product are the hottest branches, which contains numerous competitors. With intensive competition among

Figure 1g: Average revenue per user (¥)



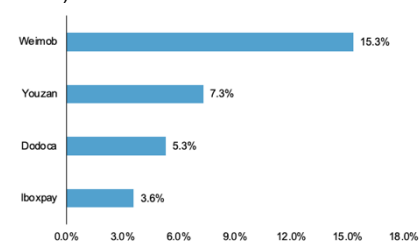
Source: company annual report

Figure 1h: User traffic value (in billion ¥)



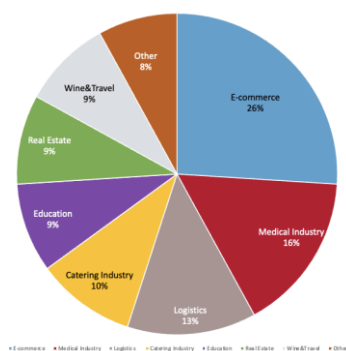
Source: Quest mobile

Figure 1i: WeChat third-party (by market share)



Source: Quest mobile

Figure 1j: Penetration rate of different SaaS segments



Source: Quest mobile

Figure 1k: SWOT analysis conclusion

Strength <ul style="list-style-type: none"> High development of SaaS and targeted marketing Corona virus increases the demand of online business Stable corporation with Tencent 	Weakness <ul style="list-style-type: none"> Gross margin declines because of fierce competition Over-reliance on Tencent Shortcoming in the database protection
Opportunity <ul style="list-style-type: none"> Acquiring experienced companies to vertically develop more aspect of industries Expand the cooperation with Toutiao, Douyin, Baidu, Zhihu and Xigua Video. 	Threat <ul style="list-style-type: none"> Advertising business's threshold is relatively low Customers' trusts decline because of deleted database event.

Source: Public information collection

service providers, the margin has to be compromised for larger market share

Over-reliance on Tencent can also create problems for Weimob. The deep business bundle with Tencent, might reduce the company operational independence and buffer against the uncertainties. One of the major business segments – Targeted Marketing – is mainly obtained through Tencent authorized rebates. Tencent has the ultimate control of the platform where the Weimob builds; as a result, it is difficult for Weimob to have favourable bargaining power.

The shortcoming in database protection is still one of the concerns. The SaaS sabotage event happened in 2020 indicated that the database protection is still relatively weak, which might affect the daily operation of the company's SaaS products. The compensation plan for this sabotage brought an expenditure of CNY 94million.

SWOT analysis: opportunity

Weimob focuses on **vertical industry deployment and high penetration of e-commerce SaaS**. Successfully acquiring Yazuo.com (雅座), smart retail and hotel business helped the company deeply deploy the different subdivided vertical industries to provide more professional solutions for each segment. According to IResearch, e-commerce SaaS has the highest penetration rate, accounting for 26% among the other SaaS segments. A high penetration rate also implies more opportunities for fulfilling the relatively high demand on e-commerce SaaS requirements. (Figure 1j)

Additionally, Weimob has cooperated with Toutiao, Douyin, Baidu, Zhihu, Xigua Video. The cooperation creates diversified development for the company and helps Weimob expand the business and customers. Also, those new collaborations broaden the company's access to private domain traffic

SWOT analysis: threats

The relatively **low threshold** of advertising business creates fierce competition. The prices of major advertising agencies are transparent so that the prices are almost the same. To attract customers and increase the company's penetration rate, Weimob provides a generous discount and extra services for merchants transforming offline to online.

Customers' trust declines. There was a SaaS Sabotage event where an employee deleted data, majority of customers online business operation was affected severely, which damaged the company reputation and image.

SWOT analysis: conclusion

To conclude, Tencent as a partner facilitates Weimob in developing the business; however, it could make Weimob less attractive to its customers if they lose collaboration. The company should make good use of the relationship with Tencent for deeper market penetration and strive to empower its service and optimize its SaaS products, gradually easing the dependence on the Tencent platform. Additionally, the impact of COVID-19 increased the market demand for Weimob but hurt the profit margin due to fierce competition brought by the surging number of new entrants. As for the opportunity, collaboration with diversified platforms can enrich the company's ability to transform domain traffic into private traffic. The main threat for the company is the decline in customer trust because of the leakage of data, which might result in a significant loss on company sales and goodwill. It will take time for customers to resume trust on the company. (Figure 1k)

Industry Analysis

Definition of SaaS

Software-as-a-Service (SaaS) is a kind of cloud-based software that mainly serves as a store opening tool for merchants, providing online and offline business solutions for merchants and assisting merchants in their daily operations. Some mature e-commerce companies, such as Taobao (淘寶) and Pinduoduo (拼多多), have systematic SaaS technical solutions.

SaaS is also an application mode that provides software services based on the Internet. The SaaS platform does all pre-implementation and post-maintenance of all network infrastructure, software, and hardware operating platforms. Users can use SaaS services if they rent software services through Internet hosting, deployment and access.

Difference between IaaS, PaaS, and SaaS

The characteristics of cloud computing include low cost, purchase-on-demand, and shared resources. Cloud computing is a model that intervenes in virtual resource pools through the network to achieve on-demand access to configurable computing resources. Users can configure computing resources such as networks, servers, storage, applications, and services according to their needs.

The current mainstream cloud computing service models include IaaS, PaaS, and SaaS (Figure 2a, 2b)

Figure 2a: Introduction of IaaS, PaaS, SaaS

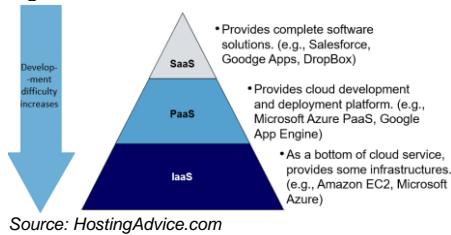
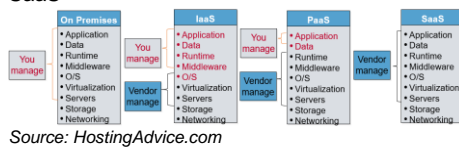


Figure 2b: Difference between IaaS, PaaS, SaaS



Infrastructure-as-a-Service, as the base of cloud service, provides some infrastructure, including storage, servers, networking and so forth. Service providers manage these devices, while users are responsible for purchasing and managing their software applications.

Platform-as-a-Service provides cloud development and deployment platform. PaaS adds the functions of a development tool, analysis tool and operating system service based on IaaS. Users are only responsible for managing their applications.

Software-as-a-Service provides complete software solutions, including infrastructure, middleware, application, and data in the service provider's data center. Customers can quickly start utilizing the software, without extra deployment costs at the early stage. The service providers are responsible for the installation, operation and maintenance of the management software.

Definition of public traffic

In China, the e-commerce giants, such as Taobao, JD.com, have numerous viewers in their apps and websites, searching for the goods and services they desire for on the platform. Those viewers are public domain traffic, often acquired and reacquired at considerable cost through platform algorithms and search optimization.

Definition of private traffic

Private traffic describes the private e-business ecosystem where users are captured from public domain platform and drawn into relatively personal livestreaming channels with stronger attachment to the brand. The most significant source of private traffic in China is WeChat, where many tech giants and merchants are eager to compete for more loyal traffic.

Overview of the cloud computing market

Cloud computing in the early stage of development has more emphasis on IaaS, which is the infrastructure construction. As corporations accelerate their transformation into the Cloud, SaaS will usher in a more users-friendly and mature environment for development.

Chinese SaaS companies has huge space for development compared to that in the United States; although China's GDP has already been the 70% of the U.S, the SaaS market size is less than 1/20 of the U.S.

Figure 2c: China and US's SaaS Market Size(\$trillion)

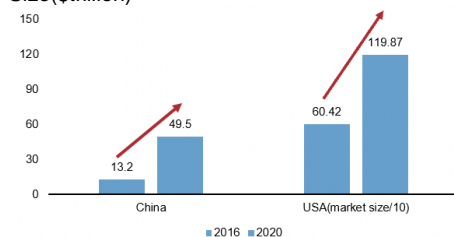
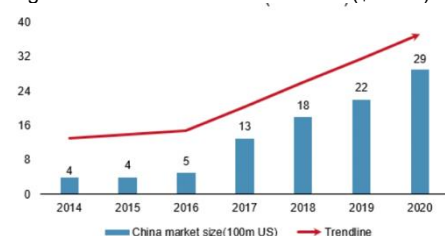
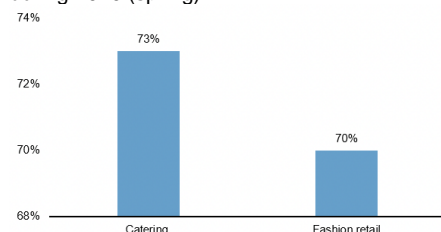


Figure 2d: China's SaaS market size (\$100m)



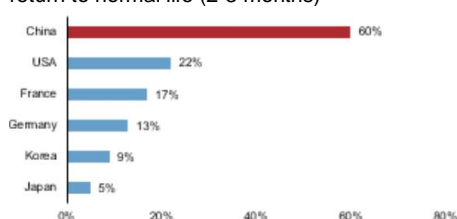
Source: IDC

Figure 2e: Store shut down percentage during 2020 (spring)



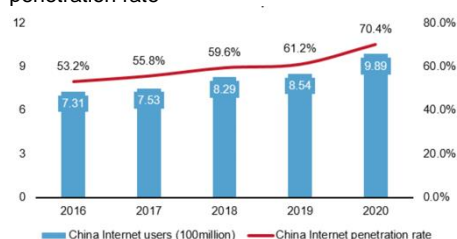
Source: CCFA, CCA

Figure 2f: Respondents think it takes time to return to normal life (2-3 months)



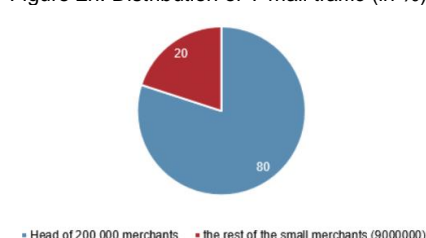
Source: McKinsey

Figure 2g: China Internet users & penetration rate



Source: CNNIC

Figure 2h: Distribution of T-mall traffic (in %)



Source: T-mall annual report, public information

According to IDC data, for the past five years, the gap between of SaaS market size between US and China gradually narrowed down. (Figure 2c, 2d)

Due to the diversification of SaaS market demand, SaaS has the most segment in cloud computing. With some subdivided areas, SaaS, as an upper-level application service, has higher added value and is the breakthrough direction of many startups.

Social force: Impact of coronavirus

Since the outbreak of the epidemic, people's lives have been greatly affected. Many countries have implemented lockdown and quarantine policies, which delayed production resumption, resulting in insufficient production and capacity. In this case, if a corporation's revenues mainly come from offline stores, the corporation might suffer a heavy setback. According to CCA and CCFA, about 73% of restaurants choose to shut down, and approximately 70% of offline fashion retail stores are closed during the pandemic. This increases the trend of business going digitalized. (Figure 2e)

Compared with the epidemic in Europe and America area, **China's circumstance is more optimistic**. Since the government has devoted all its efforts on epidemic prevention and control, and the success eased consumers' anxiety. According to the McKinsey consumer survey, Chinese consumers are full of confidence, optimism, and willingness to spend (Figure 2f). The online store will provide a broader pathway for the company to access the customers.

Competitor force: Public domain runs out of demographic dividend

With the development of e-commerce and catering retail, Taobao, Tmall(天貓), Pingduoduo(拼多多), Meituan(美團), and other local life service platforms gradually become a traffic monopoly in China. The rapid growth of internet users has led to rapid growth in traffic, and these traditional central e-commerce platform giants rely on traffic to bring about the rapid growth in the market. However, as the internet industry becomes more mature and the penetration rate increases, the demographic dividend is gradually exhausted. When more offline stores transform to online, the competition for the public domain traffic becomes more intense for each merchant to grab limited traffic in the domain-general traffic pool. (Figure 2g, 2h)

Merchants are in a passive position. As the central e-commerce platforms, with first mover advantages, monopolize customer resources, merchants have low bargaining power. The interaction between users and merchants is through user's search and platform recommendation. Both initiatives of user search and the initiative of platform recommendation are not in merchants, who cannot actively establish direct interaction and product recommendation with users. Besides, according to China Cuisine Association survey, the closed restaurants have suffered heavy losses during the epidemic, and the high commission on existing takeaway platforms has deterred companies trying to transform takeaways. The decreasing growth rate of new users makes the business more and more challenging to expand. What's more, the game between merchants and platforms is also getting worse. Some platforms have pushed or even forced the merchants to choose only one platform to sell their goods. The merchants that rejected the requests suffer from search block, resulting in a zero exposure of the goods.

Demand: Private domain e-commerce usher in development opportunity

Owning private domain traffic is a critical way to get rid of the control of the central e-commerce platform. Firstly, high accessibility facilitates merchants to contact the customer directly. The owner of the private domain traffic interact with consumers straightforwardly.

For the typical representative, if the firm and customers become friends

Figure 2i: WeChat as a new platform for private traffic

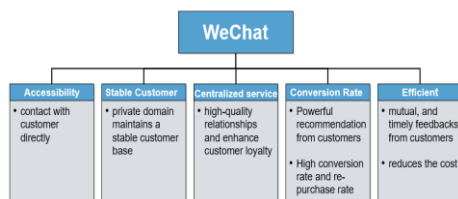


Figure 2j: Conclusion in graph



in WeChat, the firm can send messages to its customer freely, repeatedly, and stably. Secondly, the private domain maintains a stable customer base. As a relatively closed environment, the private domain provides centralized services, supports high-quality relationships, and enhances customer loyalty via one-to-one and precise one-to-many operations. Therefore, the business can withstand the uncertainty of market changes. Thirdly, a high conversion rate and re-purchase rate could be guaranteed. The recommendation and reviews from loyal customer is the most potent and authentic information source for potential consumers as it typically involves friends' views as trustworthy. This can ensure the conversion rate and re-purchase rate. Fourthly, business operations are more efficient. Private domain interaction is mutual, and timely feedback from customers helps merchants to iterate products in time. Lastly, the personal domain reduces the cost. The traffic here is free, and merchants can make good use of those resources. SaaS is an effective tool to help merchants to maintain their customers in the private domain. (Figure 2i)

Supplier force: WeChat is the new place for the firm to grab the traffic

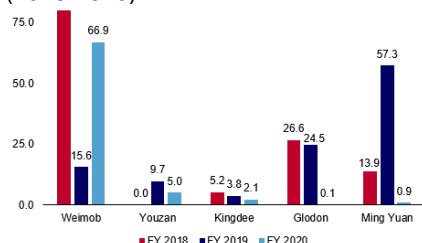
Central e-commerce platform giants control public domain traffic; merchants cannot actively operate their customers. However, the rise of WeChat and other platforms with solid social relations provides fertile ground for establishing private domain connections between merchants and users, reducing merchants' operating costs, and returning active operation rights to merchants. In WeChat, users are the private domain traffic of businesses. Businesses can actively reach users through public accounts, group chats and mini-programs. WeChat does not interfere in traffic allocation. In such fertile ground, third-party SaaS channels, such as Weimob, were born. O2O products such as online malls and retail catering were built for merchants, providing payment transactions, commodity management, user management marketing play, data analysis and other functions. As a SaaS channel, Weimob will not be like Taobao, Meituan, Pinduoduo as the traffic of decisive intervention, which means lower costs and more initiative for the merchant.

Conclusion

As for the short-term, the spending of market acquiring is still increasing, but the growth rate of the profitability is declining.

For the long-term, the profit margin will be decreased. In terms of abundant competitors, the price will drop due to competing for the market shares, which causes the profit margin to decline. The main pain-point that the company need to solve is increasing the efficiency of transferring the public domain traffic to private domain traffic.

Figure 3a: Total Debt/Total Capital (2018-2020)



Financial Analysis

Long-term solvency

The Long-term solvency ratio reveals that Weimob is riskier than its peer companies; in comparison, the debt occupied a more significant proportion in Weimob's capital structure most of the time, in 2020, Weimob's Debt-to-Equity ratio is 6.28 times as the industry average. (Figure 3a)

Especially in 2018, it obtained a negative Shareholders' Equity of (-2.4) billion CNY, induced a negative Debt-to-Equity ratio of (-1.2) and substantial Debt-to-Capital ratio 682.32. Historically, the capital structure condition was improved in 2019 by decreasing the leverage; however, the liability proportion increased again in 2020 due to the financial difficulty caused by the pandemic. (Figure 3b)

Figure 3b: Total Debt/Total Equity (2018-2020)

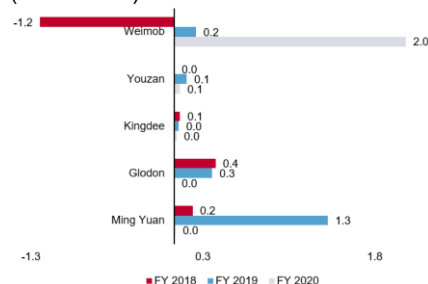


Figure 3c: Gross Profit Margin (2018-2020)

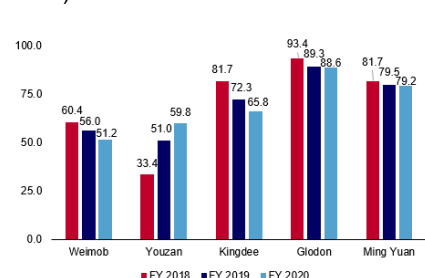


Figure 3d: EBITDA Margin (2018-2020)

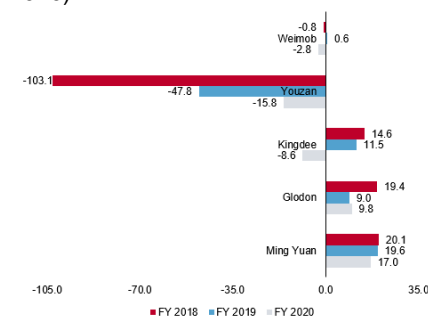


Figure 3e: Current Ratio Comparison (2018-2020)

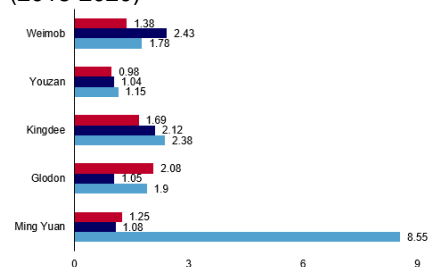
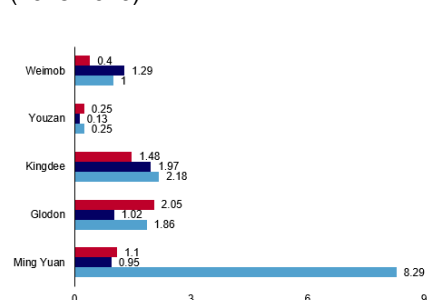


Figure 3f: Quick Ratio Comparison (2018-2020)



Profitability

Weimob underperforms the industry average in profitability; in the 2nd Quarter of 2021, its Gross Profit Margin is 24.1% lower than the industry average; moreover, its EBITDA margin underperforms the industry average 69.85% in 2nd quarter 2021. (Figure 3c)

From 2018-2020, Weimob's profitability continuously decreased due to the increasing expenditure in Selling&Distribution and Cost of Sales; its Gross Profit margin decreased 7.4% and 8.4% in 2019 and 2020, compared to the industry average of 0.1% and 1.0% contraction from 2018 to 2020. (Figure 3d)

Liquidity

Weimob is less-liquid compared to the peer companies. In the 2nd quarter of 2021, the Current Ratio underperforms the industry average (cite and notify) 53.2%, while its primary competitor Youzan is more liquid. For Quick Ratio, Weimob also underperforms the industry average across the three fiscal years. (Figure 3e)

Across the historical period, Weimob liquidity condition improved from 2018 to 2019, with a growth rate of 76.09% for the Current Ratio and 222.5% Quick Ratio, respectively, compared to the (65.73%) Current Ratio and 7.23% of Quick Ratio in the industry average. (Figure 3f)

Financial Forecast

Projection order and format

The financial forecast is based on the latest reported template displayed on the 2020 annual report, including the Consolidated Statement of Comprehensive (Loss)/Income (Income statement), Consolidated Statement of Financial Position (Balance Sheet) and Consolidated Statement of Cash Flows (Cash Flow Statement). The forecast follows the order of Income Statement, Balance Sheet and Cash Flow Statement. All the historical data from FY2015-FY2020 is based on the annual reports and the Capital IQ Pro and Capital IQ platform.

Top-down approach projection

The forecast for the company starts from the top-down approach to project the company revenue in the coming five years. The forecast is based on the company's market share in the China SaaS product market from the 2021-2025 fiscal year. In contrast, the China SaaS market is forecasted based on its historical development trend and its market size and proportion of the global SaaS market. For the global SaaS market, it is estimated to increase at a stable pace (*AP4.4 Global SaaS Market* & *AP4.5 China SaaS Market*); in contrast, since the China SaaS industry is currently in a starting and emerging stage, its growth rate outperforms the global market, which brings enormous growth opportunities for SaaS companies.

Adjustment for financial accounts on the income statement

There are some unusual variations in some accounts of financial accounts. To eliminate the effect of the unique significant amount variation effects on the aggregate financial statement, we would adjust the financial statement by disregarding the number on these accounts to reduce the variation when we conduct the analysis and the forecast. For example, in 2018 and 2020, there is significant variation in the 2018 Income statement account "Change in Fair Value of Redeemable Convertible Preferred Shares", with a loss of (1,043,582.) (in thousands CNY); and the "Change in Fair Value of Convertible Bonds" account in 2020, with a loss of (1,086,310.) (in thousands CNY). The first variation is due to

ts issuance of convertible bonds to C and D round investors and the value change related to preferred stocks, and is guaranteed in 2018 an annual report that there is a small probability it would happen again in future. Therefore, we would adjust these accounts during the analysis and the forecast to eliminate the unusual change. (Figure 3g)

Figure 3g: Financial forecast

	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E
Operating Financials						
Revenues(in thousands RMB)	865,031.	1,436,787.	1,968,814.	2,671,284.02	4,017,059.77	6,761,363.32
Growth (in %)	62.0%	66.1%	37.0%	35.7%	50.4%	68.3%
Market share(China) (in %)	7.3%	9.5%	9.8%	10.8%	11.8%	13.0%
Gross Profit(in thousands RMB)	517,649.	797,130.	1,002,619.	1,396,592.52	2,199,495.21	3,840,767.19
Basic EPS - Continuing Operations	(1.59)	0.15	(0.52)	(0.08)	0.1	0.51
Profitability						
Gross Profit Margin (in %)	0.60	0.55	0.51	0.52	0.55	0.57
Growth (in %)	-7.2%	-7.3%	-8.2%	2.7%	4.7%	3.7%
EBITDA Margin	(0.01)	0.01	(0.03)	(0.04)	0.04	0.09
Net Income Margin	(1.26)	0.22	(0.59)	(0.07)	0.07	0.2
Long-term Solvency						
Total Debt/Total Equity	(1.17)	0.19	2.02	0.88	0.91	0.6
Total Liabilities/Total Assets	3.25	0.4	0.79	0.47	0.48	0.37
Change (in %)	122.6%	-87.8%	97.6%	-40.3%	1.7%	-21.5%
Liquidity						
Current Ratio	1.38	2.43	1.78	1.8	1.81	2.28
Change (in %)	158.3%	76.3%	-26.8%	1.1%	0.3%	26.3%
Quick Ratio	0.34	0.87	0.87	0.37	0.33	0.39
Change (in %)	246.8%	159.3%	-0.5%	-57.9%	-10.3%	17.3%

Valuation

DCF valuation: DCF

We issued a **BUY recommendation** on Weimob with a target price of 27.60HKD, representing a 62.93% upside from the closing price of 10.38HKD per share on November 3, 2021.

We adopted a **two-staged Free Cash Flow to the Firm (FCFF)** valuation model (*AP5.1 DCF*). to calculate the intrinsic value of Weimob. We forecasted the FCFF for the next five years and calculated the terminal value based on the projected GDP growth rate on the country of the primary source of revenue (China), eventually discounted at Weighted Average Cost of Capital (WACC). By summing up the present value of the cash flows and terminal value, we reached the implied Enterprise Value (EV). We subtracted the net debt from the implied EV to obtain the implied equity value and divided it by the number of shares outstanding. Eventually, the target price of 27.60HKD is obtained (*AP5.2. Target Price*).

We expected the FCFF of Weimob will turn **positive** in 2025 as the net income based on fast business expansion exceed the gradually stable capital expenditure and net working capital.

WACC

Figure 4a. WACC computation

Input	rate	source
HK 10-year government bond rate	1.5%	Capital IQ pro
Sovereign-rating based default spread	0.5%	Hong Kong (Damodaran)
HK Risk-free rate	1.0%	Team estimate
Equity risk premium	5.3%	Hong Kong (Damodaran)
Country risk premium	0.6%	(Damodaran)
Beta	242.0%	Re-lever beta
Cost of equity	14.4%	CAPM
Pre-tax Cost of Debt	5.2%	Rating-based default spread+ risk-free rate
After-tax Cost of Debt	3.9%	Team estimate
Tax rate	25.0%	China statutory tax rate
Total debt/Total capital	66.9%	Capital IQ pro
Total equity/Total capital	33.2%	Capital IQ Pro
WACC	7.4%	

We estimated a WACC of 7.36% for Weimob. To compute the cost of equity, we decided to use the HK risk-free rate and equity risk premium rather than that of Mainland China. We considered that, even though the operations and the majority of the revenues are from China, which might imply that the company is subject to the risk of China, the company obtained its financing from HK. Adopting the HK risk-free rate would better represent its shareholders' demand on risk-free rate and the equity risk premium. By subtracting the HK 10-year government bond rate 1.48% with the Sovereign-rating based default spread of 0.53%, we reached the **HK risk-free rate of 0.95%.**

To calculate beta, we computed through 2 methods: regression beta and re-lever average peer beta. We chose the latter, as it better represents the correlation between the performance of companies in similar businesses and that of the market, and is adjusted to the firm's financial leverage to reflect the actual risk. We arrived at the adjusted beta of 2.42 for Weimob. The average unlevered beta of the peer companies is 1.245. Still, since Weimob has a high D/E ratio of 201.62%, almost ten times higher than the average D/E ratio for its peers, we concluded the beta of 2.42 is justifiable (*AP5.4 Re-lever average peers Beta*). By adopting CAPM, we reached the cost of equity 14.39%.

To reach **the pretax cost of debt 5.15%**, we added the risk-free rate of 0.95% to the credit spread 4.21% based on the B rating issued by S&P capital IQ (*AP5.3 Corporate Credit Spread*).

Terminal Growth Rate

Our terminal growth rate assumption of 4.3% is based on a) the estimated long-term China annual GDP growth rate of 3.5% and b) the projected 5% annual growth rate of SaaS companies in China after the business have entered into the maturity stage, with stable revenues growth supported by the continuous subscriptions of SaaS products by customers and the steady increase in the number of advertisers.

Relative Valuation

We adopted **the relative valuation** as a complementary valuation approach. However, only limited multiples could be employed for comparison due to the negative earnings numbers of Weimob in 2020FY. We adopted the Price/Sales ratio and Price/Book value ratio to measure whether Weimob is overvalued or undervalued by the market.

We carefully selected 11 (including seven domestic and four foreign) comparable companies with similar business models to Weimob's. We broke it down into domestic and foreign mean and discovered that the P/S ratio and P/B ratio of companies in the U.S. (24.14x and 25.09x) are significantly greater than that in China (10.64x and 6.62x). The low market sentiments could explain the relatively low pricing of the SaaS companies in China after the government posed regulations related to cybersecurity and the lower market penetration of SaaS products in China compared to that in the U.S. (*AP5.5 Relative Valuation*).

Comparing Weimob with domestic companies, its **P/S ratio is lower, but P/B is higher than the domestic mean**, showing a contradiction. However, we attributed the high P/B to Weimob's highly leveraged capital structure composed of 2/3 liabilities and only 1/3 equities. What's more, we mentioned that Weimob's D/E ratio is ten times higher than the peers' when calculating beta. Therefore, we held that the P/S ratio might be a more reliable multiple to evaluate in this case, concluding that Weimob is underpriced.

Comparing Weimob with foreign companies, its P/S and P/B ratio are lower than the foreign mean, indicating that Weimob is comparatively underpriced.

We adjusted the overall mean P/S ratio as the implied P/S ratio 22.20% based on the optimistic assumptions that the Chinese market sentiment toward SaaS companies will rebound after the SaaS companies further optimize their information system to conform to the government regulations on cybersecurity, and the market penetration of SaaS products increase with the rising recognition on the considerable value behind it. We eventually came to the target price of 25.1HKD.

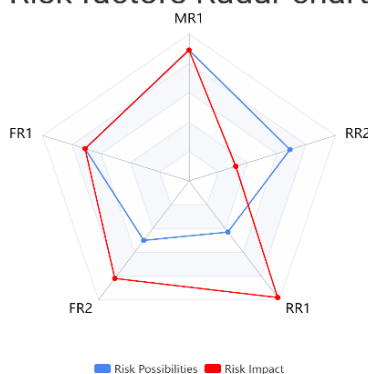
Figure 4b: Relative valuation statistic summary

	P/S ratio	P/B ratio
domestic mean	10.6	6.6
foreign mean	24.1	25.1
overall mean	15.1	12.4
Weimob	9.1	17.2
Implied multiple	22.2	
implied target price (CNY)	20.8	
implied target price (HKD)	25.1	

Exchange Rate: 0.83CNY = 1HKD

Figure 5a:

Risk factors Radar chart



Source: group analysis

Risk Factors

Market Risk: Target customers suffered from the epidemic (MR1)

The impact of the epidemic on SMEs could be a Risk for Weimob. The majority of merchants Weimob serves are SMEs, meaning that its performance is subject to the impact of global economic conditions on SMEs and their customers' spending levels. According to observations in recent years, the global economic environment has deteriorated dramatically under the influence of the epidemic. As the world's largest exporters, significant players in the worldwide supply chain, and essential importers of raw materials and components, China, the EU, and the US have gone through an embargo, affecting companies in partner countries and domestic operations. Smaller companies, in particular, tend to be vulnerable during economic crises, partly because they have fewer resources available to adapt to the changing circumstances. Analysis of data collected by the ITC in 2020 shows that 2/3 of micro and small businesses were severely affected by the epidemic, compared to only about 40% of large companies. In addition, 1/5 of small and medium-sized enterprises indicated that they were likely to close permanently. In other words, Weimob could be disproportionately affected by the recession in the same way as these SMEs. For example, SMEs invested their limited expenditures in different sectors. They withdrew cooperation with Weimob, which is a lethal risk for Weimob, a fledgling company facing fierce competition in the market.

Firm Risk: A business model that relies heavily on the ecology of third-party platforms (FR1)

Profitability, value-added services, are the most concerns for investors whether the business model of Weimob relying heavily on the ecology of WeChat, a social media owned by Tencent Holdings Limited, can be developed and established sustainably. As early as April 2019, Tencent has invested Weimob, even more. In May 2021, Tencent made an increased investment on Weimob, which now holds 9.08% shares. However, Weimob still is threatened by Tencent.

Figure 5b: Key risk and mitigation

Risk	Mitigation
Market Risk	
(MR1) Risk of Target customer suffered by Covid-19	Pulling large retail companies
Firm Risk	
(FR1) Risk of relies heavily on Tencent platform	Launched cross-border standalone product ShopExpress
(FR2) Risk of system protection	Improve the data security management system.
	Strengthen the construction of disaster recovery system.
Regulation risk	
(RR1) Huge adjudicative power exists in government and courts	Developing overseas markets
(RR2) Legal restrictions on data collection	Building relationships with relevant government officials
	Enhance the willingness of customers to voluntarily submit relevant information

Source: group analysis

Just in July 2020, WeChat announced the launch of “mini-store”(微信小程序), a SaaS platform inside the WeChat Apps, Weimob's share price fell 12% in response. Therefore, the business of Weimob faces the risk of being nibbled up. For Weimob, over-reliance on the WeChat ecosystem is not conducive to gaining bargaining power from Tencent or integrating into the ecosystem of another web platform. If Tencent denies Weimob's access for some reason in the future, it will be fatal for this SaaS company.

Firm Risk: Inadequate information protection (FR2)

February 23, 2020 – Weimob's database was maliciously deleted by internal employees, causing the system to collapse. Merchants on the Weimob platform reported that they could not open the program; this also brought their online business to a standstill.

Since the data deletion incident on February 23, Weimob has plunged continuously, with its market capitalization dropping over 3 billion HK dollars within three days. The incident led to a payout of 150 million CNY from Weimob, of which the company bore 100 million yuan, and the management bore 50 million yuan.

Although the company retrieved the data and went back online on March 1, there is no evidence to guarantee that such a system security breach will not happen again; online merchants and investors have shown doubts about the security of Weimob's system.

Regulator Risk: Inconsistent interpretation of PRC laws, execution uncertainty and incomplete or not disclosure (RR1)

The PRC courts and administration have substantial discretion in enforcing statutory and contractual provisions. At the same time, parts of the PRC legal system contain government policies and internal rules that are not published promptly or not publicized. Consequently, when companies resort to administrative and court proceedings to implement their legal entitlements, lawsuits are unlikely to be adequately protected. On the other hand, a company may violate specific rules and regulations for a period before being informed of the violation. With such vague legal provisions and unsettling enforcement, the company's operations are subject to immeasurable uncertainty and significant exposure. Even more, the company may be instructed overnight to suspend any business and initiate corrective actions, which is undoubtedly a huge loss and risk. Chinese regulators abruptly banned tutoring institutions from making profits in July this year, caused the industry, valued at more than \$100 billion, potentially falling to \$24 billion in the next few years.

Regulation Risk: Legal restrictions on data collection (RR2)

In recent years, governments have begun to pay attention to privacy violations on online platforms and have enacted legislation to protect personal data from being collected and misused by companies. Weimob's primary revenue comes from mainland China. It is therefore subject to restrictions on the collection of user data under PRC law, including **Several Provisions on Regulating the Market Order of Internet Information Services** issued by the MIIT (Ministry of Industry and Information Technology), which require Internet information providers not to collect users' personal information and not to provide any related information to third parties without users' consent. This may prevent the company from effectively deriving the needs or validity, and value of its users, affecting the quality of its products or services and leading to higher operating cost.

Appendix-Table of content

Appendix I&II-Industry&Company analysis

AP1 Glossary

Appendix III-Financial analysis

Short-term solvency

AP3.1 Current Ratio-industry comparison

AP3.2 Quick Ratio-industry comparison

Long-term solvency

AP3.3 Total Debt/Total Equity-industry comparison

AP3.4 Total Debt/Total Capital-industry comparison

AP3.5 Long-term Debt/Total Capital-industry comparison

AP3.6 Long-term Debt/Equity-industry comparison

Profitability

AP3.7 Gross Profit Margin-industry comparison

AP3.8 Net Income Margin-industry comparison

AP3.9 EBIT Margin-industry comparison

AP3.10 EBITDA Margin-industry comparison

AP3.11 Return on Equity(ROE)-industry comparison

AP3.12 Return on Assets(ROA)-industry comparison

AP3.13 Return on Capital(ROC)-industry comparison

Activity Ratio

AP3.14 Accounts Receivable Turnover-industry comparison

AP3.15 Total Asset Turnover-industry comparison

AP3.16 Fixed Asset Turnover-industry comparison

Appendix IV-Financial forecast

AP4.1 Income Statement(2015-2025)

AP4.2 Balance Sheet(2015-2025)

AP4.3 Cashflow Statement(2015-2025)

Income Statement forecast details:

AP4.4 Global Saas Market projection(2011-2025)

AP4.5 China Saas Market projection(2011-2025)

AP4.6 China Saas market in proportion(%) of the world projection(2011-2025)

AP4.7 Weimob revenue projection (2015-2025)

AP4.8 Cost of Sales breakdown projection (2015-2025)

AP4.9 Sales&Administration cost breakdown projection (2015-2025)

Balance Sheet forecast details:

AP4.10 Contract Acquisition Costs breakdown projection (2015-2025)

AP4.11 Trade and Notes Receivables breakdown projection (2015-2025)

AP4.12 Prepayments, Deposits and Other Assets breakdown projection (2015-2025)

AP4.13 Property, Plant and Equipment breakdown projection (2015-2025)

AP4.14 Right of Use Assets projection (2015-2025)

AP4.15 Intangible Assets breakdown projection (2015-2025)

AP4.16 Development Costs breakdown projection (2015-2025)

AP4.17 Deferred Income Tax Asset breakdown projection (2015-2025)

AP4.18 Deferred Income Tax Asset breakdown projection (2015-2025)

AP4.19 Trade and other payables breakdown projection (2015-2025)

AP4.20 Contract Liabilities breakdown projection (2015-2025)

Cashflow Statement forecast details:

AP4.21 Depreciation of Property, Plant and Equipment projection (2015-2025)

AP4.22 Depreciation of Right-of-use Assets projection (2015-2025)

AP4.23 Amortization of Intangible Assets projection (2015-2025)

AP4.24 Changes in Trade Notes Receivable projection (2015-2025)

AP4.25 Changes in Prepayments, Deposits and Other Assets projection (2015-2025)

AP4.26 Contract Acquisition Costs projection (2015-2025)

AP4.27 Increase in Trade and Other Payables projection (2015-2025)

AP4.28 Purchase of Property Plant, and Equipment projection (2015-2025)

AP4.29 Payment for Development Costs projection (2015-2025)

AP4.30 Bank Borrowings projection (2015-2025)

Appendix V-Valuation

AP5.1 Discounted Cash flow model

AP5.2 Target Price calculation

AP5.3 Default spread chart

AP5.4 Re-levered average peers Beta

AP5.5 Relative valuation in domestic and foreign market

AP5.6 Relative valuation statistic summary

Appendix I&II-Industry&Company analysis

AP1 Glossary

Glossary	Explanation
Weimob(微盟)	A listed enterprise on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2013.HK), providing SaaS product for the merchants to manager the private traffic domain.
Wei Mall	An integrated e-commerce solution designed for SMBs centered on the WeChat ecosystem. Available in the form of WeChat Mini Program or WeChat Official Account, our Wei Mall helps merchants build a comprehensive e-commerce sales efficiently. Wei Mall represent a wide array of industries including apparel, food, cosmetics, digital products, home appliances and books, among others.
Smart Retail	a solution designed for official retail merchants that provides functions to manage products and orders, inventories, payment, customers, marketing and data to help them integrate online and offline operations and become intelligent business.
ShopExpress	a cross-border independent station of Weimob, provides Chinese brands with independent station SaaS system, advertising, and housekeeper style operation services to help Chinese businesses go global quickly and build a global brand.
Smart Catering	The core strategy of it is to help catering merchants to build up a whole digital solution based on WeChat ecosystem.
Ke Lai Dian	a comprehensive WeChat-based solution designed for merchants in local lifestyle service industries with offline brick-and-mortar stores. This solution consists of a series of functionalities such as store management, membership management, digital marketing and online reservation and booking, all of which help merchants seamlessly integrate their online customer traffic with offline services.
Smart Hotel	for merchants I the hospitality industry to build up their direct sales platform online presence b utilizing WeChat Mini Program and WeChat Official Account. It provides merchants with functions including online room booking, online hotel mall, member ship management and customer data analysis to quickly attract customer traffic through WeChat and increase the merchants' operational efficiency through a comprehensive management system.
Smart Beauty	provides an innovative solution through the combination of WeChat Mini Programs and WeChat Official Accounts for the beauty industry merchants including personal care, hairdressing, body care, and nail art operators. By consolidating functions such as reservation, marketing, membership, reward points system, and payments, Smart Beauty is dedicated to help merchants in the beauty industry to attract fans, convert customers, and encourage repeat purchases.
Wei Station	enables enterprises and brands to quickly and easily establish their own official WeChat Mini Program-based website. These WeChat Mini Programs are also compatible with H5 code which enables redirection to WeChat Official Accounts and traditional websites, allowing enterprises to reach potential customers through multiple channels. In addition, Wei Station's data analytics and plug-in functionalities provide enterprises with stronger brand marketing capability.

Smart Marketing	a one-stop marketing platform provided by Weimob for enterprises. Through the marketing strategy, enterprise can easily achieve the goal of omni-channel users' data integration with a comprehensive sourcing, 360 degree customer portrait detection. By AI Tech, Smart Marketing can conduct automatic and precise remarketing to customers and continually optimizing management on customer life cycle to enhance their lifelong value.
WeTool	a private-domain operating solution based on WeCom. It empowers enterprises to achieve refined operation among private domain and promote efficient customer conversion by using four core capabilities: whole-domain flow, private-domain retention, conversion & repurchase and data analysis.
Xiao Ke	a new generation of smart CRM. It can provide enterprises with intelligent solutions covering the whole process including customer acquisition, customer contact, customer management and transaction by applying cutting-edge technologies such as AI and big data, and improve the business performance using digital technologies.
WeChat Official Account advertisement	a native advertisement format based on WeChat Official Account ecosystem. This advertisement type is displayed in WeChat Moments in four major formats, namely local promotion, native promotion, video advertising and graphics advertising. WeChat users can interact with advertisements by means of likes and comments, which enables the marketing contents to be broadcast through social networking. This provides an additional marketing dimension and enhances brand promotion.
QQ and Qzone advertisements	provide advertisers with flexible and accurate audience selection. For example, marketing activities can be directed to target customers by using audience attribute labels, activity history, and behavior profile.
Tencent News advertisements	a China's leading mobile news app, Tencent News strives to create a rich, timely news application to provide users with an efficient, high-quality reading experience.
Tencent Video advertisements	a leading online video interactive platform in China, Tencent Video is designed to provide users with a rich, smooth high-definition video entertainment experience, meeting the various needs of users with a variety of products through its website, PC client, and mobile app.
Baidu advertisements	a native advertisement displayed on the Baidu APP, Baidu portal, Baidu Tieba and Baidu mobile browser platforms
Zhihu advertisements	displayed on mobile Zhihu in the form of native advertisements. Zhihu advertisements can meet advertisers' various performance requirements by providing multiple advertising formats, including image-text, video, and text link.
Toutiao	a searching engine product to provide personalized information based on data mining technology. Toutiao advertisements are displayed in the information flow in native methods, which can achieve accurate placement, so that the ads can reach target customers better and also support various advertising purposes.
Douyin advertisements	focus on the new generation consumer group, supports a variety of flexible and accurate methods to reach customers, such as group tag, interests and scenes, and is suitable for mobile downloads, e-commerce sharing functions, brand promotion and other promotional goals.
Xigua Video advertisements	are interspersed with video content for native display, and reach the target customers through directional technologies, which can allow customers to perceive the brand better and complete the promotional goal.

Yazuo.com 雅座	The largest CRM service provider in Chinese catering industry, based on catering data storage center, product development center and providing professional management training for the catering industry.
Taobao	Chinese online shopping platform. It facilitates C2C retail by providing a platform for small business and individual entrepreneurs to open online stores that mainly cater to consumers.
Pingduoduo	The largest agriculture-focused technology platform in China. It has created a platform that connects farmers and distributors with consumers directly through its interactive shopping experience.
Tmall	For B2C online retail, spun off from Taobao, operated in China by Alibaba Group.
Meituan	One-stop platform for food, transportation, travel, shopping and entertainment.
SMEs	Small and mid-size enterprises are businesses that maintain revenues, assets or a number of employees below a certain threshold.
MIIT	The Ministry of Industry and Information Technology of the People's Republic of China

Appendix III-Financial analysis

Short-term solvency

AP3.1 Current Ratio-industry comparison

Current Ratio (FY)(x)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-Current Ratio (FY)(x)	0.36	0.53	1.38	2.43	1.78
8083-Current Ratio (FY)(x)	1.42	3.	0.98	1.04	1.15
SHOP-Current Ratio (FY)(x)	6.36	10.83	15.35	8.67	15.69
688365-Current Ratio (FY)(x)	4.52	9.21	7.3	7.44	6.03
268-Current Ratio (FY)(x)	3.2	2.52	1.69	2.12	2.38
002410-Current Ratio (FY)(x)	5.01	3.49	2.08	1.05	1.9
688111-Current Ratio (FY)(x)	7.41	5.21	3.51	9.19	5.63
909-Current Ratio (FY)(x)	-	1.68	1.25	1.08	8.55
Industry Average	4.04	4.56	4.19	4.13	5.39

AP3.2 Quick Ratio-industry comparison

Quick Ratio (FY)(x)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-Quick Ratio (FY)(x)	0.28	0.28	0.4	1.29	1.
8083-Quick Ratio (FY)(x)	1.33	2.25	0.25	0.13	0.25
SHOP-Quick Ratio (FY)(x)	6.09	10.19	14.57	8.1	15.
688365-Quick Ratio (FY)(x)	4.15	8.81	6.79	7.04	5.71
268-Quick Ratio (FY)(x)	3.1	2.3	1.48	1.97	2.18
002410-Quick Ratio (FY)(x)	4.96	3.43	2.05	1.02	1.86
688111-Quick Ratio (FY)(x)	7.32	5.19	1.02	9.16	5.61
909-Quick Ratio (FY)(x)	-	1.54	1.1	0.95	8.29
Industry Average	3.89	4.25	3.46	3.71	4.99

Long-term solvency

AP3.3 Total Debt/Total Equity-industry comparison

Total Debt/ Total Equity (FY)(x)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-Total Debt/ Total Equity (FY)(x)	(0.4)	(0.35)	(1.17)	0.19	2.02
268-Total Debt/ Total Equity (FY)(x)	0.42	0.33	0.05	0.04	0.02
002410-Total Debt/ Total Equity (FY)(x)	0.33	0.33	0.36	0.33	0.
909-Total Debt/ Total Equity (FY)(x)	-	0.08	0.16	1.34	0.01
8083-Total Debt/ Total Equity (FY)(x)	-	-	0.	0.11	0.05
SHOP-Total Debt/ Total Equity (FY)(x)	-	-	-	0.05	0.14
688365-Total Debt/ Total Equity (FY)(x)	-	-	-	0.04	0.01
688111-Total Debt/ Total Equity (FY)	-	-	-	-	-
Industry Average	0.12	0.10	-0.12	0.30	0.32

AP3.4 Total Debt/Total Capital-industry comparison

Total Debt / Total Capital (FY)(%)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Total Debt / Total Capital (FY)(%)	-	-	682.83	15.62	66.85
268-Total Debt / Total Capital (FY)(%)	29.73	25.01	5.16	3.78	2.1
002410-Total Debt / Total Capital (FY)(%)	24.64	24.75	26.64	24.53	0.05
909-Total Debt / Total Capital (FY)(%)	-	7.75	13.88	57.27	0.93
8083-Total Debt / Total Capital (FY)(%)	-	-	-	9.66	4.97
SHOP-Total Debt / Total Capital (FY)(%)	-	-	-	4.79	12.48
688365-Total Debt / Total Capital (FY)(%)	-	-	-	3.86	1.31
688111-Total Debt / Total Capital (FY)	-	-	-	-	-
Industry Average	27.19	19.17	182.13	17.07	12.67

AP3.5 Long-term Debt/Total Capital-industry comparison

Long-Term Debt / Total Capital (FY)(%)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-Long-Term Debt / Total Capital (FY)(%)	-	-	663.66	2.26	53.51
268-Long-Term Debt / Total Capital (FY)(%)	-	28.13	22.14	0.32	0.28
909-Long-Term Debt / Total Capital (FY)(%)	-	5.53	8.84	4.6	0.51
002410-Long-Term Debt / Total Capital (FY)(%)	24.62	23.42	22.16	0.	0.
8083-Long-Term Debt / Total Capital (FY)(%)	-	-	-	4.27	4.58
SHOP-Long-Term Debt / Total Capital (FY)(%)	-	-	-	4.5	12.35
688111-Long-Term Debt / Total Capital (FY)	-	-	-	-	-
688365-Long-Term Debt / Total Capital (FY)	-	-	-	-	-
Industry Average	24.62	19.03	179.20	2.66	11.87

AP3.6 Long-term Debt/Equity-industry comparison

LT Debt/Equity (FY)(%)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-LT Debt/Equity (FY)(%)	-	-	(113.87)	2.68	161.39
909-LT Debt/Equity (FY)(%)	-	5.99	10.26	10.77	0.52
002410-LT Debt/Equity (FY)(%)	-	31.13	30.21	0.	0.
268-LT Debt/Equity (FY)(%)	-	-	29.52	0.33	0.28
8083-LT Debt/Equity (FY)(%)	-	-	-	4.72	4.82
SHOP-LT Debt/Equity (FY)(%)	-	-	-	4.73	14.11
688365-LT Debt/Equity (FY)	-	-	-	-	-
688111-LT Debt/Equity (FY)	-	-	-	-	-
Industry Average	-	18.56	-10.97	3.87	30.19

Profitability

AP3.7 Gross Profit Margin-industry comparison

Gross Profit Margin (FY)(%)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-Gross Profit Margin (FY)(%)	88.5	64.96	60.42	55.95	51.23
8083-Gross Profit Margin (FY)(%)	30.05	11.35	33.35	50.99	59.82
SHOP-Gross Profit Margin (FY)(%)	53.81	56.48	55.56	54.85	52.62
688365-Gross Profit Margin (FY)(%)	56.12	56.85	60.05	63.8	61.16
268-Gross Profit Margin (FY)(%)	81.32	81.46	81.69	72.26	65.81
002410-Gross Profit Margin (FY)(%)	93.33	93.08	93.43	89.26	88.6
688111-Gross Profit Margin (FY)(%)	88.54	88.21	86.71	85.58	87.7
909-Gross Profit Margin (FY)(%)	-	80.65	81.71	79.51	79.24
Industry Average	70.24	66.63	69.12	69.03	68.27

AP3.8 Net Income Margin-industry comparison

Net Income Margin (FY)(%)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-Net Income Margin (FY)(%)	(40.87)	0.53	(125.92)	21.71	(58.75)
688111-Net Income Margin (FY)(%)	23.95	28.45	27.5	25.36	38.84
8083-Net Income Margin (FY)(%)	(267.42)	(53.98)	(73.59)	(50.64)	(16.18)
SHOP-Net Income Margin (FY)(%)	(9.08)	(5.94)	(6.02)	(7.91)	10.91
688365-Net Income Margin (FY)(%)	8.26	27.68	23.01	20.74	18.37
268-Net Income Margin (FY)(%)	15.48	13.46	14.67	11.2	(10.)
002410-Net Income Margin (FY)(%)	20.84	20.18	15.34	6.79	8.36
909-Net Income Margin (FY)(%)	-	12.62	17.21	17.12	(41.31)
Industry Average	-35.55	5.38	-13.48	5.55	-6.22

AP3.9 EBIT Margin-industry comparison

EBIT Margin (FY)(%)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-EBIT Margin (FY)(%)	(45.15)	(0.15)	(1.2)	0.08	(3.5)
8083-EBIT Margin (FY)(%)	(185.52)	(76.84)	(123.97)	(68.9)	(32.26)
SHOP-EBIT Margin (FY)(%)	(9.55)	(7.3)	(8.57)	(7.35)	5.93
688365-EBIT Margin (FY)(%)	9.91	22.64	21.33	14.84	7.26
268-EBIT Margin (FY)(%)	11.24	11.26	12.73	10.2	(10.02)
002410-EBIT Margin (FY)(%)	10.31	21.37	17.2	6.22	8.42
688111-EBIT Margin (FY)(%)	14.65	24.97	24.03	18.83	28.57
909-EBIT Margin (FY)(%)	-	15.1	19.54	19.07	16.4
Industry Average	-27.73	1.38	-4.86	-0.88	2.60

AP3.10 EBITDA Margin-industry comparison

EBITDA Margin (FY)(%)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-EBITDA Margin (FY)(%)	(44.51)	0.44	(0.79)	0.59	(2.79)
8083-EBITDA Margin (FY)(%)	(176.65)	(73.93)	(103.13)	(47.8)	(15.77)
SHOP-EBITDA Margin (FY)(%)	(6.32)	(4.25)	(6.4)	(5.56)	8.01
688365-EBITDA Margin (FY)(%)	11.14	23.77	23.67	17.22	8.52
268-EBITDA Margin (FY)(%)	14.42	13.46	14.64	11.52	(8.62)
002410-EBITDA Margin (FY)(%)	12.54	23.44	19.43	8.96	9.83
688111-EBITDA Margin (FY)(%)	15.27	25.56	25.05	20.69	30.46
909-EBITDA Margin (FY)(%)	-	15.7	20.05	19.58	16.96
Industry Average	-24.87	3.02	-0.94	3.15	5.83

AP3.11 Return on Equity(ROE)-industry comparison

Return on Equity(ROE) (FY)(%)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-Return on Equity (FY)(%)	46.79	(1.05)	82.44	(140.63)	(71.63)
8083-Return on Equity (FY)(%)	(23.26)	(12.92)	(29.23)	(23.53)	(12.8)
SHOP-Return on Equity (FY)(%)	(11.67)	(5.67)	(4.18)	(4.89)	6.79
268-Return on Equity (FY)(%)	6.35	8.54	8.55	6.27	(4.85)
002410-Return on Equity (FY)(%)	15.14	15.94	13.4	7.68	7.7
688111-Return on Equity (FY)(%)	21.87	23.11	27.91	11.04	13.68
688365-Return on Equity (FY)(%)	-	25.61	18.91	14.48	9.82
909-Return on Equity (FY)(%)	-	-	51.33	81.43	(19.54)
Industry Average	9.20	7.65	21.14	-6.02	-8.85

AP3.12 Return on Assets(ROA)-industry comparison

Return on Assets(ROA) (FY)(%)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-Return on Assets (FY)(%)	(26.73)	(0.13)	(0.84)	0.03	(0.94)
688111-Return on Assets (FY)(%)	6.49	10.58	11.68	4.39	5.26
8083-Return on Assets (FY)(%)	(8.22)	(8.07)	(11.49)	(5.86)	(3.23)
SHOP-Return on Assets (FY)(%)	(6.33)	(3.83)	(3.41)	(2.52)	1.93
268-Return on Assets (FY)(%)	2.28	2.54	3.11	2.65	(2.2)
002410-Return on Assets (FY)(%)	3.45	6.67	5.87	2.29	2.65
688365-Return on Assets (FY)(%)	-	11.44	9.63	5.61	2.17
909-Return on Assets (FY)(%)	-	-	15.59	14.91	4.02
Industry Average	-4.84	2.74	3.77	2.69	1.21

AP3.13 Return on Capital(ROC)-industry comparison

Return on Capital(ROC) (FY)(%)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-Return on Capital (FY)(%)	49.57	0.32	(4.69)	0.05	(1.39)
688111-Return on Capital (FY)(%)	8.36	12.68	15.24	5.12	6.23
8083-Return on Capital (FY)(%)	(9.62)	(9.55)	(18.29)	(12.28)	(7.99)
SHOP-Return on Capital (FY)(%)	(7.67)	(4.35)	(3.72)	(2.76)	2.07
268-Return on Capital (FY)(%)	2.69	3.11	3.98	3.47	(2.9)
002410-Return on Capital (FY)(%)	3.86	7.6	7.08	3.02	3.78
688365-Return on Capital (FY)(%)	-	12.96	10.95	6.48	2.47
909-Return on Capital (FY)(%)	-	-	31.33	30.75	4.81
Industry Average	7.87	3.25	5.24	4.23	0.89

Activity Ratio

AP3.14 Accounts Receivable Turnover-industry comparison

Accounts Receivable Turnover (FY)(x)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-Accounts Receivable Turnover (FY)(x)	2.83	5.11	8.5	12.19	9.95
688111-Accounts Receivable Turnover (FY)(x)	3.72	4.56	5.61	5.51	6.05
8083-Accounts Receivable Turnover (FY)(x)	2.52	8.8	49.86	NM	NM
SHOP-Accounts Receivable Turnover (FY)(x)	98.73	68.01	55.7	48.46	55.9
268-Accounts Receivable Turnover (FY)(x)	3.45	4.06	4.53	4.71	4.63
002410-Accounts Receivable Turnover (FY)(x)	31.2	24.2	13.62	7.78	7.65
688365-Accounts Receivable Turnover (FY)(x)	-	18.96	18.56	15.32	13.52
909-Accounts Receivable Turnover (FY)(x)	-	-	39.8	33.82	27.52
Industry Average	23.74	19.10	24.52	18.26	17.89

AP3.15 Total Asset Turnover-industry comparison

Total Asset Turnover (FY)(x)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-Total Asset Turnover (FY)(x)	0.95	1.39	1.12	0.66	0.43
688111-Total Asset Turnover (FY)(x)	0.71	0.68	0.78	0.37	0.29
8083-Total Asset Turnover (FY)(x)	0.07	0.17	0.15	0.14	0.16
SHOP-Total Asset Turnover (FY)(x)	1.06	0.84	0.64	0.55	0.52
268-Total Asset Turnover (FY)(x)	0.32	0.36	0.39	0.42	0.35
002410-Total Asset Turnover (FY)(x)	0.54	0.5	0.55	0.59	0.5
688365-Total Asset Turnover (FY)(x)	-	0.81	0.72	0.61	0.48
909-Total Asset Turnover (FY)(x)	-	-	1.28	1.25	0.39
Industry Average	0.61	0.68	0.70	0.57	0.39

AP3.16 Fixed Asset Turnover-industry comparison

Fixed Asset Turnover (FY)(x)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2013-Fixed Asset Turnover (FY)(x)	36.1	58.79	64.95	28.99	15.14
688111-Fixed Asset Turnover (FY)(x)	98.85	49.79	29.48	26.33	35.09
8083-Fixed Asset Turnover (FY)(x)	5.69	16.22	24.05	7.7	6.37
SHOP-Fixed Asset Turnover (FY)(x)	9.89	14.02	19.17	10.26	12.8
268-Fixed Asset Turnover (FY)(x)	2.44	3.53	5.62	5.82	4.25
002410-Fixed Asset Turnover (FY)(x)	5.52	4.19	3.6	4.12	4.27
688365-Fixed Asset Turnover (FY)(x)	-	97.48	115.13	109.58	48.8
909-Fixed Asset Turnover (FY)(x)	-	-	5.99	7.63	8.93
Industry Average	26.42	34.86	33.50	25.05	16.96

Appendix IV-Financial forecast

AP4.1 Income Statement(2015-2025)

Income Statement/Consolidated Statement Of Comprehensive (Loss)/Income	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Currency	CNY	CNY	CNY	CNY	CNY	CNY	CNY	CNY	CNY	CNY	CNY
Units	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
Revenues	114,008.	189,174.	534,011.	865,031.	1,436,787.	1,968,814.	2,671,284.02	4,017,059.77	6,761,363.32	11,987,864.46	25,310,869.69
Cost of Sales	(15,817.)	(22,251.)	(189,800.)	(347,382.)	(639,657.)	(966,195.)	(1,274,691.5)	(1,817,564.55)	(2,920,596.14)	(3,760,844.5)	(5,487,790.72)
Gross Profit	98,191.	166,923.	344,211.	517,649.	797,130.	1,002,619.	1,396,592.52	2,199,495.21	3,840,767.19	8,227,019.96	19,823,078.98
Selling & Distribution Expenses	(103,808.)	(202,365.)	(299,191.)	(449,799.)	(716,907.)	(919,372.)	(1,226,718.06)	(1,444,460.52)	(1,824,931.41)	(2,128,964.99)	(2,994,815.05)
General and Administrative Expenses	(84,002.)	(50,659.)	(59,730.)	(151,380.)	(129,936.)	(260,723.)	(538,992.66)	(615,098.42)	(801,719.28)	(756,021.28)	(1,063,721.95)
Net Impairment Losses on Financial Assets	-	-	-	-	-	(6,630.)	(8,597.)	-	-	-	-
Other Income	571.	1,385.	14,762.	16,490.	67,434.	118,200.	145,752.42	154,351.81	137,836.17	157,464.04	172,738.05
Other Gain, Net	-	-	-	-	26,676.	76,870.	-	-	-	-	-
	-	-	-	-	-	(177,476.)	-	-	-	-	-
Operating Income (Loss)	-	(85,159.)	2,755.	(41,892.)	37,767.	8,997.	(223,365.78)	294,288.09	1,351,952.66	5,499,497.73	15,937,280.03
Finance Costs	-	-	-	(5,377.)	(13,151.)	(55,722.)	(20,308.97)	(26,337.36)	(36,659.14)	(37,921.79)	(50,134.71)
Finance Income	-	50.	78.	254.	1,569.	12,376.	55,100.43	16,100.34	33,400.17	48,286.62	134,497.55
Share of Net Profit/loss of Associates Accounted for Using the Equity Method	-	-	-	-	3,941.	-	-	-	-	-	-
Change in Fair Value of Convertible Bonds	-	-	-	-	-	(1,086,310.)	-	-	-	-	-
Change in Fair Value of Redeemable Convertible Preferred Shares	-	-	-	(1,043,582.)	298,280.	-	-	-	-	-	-
Earnings before Taxes	(97,625.)	(86,088.)	2,833.	(1,090,597.)	328,406.	(1,144,067.)	(188,574.32)	284,051.07	1,348,693.69	5,509,862.55	16,021,642.87
Provision for Income Tax	9,051.	5,142.	(196.)	(610.)	(17,098.)	(22,312.)	(24,619.06)	(34,577.47)	(41,762.67)	(46,160.28)	(64,933.66)
(Loss)/profit and total comprehensive (loss)/income attributable to:											
Net Income (Loss)equity holders of the company	(88,512.)	(77,323.)	2,831.	(1,089,206.)	311,978.	(1,156,622.)	(177,385.19)	292,708.41	1,369,301.55	5,538,122.8	16,037,753.16
Minority Interest/Non-controlling interest (After Tax)	(62.)	(3,623.)	(194.)	(2,001.)	(670.)	(9,757.)	(35,808.19)	(43,234.81)	(62,370.53)	(74,420.52)	(81,043.95)
	(88,574.)	(80,946.)	2,637.	(1,091,207.)	311,308.	(1,166,379.)	(213,193.38)	249,473.6	1,306,931.02	5,463,702.28	15,956,709.21
Basic EPS - Continuing Operations	-	-	-	(1.59)	0.15	(0.52)	(0.08)	0.1	0.51	2.14	6.25
Diluted EPS - Continuing Operations	-	-	-	(1.59)	0.01	(0.52)	(0.08)	0.1	0.51	2.14	6.25

AP4.2 Balance Sheet(2015-2025)

Balance Sheet/Consolidated Statement Of Financial Position	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Currency	CNY	CNY	CNY	CNY	CNY	CNY	CNY	CNY	CNY	CNY	CNY
Units	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
Current Assets											
Trade Notes Receivable	11,893.	14,581.	30,647.	79,287.	156,386.	239,478.	359,869.7	448,453.34	493,329.62	932,912.85	1,301,204.75
Contract Acquisition Costs	-	-	-	130,495.	147,578.	156,746.	188,800.56	199,184.59	256,709.1	303,609.85	411,907.48
Prepayments, Deposits and Other Assets	11,893.	41,281.	140,880.	508,968.	1,226,502.	1,758,204.	4,418,440.36	5,610,653.72	6,370,179.18	10,963,303.89	13,723,602.26
Financial Assets At Fair Value through Profit/loss	45,401.	11,500.	-	-	61,364.	182,328.	-	-	-	-	-
Financial Assets At Fair Value through Other Comprehensive Income	-	-	-	-	-	44,834.	-	-	-	-	-
Derivative Financial Instruments	-	-	-	-	-	15,468.	-	-	-	-	-
Term Deposits	-	11,500.	-	-	393,000.	-	-	-	-	-	-
Cash and Cash Equivalents	8,630.	28,956.	21,529.	127,585.	870,328.	1,823,976.	816,923.61	843,222.68	852,666.74	4,240,149.88	17,838,676.78
Total Current Assets	66,331.	166,424.	286,607.	846,335.	2,855,158.	4,221,034.	5,784,034.24	7,101,514.33	7,972,884.64	16,439,976.47	33,275,391.28
Non-current Assets											
Property, Plant and Equipment	2,040.	8,442.	9,724.	16,914.	21,024.	63,645.	44,078.91	54,147.22	76,893.17	92,600.11	150,004.78
Right of Use Assets	-	7,343.	-	-	61,176.	114,229.	84,015.43	75,412.25	69,869.45	86,267.81	102,865.74
Investment Properties	-	-	-	-	-	32,401.	-	-	-	-	-
Intangible Assets	4.	11,233.	37,623.	57,054.	138,787.	1,015,779.	1,157,131.9	1,223,682.13	1,563,199.96	1,929,139.9	2,912,494.78
Development Costs	-	7,343.	3,510.	27,963.	16,944.	38,701.	48,205.97	23,722.16	46,623.52	53,262.71	71,137.68
Deferred Income Tax Asset	14,306.	59,857.	59,703.	59,305.	45,184.	44,370.	51,047.8	34,058.45	56,588.18	68,111.3	67,717.37
Contract Acquisition Costs	-	-	-	63,476.	39,549.	40,841.	48,184.21	55,045.64	60,693.33	65,870.47	79,347.56
Investments Accounted for Using the Equity Method	-	-	-	-	66,441.	47,033.	-	-	-	-	-
Financial Assets At Fair Value through Profit/loss	-	-	-	-	40,885.	215,094.	-	-	-	-	-
Prepayments, Deposits and Other Assets	-	-	-	-	1,767.	4,087.	-	-	-	-	-
Other Non-current Assets	-	-	-	9,700.	17,000.	17,000.	-	-	-	-	-
Total Non-current Assets	16,350.	94,218.	110,560.	234,412.	448,757.	1,633,180.	1,432,664.21	1,466,067.84	1,873,867.6	2,295,252.3	3,383,567.92
Total Assets	98,743.	300,675.	466,748.	1,080,747.	3,303,915.	5,854,214.	7,216,698.45	8,567,582.17	9,846,752.24	18,735,228.76	36,658,959.19
Current Liabilities											
Bank Borrowing	-	-	-	80,000.	300,000.	425,050.	425,050.	591,600.	287,520.	0.	0.
Lease Liabilities	-	-	-	-	15,013.	-	-	-	-	-	-
Trade and Other Payables	-	-	-	270,303.	562,674.	1,490,440.	2,278,957.02	2,759,175.82	2,544,498.	2,925,539.53	5,350,232.31
Contract Liabilities	77,039.	141,763.	192,934.	262,792.	293,488.	376,256.	509,676.38	582,814.94	663,767.93	832,033.1	1,152,948.27
Current Income Tax Liabilities	8.	-	42.	212.	2,647.	821.	-	-	-	-	-
Financial Liabilities Measured At Fair Value through Profit/loss	-	-	-	-	-	46,365.	-	-	-	-	-
Total Current Liabilities	112,755.	468,814.	536,385.	613,307.	1,173,822.	2,370,025.	3,213,683.4	3,933,590.76	3,495,785.94	3,757,572.63	6,503,180.58
Noncurrent Liabilities											
Bank Borrowing	-	-	-	-	-	40,000.	40,000.	41,600.	41,600.	0.	0.
Financial Liabilities Measured At Fair Value through Profit/loss	17,337.	17,172.	-	2,769,905.	18,076.	1,947,553.	-	-	-	-	-
Lease Liabilities	-	-	-	-	35,230.	71,260.	-	-	-	-	-
Contract Liabilities	28,148.	101,205.	145,107.	130,071.	85,179.	105,098.	130,815.48	109,283.25	149,127.93	140,627.63	200,042.81
Deferred Income Tax Liabilities	-	-	-	-	-	67,188.	-	-	-	-	-
Other Non-current Liabilities	-	-	-	-	1,800.	600.	-	-	-	-	-
Total Non-current liabilities	45,485.	118,377.	145,107.	2,899,976.	140,285.	2,231,699.	170,815.48	150,883.25	190,727.93	140,627.63	200,042.81
Total liabilities	158,240.	587,191.	681,492.	3,513,283.	1,314,107.	4,601,724.	3,384,498.88	4,084,474.01	3,686,513.86	3,898,200.27	6,703,223.39
	0.18	0.09	0.1	0.34	0.87	0.87	0.37	0.33	0.39	1.38	2.94
Shareholders' Equity											
Common Stock - Par Value/Share Capital	35,943.	(113,520.)	-	-	1,531.	1,529.	-	-	-	-	-
Treasury Stock - Common	-	-	-	-	(63,143.)	-	-	-	-	-	-
Shares Held for Resu Scheme	-	-	-	-	(38,582.)	(15,819.)	-	-	-	-	-
Additional Paid in Capital/Share premium	-	-	-	1,049.	4,171,056.	4,278,775.	4,278,775.	4,278,775.	4,278,775.	4,278,775.	4,278,775.
Reserves	-	-	(44,163.)	-	-	-	-	-	-	-	-
Other Reserves	-	-	-	(1,170,341.)	(1,127,164.)	(1,106,251.)	(269,190.24)	(88,375.25)	512,161.83	5,020,130.7	9,639,207.65
Accumulated Losses	(97,658.)	(174,981.)	(172,884.)	(1,262,090.)	(953,595.)	(2,110,217.)	(177,385.19)	292,708.41	1,369,301.55	5,538,122.8	16,037,753.16
Total Shareholders Equity	-	(288,501.)	(217,047.)	(2,431,382.)	1,990,103.	1,048,017.	3,832,199.57	4,483,108.15	6,160,238.38	14,837,028.5	29,955,735.8
Total Liabilities & Shareholders Equity	98,743.	300,675.	466,748.	1,080,747.	3,303,915.	5,854,214.	7,216,698.45	8,567,582.17	9,846,752.24	18,735,228.76	36,658,959.19

AP4.3 Cashflow Statement(2015-2025)

Cash Flow Statement/Consolidated Statement Of Cash Flows	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Currency	CNY	CNY	CNY	CNY	CNY	CNY	CNY	CNY	CNY	CNY	CNY
Units	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
Profit/loss before Income Tax	(97,625.)	(88,068.)	2,833.	(1,090,597.)	328,406.	(1,144,067.)	(168,574.32)	284,051.07	1,348,693.69	5,509,862.55	16,021,642.87
Depreciation of Property, Plant and Equipment	152.	1,221.	3,143.	3,573.	7,265.	10,553.	22,504.87	17,001.23	25,102.65	33,586.94	50,235.56
Depreciation of Right-of-use Assets	-	1,253.	NA	NA	21,640.	30,648.	84,015.43	75,412.25	69,869.45	86,267.81	102,865.74
Amortization of Intangible Assets	-	5.	5,393.	18,453.	53,922.	83,698.	360,195.23	412,864.66	689,544.88	1,052,815.17	1,123,723.99
Gain/loss on Disposal of Property, plant & Equipment	-	(8.)	30.	(2.)	(10.)	39.	-	-	-	-	-
Fair Value Gain on Redeemable Convertible Preferred Shares	-	-	-	-	(298,280.)	NA	-	-	-	-	-
Fair Value Gain on Derivative Financial Instruments	-	-	-	-	-	(15,468.)	-	-	-	-	-
Fair Value Loss on Convertible Bonds	-	-	-	-	-	1,086,310.	-	-	-	-	-
Net Fair Value Gain on Other Financial Assets and Liabilities At Fvpt	(190.)	(50.)	-	-	(18,934.)	(78,388.)	-	-	-	-	-
Share-based Payment Expense	38,102.	(14,174.)	11,895.	5,641.	5,641.	45,615.	-	-	-	-	-
Interest Expense	-	-	-	5,377.	13,151.	31,968.	-	-	-	-	-
Interest Income on Bank Deposits Held for Cash Management Purpose	-	-	-	(254.)	(1,569.)	(12,376.)	-	-	-	-	-
Interest Income on Term Deposits and Loan to Third and Related Parties	-	-	-	-	(9,987.)	(3,658.)	-	-	-	-	-
Issuance Cost of Convertible Bonds	38,102.	8,664.	-	-	-	23,754.	-	-	-	-	-
Foreign Exchange Gain, Net	(40,445.)	(56,019.)	-	(25,160.)	(5,521.)	(21,858.)	-	-	-	-	-
Net Impairment Losses on Financial Assets	-	-	-	-	6,630.	8,597.	-	-	-	-	-
Share of Net Profit/Loss of Investments Accounted for Using Equity Method	392.	(258.)	-	-	(3,941.)	23,408.	-	-	-	-	-
Realized Gain From TTransfer Equity InteRest of Mengyou to Syoo	8,587.	979.	-	-	-	(2,000.)	-	-	-	-	-
Trade Notes Receivable	(308.)	(14,174.)	(16,066.)	(48,640.)	(78,272.)	(41,054.)	(120,391.7)	(88,583.64)	(44,876.28)	(263,749.94)	(368,291.9)
Contract Liabilities	-	-	-	-	(14,196.)	40,723.	-	-	-	-	-
Increase in Financial Assets At Fvoci	-	-	-	-	-	(44,933.)	-	-	-	-	-
Changes in Prepayments, Deposits and Other Assets	18,483.	(27,745.)	(99,599.)	(334,431.)	(737,483.)	(522,072.)	(1,729,153.64)	(1,430,656.03)	(911,430.55)	(2,664,012.33)	(3,036,328.21)
Contract Acquisition Costs	-	-	-	-	6,844.	(10,460.)	(39,397.77)	(17,245.46)	(63,172.19)	(52,077.89)	(121,774.73)
Increase in Trade and Other Payables	-	-	-	87,505.	285,286.	486,427.	630,813.62	432,196.92	(150,274.47)	419,145.68	969,877.11
Operating cash flow	(34,750.)	(186,394.)	(92,371.)	(1,351,562.)	(439,408.)	(24,592.)	(979,986.27)	(314,956.98)	963,457.17	4,121,837.98	14,741,950.42
Income tax paid	13,132.	41,452.	-	(42.)	(542.)	(2,059.)	-	-	-	-	-
Interest Paid	65,147.	137,781.	-	(5,228.)	(12,964.)	(33,630.)	-	-	-	-	-
Interest Received	-	-	-	254.	1,569.	12,376.	12,376.	12,376.	12,376.	12,376.	12,376.
Net Cash used in operating activities	43,529.	(7,161.)	(92,371.)	(1,356,578.)	(451,345.)	(47,905.)	(967,612.27)	(302,582.98)	975,833.17	4,134,213.98	14,754,326.42
Placement of Term Deposits	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Receipts from Term Deposits	-	-	-	-	(724,607.)	-	-	-	-	-	-
Purchase of Investments Measured At Fair Value through Profit/loss	-	-	-	-	331,607.	393,000.	-	-	-	-	-
Proceeds from Disposal of Investments Measured At Fair Value through Profit/loss	-	-	-	-	(84,224.)	(110,900.)	-	-	-	-	-
Interest Received from Term Deposits and Loan to Third Parties	-	-	-	-	11,485.	-	-	-	-	-	-
Payments to Invest in Associates	-	-	-	-	6,495.	5,590.	5,590.	5,590.	5,590.	5,590.	5,590.
Payments for Acquisition of Subsidiaries, Net of Cash Acquired	-	-	-	-	(62,500.)	(4,000.)	-	-	-	-	-
Prepayment for Equity Investment	-	-	-	(9,700.)	(7,300.)	(210,151.)	-	-	-	-	-
Purchase of Property Plant, and Equipment	(1,825.)	(7,632.)	(4,498.)	(11,114.)	(11,459.)	(14,133.)	19,566.09	(13,088.81)	(19,334.06)	(15,706.94)	(34,442.8)
Proceeds from Disposals of Property, Plant and Equipment	-	43.	353.	143.	123.	123.	-	-	-	-	-
(Purchases) of Intangible Assets	(2,383.)	(150.)	(1,111.)	(203.)	(421.)	(195.)	-	-	-	-	-
Payment for Development Costs	-	(16,277.)	(27,858.)	(62,134.)	(116,505.)	(156,314.)	(245,136.78)	(327,815.88)	(496,525.56)	(736,614.39)	(1,126,947.25)
Loans to Third Parties	-	-	0.71	1.23	0.88	0.34	0.57	0.34	0.51	0.48	0.53
Principle Repayment of Loan from Third Parties	-	-	-	-	(12,550.)	(8,400.)	-	-	-	-	-
Loans to Related Parties	-	-	-	-	2,175.	22,600.	-	-	-	-	-
	-	-	-	-	(24,000.)	-	-	-	-	-	-
Cash Flow from Investing Activities	(4,016.)	(35,247.)	(21,832.)	(110,926.)	(667,661.)	(108,780.)	(219,980.11)	(335,314.35)	(510,269.1)	(746,730.85)	(1,155,799.52)
Financing Activities											
Proceeds from Issuance of Ordinary Shares	-	-	-	994.	1,769,566.	-	-	-	-	-	-
Proceeds from Issuance of Convertible Bonds	-	-	-	-	-	1,064,040.	-	1,383,252.	-	-	-
Issuance Cost of Convertible Bonds	-	-	-	-	-	(23,754.)	-	(414,975.6)	-	-	-
Buy-back of Shares	-	-	-	-	(90,246.)	-	-	-	-	-	-
Proceeds from Bank Borrowings	-	-	-	105,000.	330,000.	610,000.	760,200.	-	-	-	-
Repayment of Bank Borrowings	-	-	-	(25,000.)	(110,000.)	(450,128.)	(579,660.)	(304,080.)	(456,120.)	-	-
Borrowings from a Third Party	-	-	-	-	12,500.	2,500.	-	-	-	-	-
Principal Elements of Lease Payments	-	-	-	-	(12,510.)	(25,880.)	-	-	-	-	-
Redemption of Preferred Shares in a Subsidiary	-	-	-	-	5,521.	(11,110.)	-	-	-	-	-
Payment of Listing Expenses	-	-	-	(3,039.)	(39,423.)	(3,080.)	-	-	-	-	-
Acquisition of Equity Interest from Non Controlling Interest	-	-	-	(12,820.)	(3,659.)	-	-	-	-	-	-
Capital Contributions from Noncontrolling Shareholders	-	1,500.	-	-	-	1,000.	-	-	-	-	-
Cash Flow from Financing Activities	7,221.	48,560.	(34,986.)	455,445.	1,856,228.	1,163,588.	180,540.	664,196.4	(456,120.)	0.	0.
Net increase/decrease in cash and cash equivalents	46,732.	6,152.	(149,191.)	(1,012,059.)	737,222.	1,008,903.	(1,007,052.39)	26,299.07	9,444.06	3,387,483.14	13,598,526.9
Effect on exchange rates	-	-	-	-	5,521.	(55,255.)	-	-	-	-	-
Cash and cash equivalents at the end of the year	-	-	21,529.	127,585.	870,328.	1,823,976.	816,923.61	843,222.68	852,666.74	4,240,149.88	17,838,676.78

Income Statement forecast details:

AP4.4 Global Saas Market projection(2011-2025)

Global Saas Market (in 100millionsUSD)	2011FY	2012FY	2013FY	2014FY	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
100millionsUSD	210.	330.	470.	630.	690.	870.	1,060.	1,240.	1,410.	1,570.	1,731.08	1,900.73	2,040.24	2,319.75	2,588.85
Growth (in %)	-	57.1%	42.4%	34.0%	9.5%	26.1%	21.8%	17.0%	13.7%	11.3%	10.3%	9.8%	7.3%	13.7%	11.6%

Explanation: Since the global SaaS market growth has been steadily declining through the past decade, we assume that based on the historical growth trend of the SaaS market, the global SaaS industry would gradually become mature, and its growth rate would be stabilized and would reach around 10% in 2025, and it would maintain steady growth. We implement neutral analysis for the pandemic impact, we assume the pandemic would be under controlled globally in around 4th quarter of 2022, where governments in various countries would adjust their monetary policy and fiscal policy accordingly, therefore, we estimate there would be a lower growth in 2023 and rebost of economy in 2024 and finally the market would be more stablized in 2025

AP4.5 China Saas Market projection(2011-2025)

China Saas quantity (in 100millionsUSD)	2011FY	2012FY	2013FY	2014FY	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
100millionsUSD	1.	1.	3.	4.	5.	5.	13.	18.	22.	29.	41.04	60.25	94.29	161.13	263.33
Growth (in %)	-	0.0%	200.0%	33.3%	25.0%	0.0%	160.0%	38.5%	22.2%	31.8%	41.0%	46.8%	56.5%	70.9%	63.4%

Explanation: The China SaaS market SaaS industry developed slower than the global market, from 2011-2015, the growth was relatively slow compared to the worldwide market, but from 2017 on, its growth rate outperforms the global market, and we estimate the China SaaS market would enter a fast-growing stage, where from 2021 on, given its control of pandemic and the economic recovery, its growth would accelerate and outperform the global market.

AP4.6 China Saas market in proportion(%) of the world projection(2011-2025)

China Saas in proportion of the world (in %)	2011FY	2012FY	2013FY	2014FY	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
in %	0.5%	0.3%	0.6%	0.6%	0.7%	0.6%	1.2%	1.5%	1.6%	1.8%	2.4%	3.2%	4.6%	6.9%	10.2%
Change (in %)	-	-36.4%	110.6%	-0.5%	14.1%	-20.7%	113.4%	18.4%	7.5%	18.4%	28.4%	33.7%	45.8%	50.3%	46.4%

Explanation: Given the reasons discussed above, we estimate that under the acceleration of the China SaaS market, it would occupy higher proportion in the global SaaS market, and we estimated it would account for over 10% of the global SaaS market in 2025 from less 2% in 2020

AP4.7 Weimob revenue projection (2015-2025)

Weimob Revenue (in 100millionsUSD)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Weimob's revenue (in 100millionsUSD)	0.18	0.28	0.79	1.31	2.08	2.86	3.87	5.83	9.81	17.39	36.71
Growth (in %)	-	57.0%	177.5%	65.7%	58.9%	37.3%	35.7%	50.4%	68.3%	77.3%	111.1%
proportion of company in terms of the china market value	3.6%	5.7%	6.1%	7.3%	9.5%	9.8%	10.8%	11.8%	13.0%	14.5%	16.5%
Growth (in %)	-	57.0%	6.7%	19.7%	30.0%	4.1%	9.4%	9.7%	10.4%	10.8%	13.9%

Explanation: Based on our estimation for the China SaaS market, we estimate Weimob's revenue would gain a larger market share in the China market, approximate 16% of the market share in the China market in 2025, which would bring it considerable revenue growth throughout the years, we estimate its revenue would grow in a higher rate than the past few years

AP4.8 Cost of Sales breakdown projection (2015-2025)

Cost of Sales breakdown (in millions RMB)	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Advertising traffic cost for Digital Media revenue	154.4	286.5	524.2	750.5	958.16	1,346.79	2,293.59	2,899.1	4,367.49
Change (in %)	-	85.6%	83.0%	43.2%	27.7%	40.6%	70.3%	26.4%	50.7%
Staff costs	16.	18.7	21.8	38.5	50.28	59.05	68.32	98.63	125.16
Change (in %)	-	16.9%	16.6%	76.6%	30.6%	17.4%	15.7%	44.4%	26.9%
Broadband and hardware costs	9.5	11.6	31.7	50.5	62.24	84.39	97.73	143.97	159.46
Change (in %)	-	22.1%	173.3%	59.3%	23.2%	35.6%	15.8%	47.3%	10.8%
Operation services costs	1.7	6.9	13.3	36.4	52.86	95.55	158.09	201.31	302.53
Change (in %)	-	305.9%	92.8%	173.7%	45.2%	80.8%	65.5%	27.3%	50.3%
Amortization of intangible assets	5.4	18.4	41.2	83.4	142.16	219.35	285.65	389.63	492.88
Change (in %)	-	240.7%	123.9%	102.4%	70.5%	54.3%	30.2%	36.4%	26.5%
Taxes and surcharges	2.7	5.	6.8	6.	7.55	10.62	13.93	23.75	35.02
Change (in %)	-	85.2%	36.0%	-11.8%	25.8%	40.7%	31.2%	70.5%	47.5%
Depreciation and amortization	0.1	0.3	0.7	0.9	1.45	1.81	3.28	4.45	5.24
Change (in %)	-	200.0%	133.3%	28.6%	60.6%	25.5%	80.9%	35.6%	17.9%
Cost of Sales	189.8	347.4	639.7	966.2	1,274.69	1,817.56	2,920.6	3,760.84	5,487.79
Change (in %)	-	83.0%	84.1%	51.0%	31.9%	42.6%	60.7%	28.8%	45.9%

Explanation: We estimate that the advertising traffic cost would grow fast in the initial early development stage, but the growth rate would gradually decrease as it acquires an enormous amount of customers; based on the estimation of its business expansion and revenue growth, we estimate the staff costs would also grow faster than the past, but stable compared to other costs; the hardware cost would be relatively stable since the primary driver of the cost is the depreciation of machines and business expansion on staff quantity since the staff would be relatively stable, the cost would also be relatively stable

AP4.9 Sales&Administration cost breakdown projection (2015-2025)

Sales&Administration cost breakdown (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Selling & Distribution Expenses	(103,808.)	(202,365.)	(299,191.)	(449,799.)	(716,907.)	(919,372.)	(1,226,718.06)	(1,444,460.52)	(1,824,931.41)	(2,128,964.99)	(2,994,815.05)
Change (in %)	-	94.9%	47.8%	50.3%	59.4%	28.2%	33.4%	17.8%	26.3%	16.7%	40.7%
General and Administrative Expenses	(84,002.)	(50,659.)	(59,730.)	(151,380.)	(129,936.)	(260,723.)	(538,992.66)	(615,098.42)	(801,719.28)	(756,021.28)	(1,063,721.95)
Change (in %)	-	-39.7%	17.9%	153.4%	-14.2%	100.7%	106.7%	14.1%	30.3%	-5.7%	40.7%

Explanation: We estimate that the Selling & Distribution expense and General and Administrative expense would be relatively stable compared to other costs, since they are related to the daily operation, and would change at a relatively steady pace related to the business expansion and the revenue growth of the company, except that during the pandemic, the labour cost, especially the software engineering expertise, increase in mainland China, induced the surge in General & Administrative cost in 2021.

Balance Sheet forecast details:

AP4.10 Contract Acquisition Costs breakdown projection (2015-2025)

Contract Acquisition Costs breakdown (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Contract Acquisition Costs-Current	-	-	-	130,495.	147,578.	156,746.	188,800.56	199,184.59	256,709.1	303,609.85	411,907.48
Change (in %)	-	-	-	-	13.1%	6.2%	20.5%	5.5%	28.9%	18.3%	35.7%
Contract Acquisition Costs-Non-Current	-	-	-	63,476.	39,549.	40,841.	48,184.21	55,045.64	60,693.33	65,870.47	79,347.56
Change (in %)	-	-	-	-	-37.7%	3.3%	18.0%	14.2%	10.3%	8.5%	20.5%
Sum of Contract Acquisition Costs	-	-	-	193,971.	187,127.	197,587.	236,984.77	254,230.23	317,402.42	369,480.32	491,255.05
Change (in %)	-	-	-	-	-3.5%	5.6%	18.0%	14.2%	10.3%	8.5%	20.5%

Explanation: Assume the current contract acquisition cost increase faster than the non-current contract acquisition cost due to its fast pace expansion after the pandemic, since its contract acquisition cost mainly consists of the difference between the income its partners earned from their customers and the amount Weimob charges from its partners, we estimate that the difference would be enlarged since based on its business expansion and its efficiency it helps its partners to absorb customer increases.

AP4.11 Trade and Notes Receivables breakdown projection (2015-2025)

Trade and Notes Receivables breakdown (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Trade and Notes Receivable	11,893.	14,581.	30,647.	79,287.	156,386.	239,478.	359,869.7	448,453.34	493,329.62	932,912.85	1,301,204.75
Change (in %)	-	22.6%	110.2%	158.7%	97.2%	53.1%	50.3%	24.6%	10.0%	89.1%	39.5%
Trade receivables	-	-	28,647.	66,175.	153,242.	243,382.	352,392.8	445,177.82	491,565.35	931,073.93	1,288,140.78
Change (in %)	-	-	-	131.0%	131.6%	58.8%	44.8%	26.3%	10.4%	89.4%	38.4%
Note receivables	-	-	2,000.	13,112.	4,317.	2,508.	11,296.53	7,880.46	8,696.09	2,572.3	14,644.64
Change (in %)	-	-	-	555.6%	-67.1%	-41.9%	350.4%	-30.2%	10.4%	-70.4%	469.3%
Provision for impairment of trade and notes receivables	-	-	-	-	(1,173.)	(6,412.)	(3,819.63)	(4,604.94)	(6,931.82)	(733.39)	(1,580.67)

Explanation: Trade Notes Receivables are mainly induced by the receivables from its partners, we estimate that during the pandemic time, the trade and notes receivables would surge due to the operating difficulty caused by the pandemic, but as the end of the pandemic and the recovery of economic, we estimate Weimob's partner would become capable of repaying the notes to Weimob.

AP4.12 Prepayments, Deposits and Other Assets breakdown projection (2015-2025)

Prepayments, Deposits and Other Assets breakdown (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Prepayments, Deposits and Other Assets-Current	11,893.	41,281.	140,880.	508,968.	1,226,502.	1,758,204.	4,418,440.36	5,610,653.72	6,370,179.18	10,963,303.89	13,723,602.26
Change (in %)	-	247.1%	241.3%	261.3%	141.0%	43.4%	151.3%	27.0%	13.5%	72.1%	25.2%
Prepayments, Deposits and Other Assets-Non-Current	-	-	-	-	1,767.	4,087.	-	-	-	-	-
Change (in %)	-	-	-	-	-	131.3%	-	-	-	-	-
Other receivables in relation to payment on behalf of advertisers – third parties (i)	-	-	27,683.	77,503.	555,034.	912,740.	3,335,334.51	4,183,176.54	4,792,247.04	8,641,379.87	10,753,333.11
Change (in %)	-	-	-	180.0%	616.1%	64.4%	265.4%	25.4%	14.6%	80.3%	24.4%
Prepayments for purchasing advertising traffic	-	-	87,220.	342,273.	563,677.	665,183.	848,307.88	1,073,448.79	1,186,482.95	1,783,877.11	2,323,321.55
Change (in %)	-	-	-	292.4%	64.7%	18.0%	27.5%	26.5%	10.5%	50.4%	30.2%
Others	-	-	25,977.	89,192.	107,791.	180,281.	234,797.97	354,028.39	391,449.19	538,046.91	646,947.6
Change (in %)	-	-	-	243.3%	20.9%	67.3%	30.2%	50.8%	10.6%	37.5%	20.2%

Explanation: Prepayment, Deposits and Other Assets mainly consist of the other receivables concerning payment on behalf of advertisers from the third parties and the Prepayments for purchasing advertising traffic; for the first one, we estimate it would increase as its business expansion, for the second account, we estimate as Weimob acquire more significant market share in the industry, it would obtain more extensive bargaining power and the amount of this part would only be derived by the broader coverage of advertisement expense input.

AP4.13 Property, Plant and Equipment breakdown projection (2015-2025)

Property, Plant and Equipment breakdown (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Property, Plant and Equipment	2,040.	8,442.	9,724.	16,914.	21,024.	63,645.	44,078.91	54,147.22	76,893.17	92,600.11	150,004.78
Change (in %)	-	313.8%	15.2%	73.9%	24.3%	202.7%	-30.7%	22.8%	42.0%	20.4%	62.0%
Buildings	-	-	-	-	-	35,261.	35,261.	-	-	-	-
Change (in %)	-	-	-	-	-	-	-	-	-	-	-
Leasehold improvement	-	-	-	9,718.	9,893.	13,265.	22,281.22	26,904.57	38,355.16	42,075.61	74,263.45
Change (in %)	-	-	-	1.8%	34.1%	68.0%	20.8%	20.8%	42.6%	9.7%	76.5%
Computer and electronic equipment	-	-	-	5,316.	7,203.	10,752.	16,975.26	21,692.68	32,267.86	42,348.34	65,737.34
Change (in %)	-	-	-	35.5%	35.5%	49.3%	57.9%	27.8%	48.8%	31.2%	55.2%
Furniture and fixtures	-	-	-	1,671.	2,380.	2,750.	3,031.6	3,215.62	3,777.07	5,190.44	6,258.12
Change (in %)	-	-	-	42.4%	15.5%	10.2%	6.1%	17.5%	37.4%	20.6%	20.6%
Others	-	-	209.	1,548.	1,617.	1,790.83	2,334.34	2,493.08	2,985.71	3,745.87	3,745.87
Change (in %)	-	-	-	640.7%	4.5%	10.8%	30.3%	6.8%	19.8%	19.8%	25.5%

Explanation: Assume electronic appliances continuously have high growth due to the increase of its business from 2021. To maintain the SaaS service quality and efficiency, Weimob needs to purchase more computers and electronic equipment, which causes higher expense; for the buildings, since it is a specific purchase, we assume it would not appear in the coming years; for the Leasehold improvement and Furniture and fixtures, we believe there would be not volatile changes compared to the Computer and electronic equipment.

AP4.14 Right of Use Assets projection (2015-2025)

Right of Use Assets breakdown (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Right of Use Assets	-	7,343.	-	-	61,176.	114,229.	84,015.43	75,412.25	69,869.45	86,267.81	102,865.74
Change (in %)	-	-	-	-	-	-	-26.5%	-10.2%	-7.4%	23.5%	19.2%

Explanation: The Right of Use Assets mainly come from the right of using the property; we estimate that given the condition in Property, plant and equipment, which it purchased a certain number of buildings in 2020, the right of use assets would decrease first, then increase.

AP4.15 Intangible Assets breakdown projection (2015-2025)

Intangible Assets breakdown (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Intangible Assets	4.	11,233.	37,623.	57,054.	138,787.	1,015,779.	1,157,131.9	1,223,682.13	1,563,199.96	1,929,139.9	2,912,494.78
Change (in %)	-	280725.0%	234.9%	51.6%	143.3%	631.9%	13.9%	5.8%	27.7%	23.4%	51.0%
Goodwill	-	-	-	-	-	538,382.	538,382.	538,382.	538,382.	538,382.	538,382.
Self-developed software	-	-	-	53,304.	134,749.	264,931.	424,816.86	511,267.09	870,381.09	1,256,221.03	2,258,308.55
Change (in %)	-	-	-	-	152.8%	96.6%	60.4%	20.4%	70.2%	44.3%	79.8%
Customer relationships	-	-	-	-	-	207,468.	187,568.	167,668.	147,768.	127,868.	107,968.
Trademarks	-	-	-	3,398.	3,398.	3,398.	3,398.	3,398.	3,398.	3,398.	3,398.
Acquired software licenses	-	-	-	352.	640.	1,600.	2,967.04	2,967.04	3,270.86	3,270.86	4,438.24
Change (in %)	-	-	-	-	81.8%	150.0%	85.4%	0.0%	10.2%	0.0%	35.7%

Explanation: Given that the Goodwill and Customer relationships belong to a one-time acquisition in 2020, which are related to its M&A activities, we would adjust their affections on the Intangible Assets, and we estimate they would not appear in the future for the Self-developed software and the Acquired software licenses, we estimate it would increase as the expansion of its business, especially for the Self-developed software, Weimob have been investing significant amount cash on the software development, and to enhance its service quality, we estimate its development would increase.

AP4.16 Development Costs breakdown projection (2015-2025)

Development Costs (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Development Costs	-	7,343.	3,510.	27,963.	16,944.	38,701.	48,205.97	23,722.16	46,623.52	53,262.71	71,137.68
Change (in %)	-	-	-52.2%	696.7%	-39.4%	128.4%	24.6%	-50.8%	96.5%	14.2%	33.6%

Explanation: The development cost is related to the Self-development of software, which is mentioned in the intangible asset account; based on the development input, we estimate the development would increase in the coming few years due to development expenditure and business expansion.

AP4.17 Deferred Income Tax Asset breakdown projection (2015-2025)

Deferred Income Tax Asset breakdown (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Deferred Income Tax Asset	14,306.	59,857.	59,703.	59,305.	45,184.	44,370.	51,047.8	34,058.45	56,588.18	68,111.3	67,717.37
Change (in %)	-	318.4%	-0.3%	-0.7%	-23.8%	-1.8%	15.1%	-33.3%	66.2%	20.4%	-0.6%
Tax losses	-	-	27,838.	24,863.	25,579.	48,490.	70,208.67	63,510.76	75,095.13	126,565.33	169,901.3
Change (in %)	-	-	-	-10.7%	2.9%	89.6%	44.8%	-9.5%	18.2%	68.5%	34.2%
Contract liabilities	-	-	51,004.	60,063.	50,293.	41,373.	37,132.27	50,670.69	65,127.04	55,859.46	81,744.74
Change (in %)	-	-	-	17.8%	-16.3%	-17.7%	-10.3%	36.5%	28.5%	-14.2%	46.3%
Others	-	-	5,329.	6,195.	8,751.	12,583.	16,052.13	17,716.74	24,332.17	29,551.42	42,917.53
Change (in %)	-	-	-	16.3%	41.3%	43.8%	27.6%	10.4%	37.3%	21.5%	45.2%
Set-off of deferred tax assets pursuant to set-off provisions	-	-	(24,468.)	(31,816.)	(39,439.)	(58,076.)	(72,345.27)	(97,839.75)	(107,966.16)	(143,864.91)	(226,846.19)
Change (in %)	-	-	-	30.0%	24.0%	47.3%	24.6%	35.2%	10.4%	33.3%	57.7%

AP4.18 Deferred Income Tax Asset breakdown projection (2015-2025)

Deferred Income Tax Asset breakdown (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Deferred Income Tax Asset	-	-	-	80,000.	300,000.	425,050.	425,050.	591,600.	287,520.	0.	0.
Change (in %)	-	-	-	-	275.0%	41.7%	0.0%	39.2%	-51.4%	-	-
Deferred Income Tax Asset	-	-	-	-	-	40,000.	40,000.	41,600.	41,600.	0.	0.
Change (in %)	-	-	-	-	-	-	0.0%	4.0%	0.0%	-	-

Explanation: Based on our projection's condition for cash in 2022 and 2023, we estimate it would increase the bank borrowing in 2022 and gradually repay the bank borrow amount and cover the development expense by its cash flow.

AP4.19 Trade and other payables breakdown projection (2015-2025)

Trade and other payables breakdown (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Trade and Other Payables	-	-	-	270,303.	562,674.	1,490,440.	2,278,957.02	2,759,175.82	2,544,498.	2,925,539.53	5,350,232.31
Change (in %)	-	-	-	-	108.2%	164.9%	52.9%	21.1%	-7.8%	15.0%	82.9%
Advance from advertisers-third party	-	-	-	130,875.	144,892.	507,941.	1,020,402.67	683,975.91	1,027,605.41	767,107.44	1,766,188.17
Change (in %)	-	-	-	-	10.7%	250.6%	100.9%	-33.0%	50.2%	-25.4%	130.2%
Trade payables for purchasing advertising traffic	-	-	-	1,088.	222,175.	322,023.	506,348.97	948,087.8	376,959.71	555,035.48	1,250,161.91
Change (in %)	-	-	-	-	20320.5%	44.9%	57.2%	87.2%	-60.2%	47.2%	125.2%
Payable related to investments	-	-	-	-	5,000.	279,093.	-	-	-	-	-
Change (in %)	-	-	-	-	-	5481.9%	-	-	-	-	-
Payroll and welfare payables	-	-	-	100,108.	144,695.	239,278.	372,747.27	504,103.41	631,339.11	860,830.87	1,254,058.41
Change (in %)	-	-	-	-	44.5%	65.4%	55.8%	35.2%	25.2%	36.4%	45.7%
Other taxes payable	-	-	-	5,229.	19,745.	64,354.	161,045.89	282,571.11	216,279.93	321,565.	403,081.72
Change (in %)	-	-	-	-	277.6%	225.9%	150.3%	75.5%	-23.5%	48.7%	25.4%
Other payables and accruals	-	-	-	9,259.	14,829.	29,217.	51,232.01	73,902.17	88,867.36	121,446.14	204,733.9
Change (in %)	-	-	-	-	60.2%	97.0%	75.4%	44.3%	20.3%	36.7%	68.6%
others	-	-	-	23,744.	11,338.	48,534.	167,180.22	266,535.42	203,446.49	299,554.6	472,008.19
Change (in %)	-	-	-	-	-52.2%	328.1%	244.5%	59.4%	-23.7%	47.2%	57.6%

Explanation: Based on our estimation for its business expansion, we estimated its payable for Advance from the advertisers-third party would fluctuate due to its demand for advertisement and the Trade payables for purchasing advertising traffic would surge for the business expansion; Payroll and welfare payables would relate to the employee quantity of the company, we estimate it would grow in a relatively stable rate compared to other expense.

AP4.20 Contract Liabilities breakdown projection (2015-2025)

Contract Liabilities breakdown (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Contract Liabilities-Current	77,039.	141,763.	192,934.	262,792.	293,488.	376,256.	509,676.38	582,814.94	663,767.93	832,033.1	1,152,948.27
Change (in %)	-	84.0%	36.1%	36.2%	11.7%	28.2%	35.5%	14.4%	13.9%	25.4%	38.6%
Contract Liabilities-Non-current	28,148.	101,205.	145,107.	130,071.	85,179.	105,098.	130,815.48	109,283.25	149,127.93	140,627.63	200,042.81
Change (in %)	-	259.5%	43.4%	-10.4%	-34.5%	23.4%	24.5%	-16.5%	36.5%	-5.7%	42.3%

Explanation: Contract liabilities is the Group's obligation to transfer services to a customer for which the Group has received consideration from the customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due; we estimate the change in contract liabilities would be related to the change in contract acquisition cost.

Cashflow Statement forecast details:

AP4.21 Depreciation of Property, Plant and Equipment projection (2015-2025)

Depreciation of Property, Plant and Equipment (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Depreciation of Property, Plant and Equipment	152.	1,221.	3,143.	3,573.	7,265.	10,553.	22,504.87	17,001.23	25,102.65	33,586.94	50,235.56
Change (in %)	-	703.3%	157.4%	13.7%	103.3%	45.3%	113.3%	-24.5%	47.7%	33.8%	49.6%

Explanation: Depreciation of Property, Plant and Equipment is related to the Property, Plant and Equipment; based on our projection for this account in the balance sheet, we project its variation would be related to that account.

AP4.22 Depreciation of Right-of-use Assets projection (2015-2025)

Depreciation of Right-of-use Assets (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Depreciation of Right-of-use Assets	-	1,253.	-	-	21,640.	30,648.	29,791.87	29,599.31	37,904.18	25,224.71	41,033.14
Change (in %)	-	-	-	-	-	41.6%	-2.8%	-0.6%	28.1%	-33.5%	62.7%

Explanation: Depreciation of Right-of-use Assets is related to the Right-of-use Assets; based on our projection for this account in the balance sheet, we project its variation would be related to that account.

AP4.23 Amortization of Intangible Assets projection (2015-2025)

Amortization of Intangible Assets (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Amortization of Intangible Assets	-	5.	5,393.	18,453.	53,922.	83,698.	360,195.23	412,864.66	689,544.88	1,052,815.17	1,123,723.99
Change (in %)	-	-	107760.0%	242.2%	192.2%	55.2%	330.4%	14.6%	67.0%	52.7%	6.7%

Explanation: Amortization of Intangible Assets is related to the Intangible Assets in the balance sheet, based on our projection for this account in the balance sheet, we project its variation would be related to that account.

AP4.24 Changes in Trade Notes Receivable projection (2015-2025)

Changes in Trade Notes Receivable (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Changes in Trade Notes Receivable	(308.)	(14,174.)	(16,066.)	(48,640.)	(78,272.)	(41,054.)	(120,391.7)	(88,583.64)	(44,876.28)	(263,749.94)	(368,291.9)
Change (in %)	-	4501.9%	13.3%	202.8%	60.9%	-47.5%	193.3%	-26.4%	-49.3%	487.7%	39.6%

Explanation: Amortization: Changes in Trade Notes Receivable is calculated based on the Trade Notes receivables projected in the balance sheet.

AP4.25 Changes in Prepayments, Deposits and Other Assets projection (2015-2025)

Changes in Prepayments, Deposits and Other Assets (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Changes in Prepayments, Deposits and Other Assets	18,483.	(27,745.)	(99,599.)	(334,431.)	(737,483.)	(522,072.)	(1,729,153.64)	(1,430,656.03)	(911,430.55)	(2,664,012.33)	(3,036,328.21)
Change (in %)	-	-250.1%	259.0%	235.8%	120.5%	-29.2%	231.2%	-17.3%	-36.3%	192.3%	14.0%

Explanation: The Changes in Prepayments, Deposits and Other Assets is calculated based on the Prepayments, Deposits, and Other Assets account in the balance sheet.

AP4.26 Contract Acquisition Costs projection (2015-2025)

Contract Acquisition Costs (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Contract Acquisition Costs	-	-	-	-	6,844.	(10,460.)	(39,397.77)	(17,245.46)	(63,172.19)	(52,077.89)	(121,774.73)
Change (in %)	-	-	-	-	-	-252.8%	276.7%	-56.2%	266.3%	-17.6%	133.8%

Explanation: The Contract Acquisition Costs is calculated based on the Contract Acquisition Costs account projection in the balance sheet.

AP4.27 Increase in Trade and Other Payables projection (2015-2025)

Increase in Trade and Other Payables (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Increase in Trade and Other Payables	-	-	-	87,505.	285,286.	486,427.	630,813.62	432,196.92	(150,274.47)	419,145.68	969,877.11
Change (in %)	-	-	-	147.1%	226.0%	70.5%	29.7%	-31.5%	-134.8%	-378.9%	131.4%

Explanation: Increase in Trade and Other Payables is calculated based on the Trade and Other Payables account projection in the balance sheet.

AP4.28 Purchase of Property Plant, and Equipment projection (2015-2025)

Purchase of Property Plant, and Equipment (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Purchase of Property Plant, and Equipment	(1,825.)	(7,632.)	(4,498.)	(11,114.)	(11,459.)	(14,133.)	19,566.09	(13,088.81)	(19,334.06)	(15,706.94)	(34,442.8)
Change (in %)	-	318.2%	-41.1%	147.1%	3.1%	23.3%	-238.4%	-166.9%	47.7%	-18.8%	119.3%

Explanation: Purchase of Property Plant, and Equipment is calculated based on the projection of Property, Plant and Equipment account in the balance sheet.

AP4.29 Payment for Development Costs projection (2015-2025)

Payment for Development Costs (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Payment for Development Costs	-	(16,277.)	(27,858.)	(62,134.)	(116,505.)	(156,314.)	(245,136.78)	(327,815.88)	(496,525.56)	(736,614.39)	(1,126,947.25)
Change (in %)	-	-	71.1%	123.0%	87.5%	34.2%	56.8%	33.7%	51.5%	48.4%	53.0%

Explanation: Payment for Development Costs is calculated based on the projection of Development Costs account in the balance sheet.

AP4.30 Bank Borrowings projection (2015-2025)

Bank Borrowings breakdown (in thousands CNY)	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021E	2022E	2023E	2024E	2025E
Proceeds from Bank Borrowings	-	-	-	105,000.	330,000.	610,000.	760,200.	-	-	-	-
Change (in %)	-	-	-	-	214.3%	84.8%	24.6%	-	-	-	-
Repayment of Bank Borrowings	-	-	-	(25,000.)	(110,000.)	(450,128.)	(579,660.)	(304,080.)	(456,120.)	-	-
Change (in %)	-	-	-	-	340.0%	309.2%	28.8%	-47.5%	50.0%	-	-

Explanation: Proceeds and Repayment for Bank Borrowings are calculated based on the projection of the Bank Borrowing account in the balance sheet.

Appendix V-Valuation

AP5.1 Discounted Cash flow model

Discounted Cash Flow(in thousands CNY)	2015FY	2016FY	2017FY	2018FY	2019FY	2020FY	2021E	2022E	2023E	2024E	2025E
Revenue	114,008.00	189,174.00	534,011.00	865,031.00	1,436,787.00	1,968,814.00	2,671,284.02	4,017,059.77	6,761,363.32	11,987,864.46	25,310,869.69
Growth Rate	-	65.93%	182.29%	61.99%	66.10%	37.03%	35.68%	50.38%	68.32%	77.30%	111.14%
COGS	(15,817.)	(22,251.)	(189,800.)	(347,382.)	(639,657.)	(966,195.)	(1,274,691.5)	(1,817,564.55)	(2,920,596.14)	(3,760,844.5)	(5,487,790.72)
COGS % of revenue	-14%	-12%	-36%	-40%	-45%	-49%	-48%	-45%	-43%	-31%	-22%
Gross Profit	98191.00	166923.00	344211.00	517649.00	797130.00	1002619.00	1396592.52	2199495.22	3840767.18	8227019.96	19823078.97
Gross margin	86.13%	88.24%	64.46%	59.84%	55.48%	50.93%	52.28%	54.75%	56.80%	68.63%	78.32%
OPEX	-	(249,603.)	(332,920.)	(537,515.)	(676,536.)	(868,723.)	(1,153,242.77)	(1,399,928.99)	(1,704,297.54)	(1,554,852.31)	(2,608,973.66)
EBITDA	(89,076.)	(84,196.)	2,351.	(6,811.)	8,410.	1,871,342.	2,549,835.29	3,599,424.21	5,545,064.72	9,781,872.27	22,432,052.63
Depreciation	-	(1,253.)	(3,143.)	(3,573.)	(7,265.)	(10,553.)	(22,504.87)	(17,001.23)	(25,102.65)	(33,586.94)	(50,235.56)
Depreciation	-	(5.)	(5,393.)	(18,453.)	(53,922.)	(83,698.)	(360,195.23)	(412,864.66)	(689,544.88)	(1,052,815.17)	(1,123,723.99)
Amortization	-	(85,159.)	2,755.	(41,892.)	37,767.	8,997.	(223,365.78)	294,288.09	1,351,952.66	5,499,497.73	15,937,280.03
EBIT	-	-45.02%	0.52%	-4.84%	2.63%	0.46%	-8.36%	7.33%	20.00%	45.88%	63%
EBIT Margin	-	(929.)	78.	(1,048,705.)	290,639.	(1,153,064.)	(3,258.97)	(10,237.02)	(3,258.97)	10,364.82	84,362.84
EBT	(97,625.)	(86,088.)	2,833.	(1,090,597.)	328,406.	(1,144,067.)	(188,574.32)	284,051.07	1,348,693.69	5,509,862.55	16,021,642.87
Income tax paid	13,132.	41,452.	-	(42.)	(542.)	(2,059.)	(18,857.43)	28,405.11	134,869.37	550,986.26	1,602,164.29
Net profit	(84,493.)	(44,636.)	-	(1,090,639.)	327,864.	(1,146,126.)	(207,431.75)	312,456.18	1,483,563.06	6,060,848.81	17,623,807.16
NOPLAT	-	(43,707.)	-	(41,934.)	37,225.	6,938.	(242,223.21)	322,693.2	1,486,822.03	6,050,483.99	17,539,444.32
Depreciation and Amortization	152.	3,143.	3,143.	3,573.	28,905.	41,201.	106,520.3	92,413.48	94,972.1	119,854.74	153,101.29
Changes in NWC	-	(255,966.)	52,612.	482,806.	1,448,308.	169,673.	719,341.84	597,572.73	1,309,175.13	8,205,305.14	14,089,806.86
Capex	-	-	32,400.	73,500.	136,100.	176,500.	186,989.88	281,194.18	473,295.43	839,150.51	1,771,760.88
(capex/revenue)	-	-	6%	8%	9%	9%	7%	7%	7%	7%	7%
Free Cash Flows	-	-	-	(594,667.)	(1,518,278.)	(298,034.)	(1,042,034.63)	(463,660.23)	(200,676.43)	(2,874,116.92)	1,830,977.87
Discount period	-	-	-	-	-	-	1	2	3	4	5
PV FCF	-	-	-	-	-	-	(1,042,034.63)	(463,660.23)	(200,676.43)	(2,874,116.92)	1,830,977.87

AP5.2 Target Price calculation

Terminal growth rate	4.3%
WACC	7.4%
2026 cash flow	1,909,709.92
PV of terminal value	62,460,947.3
Sum of PV of free cash flows	(1,167,499.63)
Implied Enterprise value	61,293,447.67
Cash & Cash-equivalents	1,823,976.
Total debt	(4,601,724.)
Net Debt	(2,777,748.)
Implied Equity value (000 CNY)	58,515,699.67
Diluted Shares Outstanding	2,554,134,490.
Implied share prie (CNY)	22.91
Implied share price (HKD)	27.6
(exchange rate: 0.83CNY=1 HKD)	

AP5.3 Default spread chart

For all emerging market firms and developed market firms with market cap < \$5 billion					
If interest coverage ratio is greater than		≤ to	Rating is		Spread is
	12.5	100,000.		Aaa/AAA	0.01
	9.5	12.5		Aa2/AA	0.01
	7.5	9.5		A1/A+	0.01
	6.0	7.5		A2/A	0.01
	4.5	6.		A3/A-	0.01
	4.0	4.5		Baa2/BBB	1.56
	4.0	4.5		Ba1/BB+	0.02
	3.0	3.5		Ba2/BB	0.02
	2.5	3.		B1/B+	0.04
	2.0	2.5		B2/B	0.04
	1.5	2.		B3/B-	0.05
	1.3	1.5		Caa/CCC	0.08
	0.8	1.25		Ca2/CC	0.09
	0.5	0.8		C2/C	0.11
(100000.0)		0.5		D2/D	0.15

Source: NYU Stern

AP5.4 Re-levered average peers Beta

Entity Name	3 year Beta (levered)	2020 D/E ratio	Statutory tax r	unlevered beta
China Youzan Limited	1.2	5.2%	25%	1.26
Kingdee International Software Group Company Limited	1.1	2.2%	25%	1.12
Shopify Inc.	1.1	14.3%	20%	1.22
Zuora	1.1	47.7%	20%	1.44
Longshine Technology Group Co.,Ltd	1.1	12.5%	25%	1.17
salesforce	1.1	18.5%	20%	1.26
Average		16.7%		1.25
average peer unlevered beta		D/E ratio	tax rate	levered beta
Weimob	1.2	201.6%	25%	3.13
			adjusted beta	2.42

AP5.5 Realtime valuation in domestic and foreign market

Selected SaaS Companies in China (in thousands CNY)	Market Capitalization Latest	Shares Out LTM	Total R/	Total Equit	P/S	P/B
Kingdee International Software Group Company Limited (SEHK:268)	70697.7	3471.4	3841.4	7958.5	18.4	8.9
China Youzan Limited (SEHK:8083)	13208.5	17260.0	1800.2	4630.1	7.3	2.9
Ming Yuan Cloud Group Holdings Limited (SEHK:909)	36789.6	1855.1	2008.3	6569.5	18.3	5.6
NSFOCUS Technologies Group Co., Ltd. (SZSE:300369)	12068.4	782.6	2299.2	3496.0	5.2	3.5
Jiangsu Hoperun Software Co., Ltd. (SZSE:300339)	20761.6	779.9	2743.6	2869.4	7.6	7.2
Longshine Technology Group Co.,Ltd. (SZSE:300682)	33998.2	1024.0	4133.7	5584.9	8.2	6.1
Shanghai Weaver Network Co., Ltd. (SHSE:603039)	16444.1	260.6	1749.5	1346.8	9.4	12.2
Domestic mean	29138.3	3633.4	2653.7	4636.5	10.6	6.6
Selected SaaS Companies in the U.S.	Market Capitalization Latest	Shares Out LTM	Total R/	Total Equit	P/S	P/B
HubSpot, Inc. (NYSE:HUBS)	233878.1	47.0	7580.6	4885.3	30.9	47.9
Zuora, Inc. (NYSE:ZUO)	17631.1	124.6	2071.3	1101.2	8.5	16.0
Shopify Inc. (NYSE:SHOP)	1203087.9	125.6	26965.3	41001.1	44.6	29.3
salesforce.com, inc. (NYSE:CRM)	1899477.8	979.0	150783.8	265791.7	12.6	7.1
Foreign mean	838518.7	319.1	46850.3	78194.8	24.1	25.1
Overall mean	12.0	6.0	0.2	1.2	15.1	12.4
Weimob Inc. (SEHK:2013)	21800.5	2552.3	2394.8	1266.8	9.1	17.2

AP5.6 Relative valuation statistic summary

	P/S ratio	P/B ratio
domestic mean	10.6	6.6
foreign mean	24.1	25.1
overall mean	15.1	12.4
Weimob	9.1	17.2
Implied multiple	22.2	
implied target price (CNY)	20.8	
implied target price (HKD)	25.1	

Exchange Rate: 0.83CNY=1HKD