YEAHKA LIMITED
移卡有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9923)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

The board (the "**Board**") of directors (the "**Directors**") of YEAHKA LIMITED (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2020 together with the comparative figures for the year ended December 31, 2019.

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

KEY OPERATING DATA

	For the year ended December 31,		
	2020	2019	Change *(%)*
One-stop Payment Services			
Number of active payment service merchants *(thousand)* [1]	**5,516**	5,278	4.5
Number of consumers served via payment services *(thousand)*	**645,300**	367,785	75.5
Technology-enabled Business Services			
Number of technology-enabled business service customers *(thousand)*	**982**	431	128.2

Note:

(1) We define active payment service merchants as merchants who use our services for an aggregated transaction amount of over RMB1,000 for the past 12 months.

KEY FINANCIAL DATA

	For the year ended December 31,		Year on year
	2020	2019	Change
	RMB' 000	*RMB' 000*	*(%)*
Revenue	**2,292,903**	2,258,019	1.5
– One-stop payment services	**1,829,409**	2,081,051	–12.1
– Technology-enabled business services	**463,494**	176,968	161.9
– Merchant SaaS products	**29,912**	14,991	99.5
– Marketing services	**364,886**	109,225	234.1
– Fintech services	**68,696**	52,752	30.2
Gross profit	**743,679**	647,035	14.9
Gross margin	**32.4%**	28.7%	3.7[1]
Profit for the Year	**440,780**	84,663	420.6
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
– Basic	**1.45**	0.46	
– Diluted	**0.87**	0.39	

Note:

(1) Percentage points.

Our profit for the year increased by 420.6% from RMB84.7 million for the year ended December 31, 2019 to RMB440.8 million for the year ended December 31, 2020, primarily due to the growth of our technology-enabled business services and the gains from fair value changes of convertible redeemable preferred shares.

Revenue from our one-stop payment services decreased by 12.1% from RMB2,081.1 million for the year ended December 31, 2019 to RMB1,829.4 million for the year ended December 31, 2020, primarily due to (i) the decrease in the total gross payment volume ("**GPV**") we processed by 2.7% from RMB1,500.3 billion for the year ended December 31, 2019 to RMB1,459.6 billion for the year ended December 31, 2020 as a result of the outbreak of the coronavirus disease 2019 (COVID-19) (the "**Pandemic**"), which posed a degree of adverse impact to consumption in China, and hence demand for our payment services; and (ii) the decrease in average fee rate from 13.9 bps for the year ended December 31, 2019 to 12.5 bps for the year ended December 31, 2020.

Revenue from our technology-enabled business services increased by 161.9% from RMB177.0 million for the year ended December 31, 2019 to RMB463.5 million for the year ended December 31, 2020 as a result of the rapid growth in revenue from all types of our technology-enabled business services.

BUSINESS REVIEW

About Yeahka

Yeahka is a leading payment-based technology platform. The Company was listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in June 2020 under the stock code of 09923.HK. The Company's vision is to build a commercial digitalized ecosystem to enable seamless, convenient and reliable payment transactions among merchants and consumers, and to further provide a rich portfolio of diversified technology-enabled business services, including (i) merchant SaaS products, which help customers improve their operating efficiency; (ii) precision marketing services, which allow customers to effectively reach their target markets; and (iii) fintech services, which satisfy customers' diversified financing needs.

Core Strategy to Drive Healthy Vertical and Horizontal Business Development

The Company has gradually built an independent scalable commercial digitalized ecosystem. The Company leverages payment as an entry point to reduce customer acquisition costs, increase transactions between merchants and consumers, obtain insights into operation and behavior, and continuously upgrade technologies and products to provide business services for customers. Meanwhile, benefiting from the joint synergies of its technology-enabled business services and products, the Company has been able to realize cross-selling, enhance multi-dimensional data accumulation, strengthen cohesiveness between merchants and consumers, which in return fueled the growth of its payment business, thereby creating a closed-loop ecosystem that is based on payment and beyond payment. During the year ended December 31, 2020 (the "**Reporting Period**"), based on this core strategy, the scale of merchants, consumers and traffic within the Company's ecosystem had continuously increased, facilitating the growth of products and services including merchant SaaS product portfolio, precision marketing services and fintech services. The Company will continue to leverage the healthy expansion of payment services to widen the boundary of technology-enabled business services, continuing to create value for merchants and consumers.

Payment Services

During the Reporting Period, the Company continued to diversify payment channels to expand its merchant base. Meanwhile, the Company actively optimized its payment-based technology platform, further integrated its internal resources, substantially increased R&D investments and continuously refined the management of its payment business operations.

In recent years, the People's Bank of China (the "**PBOC**") has issued a number of administrative measures, significantly tightening the regulation of the third-party payment industry and raising the entry barriers, thereby creating an increasingly healthy environment for Yeahka to grow rapidly.

As compared to traditional payments, the Company's App-based payment services allow merchants to more conveniently reach consumers through their smart mobile devices. As an gateway business, it allows the Company to accumulate voluminous customer insights and create more opportunities to interact with merchants and consumers. During the Reporting Period, the Company has achieved significant results in expanding its payment service business. Although China's economy, particularly the business of offline small and micro merchants, experienced a relatively significant shock due to the impact of the Pandemic, transaction counts processed via App-based payment services recovered rapidly and exhibited sequential monthly increase since the second quarter. The total count of App-based payment transactions increased by 119.1%, while GPV increased by 28.5% in the second half of 2020 as compared to that in the first half of 2020. In particular, the peak daily average count of QR code payment transactions during the Reporting Period exceeded 30 million. Meanwhile, despite the temporary impact of the Pandemic, the number of active payment service merchants and the consumers served by the Company's payment services both continued to increase. By the end of October 2020, the number of active payment service merchants had rebounded to pre-pandemic level. As of December 31, 2020, the number of active payment service merchants increased by 4.5% year-on-year to 5.5 million. Meanwhile, the Pandemic has reshaped consumer behavior in multiple ways, as more and more consumers have turned to community stores and other "neighboring new consumption communities" for small and high-frequency purchases. During the first half of 2020, although the Pandemic was at its peak in China, the number of consumers served by the Company's payment services achieved a year-on-year increase of 115.5%. As of December 31, 2020, the number of consumers served by the Company's payment services increased by 75.5% year-on-year to 645 million.

The rapid recovery of the Company's payment services was attributable to its efforts in accelerating the optimization of multi-dimensional distribution channels during the Reporting Period. Firstly, the Company continued to collaborate with premium industry partners. With a strict monitoring system, the Company has developed a dimensional and hierarchical distribution network spreading across 314 cities in 30 provinces nationwide. As of December 31, 2020, the Company had collaborated with more than 10,000 independent sales agents and sales partners. Secondly, the Company proactively cooperated with nearly 900 merchant SaaS service providers that offer services in a wide range of offline-scenarios, including food and beverage, retail, parking, refueling, bike sharing, charger sharing, internet cafes, ticketing, tourist attractions, hotels and vending machines, by providing one-stop payment services to the merchants they served. Meanwhile, the Company also offered more comprehensive technology service solutions to these service providers by providing them with access to our other commercial digital products. Thirdly, by leveraging the abundant merchant resources and the nationwide branch network of joint stock banks, urban commercial banks and rural commercial banks, the Company co-developed a merchant payment service system and jointly provided bank card acquiring services with these banks, thereby helping these banks maintain and expand their merchant accounts, while accelerating the Company's efforts to establish payment channels and provide technology-enabled business services for merchants. As of December 31, 2020, the Company had established a merchant resources sharing system with nearly 50 banks, efficiently expanding the Company's payment service business.

In terms of emerging payment methods, the Company set up dedicated teams during the Reporting Period to support developments in areas such as digital currencies. During the Reporting Period, the Company started to deploy innovative applications for digital currencies and mobile payments in a bid to accelerate breakthroughs regarding the key technologies in the fields of mobile payments and terminal safety in relation to digital currencies, including e-wallet management, innovative applications based on e-wallets and financial IC cards, applications combining blockchain and digital currencies, as well as digital currency chip cards. Meanwhile, the Company developed close partnerships with top commercial banks in Shenzhen and was actively involved in the PBOC's official digital currency pilot project in Shenzhen. Going forward, the Company will continue to develop key technologies and enrich the context of use in diversified case scenarios related to digital currencies, aiming to better meet the market and customers' needs with relevant products and technology services when digital currency is officially launched in the future.

Merchant SaaS Product Portfolio

The Company has accumulated substantial merchant resources through its payment services. As merchants continuously digitalized their operations, the Company provided a comprehensive merchant SaaS product portfolio by leveraging the Company's deep understanding of merchant needs over the past decade. Yeahka's solutions have been built to meet enterprise-level standards and functionalities while being tailor-designed based on the unique characteristics of our merchants for simplicity and ease-of-use. The Company's one-stop products and services enabled merchants to manage store procurement, sales and inventory, process orders and one-stop payment collection, acquire and build relationships with consumers, operate native traffic, secure financial supports, and access in-depth business analytics and reports, which in turn reduce their operating costs, improve the efficiency of customer acquisition and increase customer loyalty.

During the Reporting Period, RYK Capital Partners Limited ("**RYK Capital**"), an investment platform jointly established by the Company and Recruit Holdings Co., Ltd., a renowned Japanese Internet company, invested in Fushi Technology (Shenzhen) Co., Ltd. ("**Fushi**"). Fushi's one-stop merchant digitalized platform, "Haoshengyi" (好生意), is one of the core parts of the Company's ecosystem that helps the Company expand and serve its merchant base. As of December 31, 2020, Fushi had expanded its coverage to 25 cities nationwide and accumulated more than 320,000 merchants. The count of its peak daily payment transactions had exceeded 7.3 million, which was quadrupled in a single year in 2020, and the daily active users of its merchant App had exceeded 120,000 as of December 31, 2020. As of March 22, 2021, the count of Haoshengyi's peak daily payment transactions had exceeded 8.1 million. In February 2021, Fushi secured over RMB100 million series-A equity investment from Nomura Special Investments Singapore Pte. Ltd ("**Nomura Asset Management**"), a well-known foreign bank-backed asset management company, and IVP Annex I LLC ("**IVP**"), a renowned global venture capital firm. In March 2021, Fushi has reached an understanding in respect to its series A+ equity financing with ABCI and Cowin Capital, a leading investment firm in China. Pursuant to the understanding, ABCI is expected to invest USD10.0 million and Cowin Capital, through Shenzhen South China Chengzhanggongying Equity Investment Fund (Limited Partnership), a fund under its management, is expected to invest USD5.0 million.

The nationwide merchant network covered by its payment services allows the Company to timely and efficiently collect insights into merchant needs, which in turn helps the Company's R&D team to timely devote to the development of SaaS products and services that address merchants' common pain points. Meanwhile, after completing preliminary development, the Company can directly and repeatedly test and flexibly iterate new products and services with selected merchants and markets through Fushi. Once SaaS products and services are ready to launch, the Company's nationwide diversified merchant services network will be utilized to cross-sell the same from multiple dimensions. The Company's SaaS products and services are primarily accessible to merchants through online channels such as WeChat mini programs and merchant applications, as well as other offline touch-points, such as Smart Shopkeeper and Zhibaiwei.

During the Reporting Period, with the accumulation of market insights, the Company continuously enriched its SaaS product portfolio via proprietary R&D and external investments, to meet the broad demands of a large number of offline small and micro merchants in the retail, catering and other industries. Meanwhile, the Company continued to increase its R&D investments and upgrade functionalities of its products, with an aim to improve merchant stickiness by enhancing their operating efficiency, as well as managing and enlarging their private traffic.

For the retail industry, in 2020, the Company launched Juhuisaosao (聚惠掃掃), a proprietary aggregation payment tool with voice reminding function. Juhuisaosao can effectively reduce order delays and omissions during rush hours. Leveraging the big data capabilities of the Company's ecosystem, Juhuisaosao can provide merchants with multi-dimensional transaction reports and analysis, cash flow analysis and forecasts via mobile devices and WeChat mini programs based on their needs, thereby allowing merchants to gain additional insights into their business performance and facilitating business decisions. Since its launch, Juhuisaosao has been well received by merchants. In the first half of 2020, it had served over 11,000 merchants, which further increased significantly by 439.1% to 63,250 merchants in the second half of the year. During the Reporting Period, Juhuisaosao recorded daily peak sales volume of 1,191 units. In 2020, the Company also launched Smart Store (智慧小店), a lightweight SaaS product that offers merchants a one-stop platform to manage store procurement, sales and inventories. Meanwhile, based on the store management needs of merchants, Smart Store can be integrated with Juhuisaosao, which effectively transforms Juhuisaosao from a vertical SaaS product to a platform-based SaaS product. During the Reporting Period, RYK Capital as an investment platform jointly established by the Company and Recruit Holdings Co., Ltd. also strategically invested in Zhibaiwei (智百威). By capitalizing on Zhibaiwei's reach in the retail sector covering maternal and infant supplies, clothing and supermarkets, the Company integrated its various technology products and operational services with Zhibaiwei to provide an integrated intelligent cloud business solution to small and micro merchants.

For the catering industry, China's catering industry has entered a new era of diversification. The Company has launched enhanced solutions that target at different segments of the catering industry and types of merchants under two brands, namely "Smart Shopkeeper" (智掌櫃) and "Milican" (米粒餐). In particular, "Smart Shopkeeper" targets catering merchants with single stores, while "Milican" targets catering franchise brands with multiple stores. In order to capture opportunities arising from the trend of a more segmented and refined merchant market, during the Reporting Period, the Company developed and launched multiple versions to cover different segments of the catering market, including fast-food, formal dining, tea and beverages, fresh food and snacks. These products offer industry-specific functions such as taste preference adjustment, timely price adjustment, and inventory updates, supported by expandable add-on modules including intelligent procurement forecast, inventory taking, transaction tracking and store management. The Company's product portfolio includes an integrated SaaS restaurant management platform that has built-in Android operating system and can be upgraded online and integrated with the Company's other SaaS products. As compared to that in the first half of 2020, the number of merchants served by Smart Shopkeeper rose by 86.4% in the second half of the year. As of December 31, 2020, the total number of merchants served by Smart Shopkeeper increased by 201.1% year-on-year. The App ranked one of the tops on various Chinese mainstream e-commerce platforms in terms of sales volume and review ratings. During the Reporting Period, RYK Capital as an investment platform jointly established by the Company and Recruit Holdings Co., Ltd. also invested in Jiangsu Ruipos Data Technology Co., Ltd., a SaaS service provider focusing on domestic catering chains, including tea and beverages, fast food and lu wei (braised snacks) restaurants, with the aim of quickly expanding its presence in the China catering industry. In addition, the Company's portfolio companies include Shenzhen Xunxiang Technology Co., Ltd. (樂外賣), a technology company offering SaaS software products for O2O food delivery, errands, intra-city distribution and other services. Lewaimai's principal fast food delivery business achieved rapid growth despite the impact of the Pandemic during the Reporting Period.

Meanwhile, in order to help merchants manage decentralized native traffic, in March 2020, the Company launched Yuehuiquan (約惠圈), a coupon aggregation and distribution platform built upon blockchain's underlying technology. As of December 31, 2020, the accumulated number of merchants of Yuehuiquan had exceeded 56,000. Currently, Yuehuiquan manages millions of coupons and was named and given a recordation number in the domestic blockchain-based information service by the Cyberspace Administration of the PRC in October in the same year. Leveraging the characteristics of decentralization and unamendability of blockchain, Yuehuiquan helps catering merchants issue, distribute and verify coupons, ensuring coupon traceability and safety, which will enhance merchant credibility and allow them to implement marketing campaigns more effectively. Yuehuiquan provides an easy-to-use toolkit for merchants to distribute coupons for marketing purposes, and the merchants can sign up on the platform and create discount, price-break and cash coupons based on various existing templates, and thereafter distribute and share coupons on their social platforms. These functions will enable merchants to acquire users, enlarge their native traffic, enhance customer engagement, encourage repeat purchases, improve operating efficiency, thereby boosting overall revenue. Yuehuiquan has been seamlessly connected to the Group's payment system, which enables a direct product verification function during payment transactions, thereby providing consumers and merchants with a convenient product experience. After continuous testing and refinements, in January 2021, the Group launched Yuehuiquan Pro, a community based fully-automated membership management platform, with the aim of assisting more merchants build customized membership programs from scratch and satisfying merchant's' increasing needs for customization. Comparing to Yuehuiquan, Yuehuiquan Pro, powered by automated algorithms, helps merchants automatically create chat groups through coupon leaflets and QR codes, automatically send greetings to customers and automatically push coupons to customers. It also brings functions of reward points redemption, limited time offer, group buying, lucky draw and keyword responses. These functions will allow merchants to reach their customers effectively, enhance user retention, conversion and repeat purchases efficiencies, and reduce operating costs, allowing them to operate their own native traffic more effectively and flexibly. Currently, both Yuehuiquan and Yuehuiquan Pro have been embedded into the Company's ecosystem to bolster its other SaaS products, including Haoshengyi, Juhuisaosao, Smart Shopkeeper, Zhibaiwei, complementing its strengths in membership management and marketing system. By connecting the values transmission network between consumer traffics and merchants, the Company is promoting the digital transformation of micro, small and medium enterprises, which will in turn improve the Company's overall technology-enabled business services portfolio.

Precision Marketing Services

The Company is dedicated to building a precision digital marketing platform based on diversified data traffic. Using proprietary payment data, combined with traffic from a wide range of use case scenarios, Yeahka maximizes value for its customers by intelligently matching target users with advertisers and merchants through its precision marketing services. In recent years, the Company has established a proprietary data management platform ("**DMP**"), and used it as the core to launch a precision advertising marketing platform – "Juliang" (聚量). During the Reporting Period, the total exposures of the Company's marketing services were more than 23.9 times of that in 2019. According to research data from Oliver Wyman Consulting, QR code payments will see annual growth rates of 36.9% till 2023, bringing huge opportunities for exposure to offline consumption scenarios. At the same time, dispersed offline traffic owners lack awareness of the potential of monetizing or the ability to monetize their customer data, while advertisers want to more accurately target their customers to boost advertising effectiveness. Yeahka uses its Juliang platform to connect advertisers with traffic owners, aggregating traffics from offline use case scenarios through an open portal. Based on the proprietary payment data, the Company expanded its diversified use case scenarios including catering, retail, parking, refueling, ticketing, bicycle sharing, charger sharing, internet cafés, tourist attractions and vending machines. Meanwhile, Yeahka leveraged its growing artificial intelligence ("**AI**") and machine learning capabilities to intelligently match target users, refining and labelling data in Juliang, thus precisely matching offline traffic owners' demands for monetization with advertisers' demand for advertisement placement results. In addition, according to the Company's estimate, over 4,000 business districts in China were responsible for over 80% of the offline consumer transactions. The Company has been exploring new marketing models that incorporate online and offline merchant groups to address merchants' marketing pain points.

Apart from the above, the Company proactively sought external expansion for its precision marketing services and made significant progress in diversifying its traffic via cooperation with online media such as Tencent and Toutiao. In November and December 2020, the Company reached an agreement to acquire a total of 85% equity interest in Beijing Chuangxinzhong Technology Co., Ltd. (北京創信眾科技有限公司)("**Chuangxinzhong**"), a leading content performance-based marketing service provider in China. The acquisition will not only allow the Company to quickly expand its advertising inventory, but will also further enhance its capabilities in collecting data related to user behaviors and preferences, benefiting from Chuangxinzhong's online media network, which will quickly bolster the Company's consumer profiles based on their preferences, data dimensions and strengthen traffic labels within Juliang, as well as improve its placement efficiency. During the Reporting Period, the Company also set up a short video center, aiming to improve its creativity of advertising contents by leveraging Chuangxinzhong's short video production capabilities to enhance the effectiveness of its digital marketing services.

Fintech Services

As commercial digitalization allows the Company to continuously accumulate insights into merchants and consumer demands, Yeahka has continuously developed fintech services for merchants, including loan facilitation services, entrusted loan services, small-sized loan and insurance referral services. During the Reporting Period, the Company prudently expanded its fintech business.

To optimize risk control at the greatest extent, the Company continued to invest in the R&D of risk control system to enhance its risk identification and management capabilities. Meanwhile, leveraging AI and machine learning algorithms to analyze and categorize merchant and consumer databases, the Company appropriately raised its lending standards. As it is expected that the PRC government will further encourage and promote inclusive finance and "small-store economy", the Company will stay committed to compliantly providing short-term financial solutions to merchants and consumers, and continuously enabling digital transformation by combining with the Company's other SaaS products.

During the Reporting Period, the total number of transactions that the Company facilitated was approximately RMB568.5 million, representing an increase of 15.2% as compared to that in 2019, with a weighted average tenure of 10.39 months. As of December 31, 2020, the M1+ delinquency rate by vintage (over 30 days overdue) remained stable at around 1.05% since the second quarter of the year, demonstrating the effectiveness of the Company's credit risk management capabilities in various economic cycles. In addition, during the Reporting Period, insurance referral services that the Company has jointly launched with insurance companies, such as fund security insurance and deferred payment insurance, maintained steady growth.

Yeahka's Underlying Technologies

The Company has made approximately RMB293.3 million R&D investment over the past three years. In 2020, the Company continued to strengthen its efforts in underlying technologies, aiming to maintain a stable, accurate, timely and highly secure transaction system.

As of December 31, 2020, the Company's various technical teams responsible for IT systems and infrastructure, large-scale distributed application technology, big data computing technology and AI were all led by experienced experts with extensive technical backgrounds. The Company's R&D personnel accounted for more than 67.6% of its total number of employees.

During the Reporting Period, with its strong underlying technologies and infrastructure, through building server facilities in various locations, deploying hybrid cloud structure, refining its operations and maintenance by conducting disaster recovery assessments and regular enhancement drills, the Company's transaction system achieved a daily processing capacity of 100 million transactions with high transactional stability which had remained intact from the impact of multiple external network failures. For infrastructure construction, the Company's backbone network bandwidth increased by 10 times from that in 2019. For big data processing, the Company's data warehouse scale and average daily processing data volume both achieved rapid growth.

The Company's sophisticated anti-fraud system automatically analyzes information across multiple dimensions to evaluate and minimize fraud exposure. It promptly identifies and intercepts fraudulent and suspicious transactions. As of December 31, 2020, the Company had not encountered any incidents where the Company failed to screen and report merchants that were identified as suspected money launderers by the PBOC. During the Reporting Period, the Company's fraud loss rate was 0.000022%.

In recent years, the Company has actively explored blockchain applications and practices in business scenarios, and has made solid progress in blockchain-based coupons. On October 30, 2020, Yeahka's consumer cloud platform was included in the fourth batch of domestic blockchain-based information service recordation list issued by the Cyberspace Administration of the PRC, and was utilized in a wide range of business scenarios. E-coupons generated by Yuehuiquan (約惠圈) will be stored, circulated and verified based on the underlying blockchain technology.

Meanwhile, the Company has integrated AI-powered graphic recognition, bio-recognition and blockchain technology into its payment services and merchant SaaS products to better control security. The Company has also applied image and video recognition and blockchain technology to enable automated real-time customer verification. Utilizing the Company's proprietary machine learning and blockchain-based algorithms, the Company's credit risk model is capable of intelligently analyzing a massive database, comprising over 3,600 proprietary and third-party variables for credit assessment, risk calculation and risk pricing.

RESULTS OF PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2020

	For the year ended December 31, 2020	2019
	RMB'000	*RMB'000*
Revenue	**2,292,903**	2,258,019
Cost of revenue	**(1,549,224)**	(1,610,984)
Gross profit	**743,679**	647,035
Selling expenses	**(73,691)**	(66,869)
Administrative expenses	**(181,273)**	(129,564)
Research and development expenses	**(127,778)**	(78,400)
Impairment losses on financial assets	**(50,189)**	(27,411)
Other income	**13,482**	4,983
Other gains – net	**28,196**	2,922
Operating profit	**352,426**	352,696
Finance costs	**(9,822)**	(5,615)
Share of losses of investments accounted for using equity method	**(13,964)**	(14,521)
Fair value changes of convertible redeemable preferred shares	**125,822**	(181,521)
Profit before income tax	**454,462**	151,039
Income tax expenses	**(13,682)**	(66,376)
Profit for the year	**440,780**	84,663
Profit for the year attributable to:		
Equity holders of the Company	**438,907**	84,663
Non-controlling interests	**1,873**	–

Revenue

We generate revenue primarily through our two main types of business, namely (i) one-stop payment services; and (ii) technology-enabled business services. Our revenue increased by 1.5% from RMB2,258.0 million for the year ended December 31, 2019 to RMB2,292.9 million for the year ended December 31, 2020, primarily due to the rapid growth of technology-enabled business services, which was partially offset by the decrease in revenue from one-stop payment services as a result of the Pandemic.

The following table sets forth our revenue by business types for the years indicated:

	For the year ended December 31,			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Revenue from one-stop payment services	**1,829,409**	**79.8**	2,081,051	92.2
Revenue from technology-enabled business services	**463,494**	**20.2**	176,968	7.8
Merchant SaaS products	**29,912**	**1.3**	14,991	0.7
Marketing services	**364,886**	**15.9**	109,225	4.8
Fintech services	**68,696**	**3.0**	52,752	2.3
Total	**2,292,903**	**100.0**	2,258,019	100.0

One-stop payment services

Revenue from our one-stop payment services decreased by 12.1% from RMB2,081.1 million for the year ended December 31, 2019 to RMB1,829.4 million for the year ended December 31, 2020, primarily due to (i) the decrease in GPV we processed by 2.7% from RMB1,500.3 billion for the year ended December 31, 2019 to RMB1,459.6 billion for the year ended December 31, 2020 as a result of the Pandemic, which posed a degree of adverse impact to consumption in China, and hence demand for our payment services; and (ii) the decrease in average fee rate from 13.9 bps for the year ended December 31, 2019 to 12.5 bps for the year ended December 31, 2020.

Technology-enabled business services

Revenue from our technology-enabled business services increased by 161.9% from RMB177.0 million for the year ended December 31, 2019 to RMB463.5 million for the year ended December 31, 2020 as a result of the rapid growth in revenue from all types of our technology-enabled business services.

Merchant SaaS products

Revenue from our merchant SaaS products increased by 99.5% from RMB15.0 million for the year ended December 31, 2019 to RMB29.9 million for the year ended December 31, 2020, primarily due to our continuous efforts in launching new products and improving existing ones.

Marketing services

Revenue from our marketing services increased by 234.1% from RMB109.2 million for the year ended December 31, 2019 to RMB364.9 million for the year ended December 31, 2020, primarily due to (i) the increase in the number of technology-enabled business service customers, and our enhanced monetization capability; (ii) the growth of our precision marketing service as a result of the increase in our advertising inventory following the adoption of open platform traffic strategy, and the enhanced advertisement placement accuracy as a result of our continuous accumulation of data and improvement in analytics capabilities; and (iii) the acquisition of Tuozhanbao Internet Financial Services (Shenzhen) Co., Ltd. (拓展寶互聯網金融服務(深圳)有限公司 (the business operations of which have been subsequently transferred to Shenzhen Letuobao Technology Co., Ltd. (深圳樂拓寶科技有限公司)) and Chuangxinzhong in June 2019 and November 2020, respectively, the results of which were consolidated into our Group's financial statements.

Fintech services

Revenue from our fintech services increased by 30.2% from RMB52.8 million for the year ended December 31, 2019 to RMB68.7 million for the year ended December 31, 2020, primarily due to the growth of our entrusted loan business, small-sized loan business and loan facilitation service.

Cost of Revenue

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

	For the year ended December 31,			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Commissions and marketing costs	**1,433,606**	**92.5**	1,480,894	91.9
Processing fees	**14**	**0.0**	35,983	2.2
Amortization of non-current assets	**57,366**	**3.7**	57,459	3.6
Others	**58,238**	**3.8**	36,648	2.3
Total	**1,549,224**	**100.0**	1,610,984	100.0

Our cost of revenue decreased by 3.8% from RMB1,611.0 million for the year ended December 31, 2019 to RMB1,549.2 million for the year ended December 31, 2020, primarily due to (i) the decrease in commissions paid to payment distribution channels by RMB161.3 million following the decrease in the total GPV we processed resulting from the Pandemic, and (ii) the significant decrease in processing fees paid to payment networks for using their settlement services, which have been provided largely free of charge since the second half of 2019, which are partially offset by (i) the increase in commissions paid to marketing distribution channels and partners by RMB108.0 million as a result of the rapid growth of our marketing services, and (ii) the increase of RMB16.9 million in costs related to our merchant SaaS products due to business expansion.

The following table sets forth a breakdown of our cost of revenue by business type for the years indicated:

	For the year ended December 31,			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
One-stop payment services	**1,346,076**	**86.9**	1,551,041	96.3
Technology-enabled business services	**203,148**	**13.1**	59,943	3.7
Total	**1,549,224**	**100.0**	1,610,984	100.0

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin by business type for the years indicated:

	For the year ended December 31,			
	2020		2019	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*
One-stop payment services	**483,333**	**26.4**	530,010	25.5
Technology-enabled business services	**260,346**	**56.2**	117,025	66.1
Total	**743,679**	**32.4**	647,035	28.7

Our gross profit increased by 14.9% from RMB647.0 million for the year ended December 31, 2019 to RMB743.7 million for the year ended December 31, 2020 as a result of the significant growth of our technology-enabled business services. Our gross profit margin increased from 28.7% for the year ended December 31, 2019 to 32.4% for the year ended December 31, 2020, primarily due to the rapid growth of our technology-enabled business services, which had a higher level of gross profit margin than that of one-stop payment service.

Gross profit margin of our one-stop payment services increased from 25.5% for the year ended December 31, 2019 to 26.4% for the year ended December 31, 2020, primarily because we decreased the commission rate of our distribution channels since the second half of 2020 as they gradually recovered from the impacts of the Pandemic.

Gross profit margin of technology-enabled business services decreased from 66.1% for the year ended December 31, 2019 to 56.2% for the year ended December 31, 2020, primarily due to the increase in the proportion of revenue contributed by marketing services, which had a relatively lower gross profit margin.

Selling Expenses

Our selling expenses increased by 10.2% from RMB66.9 million for the year ended December 31, 2019 to RMB73.7 million for the year ended December 31, 2020, primarily due to (i) the increase in our sales and marketing headcount; and (ii) the enhanced efforts in promoting our merchant SaaS products, which are partially offset by the adjustment of our marketing strategy to cooperate more with distribution channels and less with online media publishers.

Administrative Expenses

Our administrative expenses increased by 39.9% from RMB129.6 million for the year ended December 31, 2019 to RMB181.3 million for the year ended December 31, 2020, primarily due to (i) the increase in our employee benefits and our office and other administrative expenses by RMB11.5 million and RMB25.1million, respectively, due to the increase in our headcount; and (ii) the increase in depreciation and amortization expense of RMB7.7 million following the increase in our leased area.

Research and Development Expenses

Our research and development expenses increased by 63.0% from RMB78.4 million for the year ended December 31, 2019 to RMB127.8 million for the year ended December 31, 2020, primarily due to (i) the increase in our employee benefits of RMB34.8 million as a result of the increase in headcount; and (ii) the increase in system development, consulting and data validation cost of RMB8.3 million.

Impairment Losses on Financial Assets

Our impairment losses on financial assets increased by 83.1% from RMB27.4 million for the year ended December 31, 2019 to RMB50.2 million for the year ended December 31, 2020, primarily because we prudently increased the impairment provision for loan receivables.

Other Income

Our other income increased by 170.6% from RMB5.0 million for the year ended December 31, 2019 to RMB13.5 million for the year ended December 31, 2020, primarily due to the increase in interest income from bank deposits of RMB5.4 million, primarily being interests from our deposits of the net proceeds from (i) the Global Offering and the exercise of the Over-allotment Option (as defined in the Company's prospectus dated May 20, 2020 (the "**Prospectus**")); and (ii) the Subscription (as defined in the announcement of the Company dated December 3, 2020) in relation to the subscription for new shares under the general mandate.

Other Gains – Net

We recorded other gains – net of RMB2.9 million for the year ended December 31, 2019, primarily due to deemed disposal gains from an associate of RMB2.2 million. We recorded other gains – net of RMB28.2 million for the year ended December 31, 2020, primarily due to gains on our deemed disposal of an associate of RMB20.0 million.

Operating Profit

As a result of the foregoing, we recorded operating profit of RMB352.7 million for the year ended December 31, 2019 and RMB352.4 million for the year ended December 31, 2020.

Finance Costs

Our finance costs increased by 74.9% from RMB5.6 million for the year ended December 31, 2019 to RMB9.8 million for the year ended December 31, 2020, primarily due to the increase in interest expense of RMB3.5 million from our bank borrowings.

Share of Losses of Investments Accounted for Using the Equity Method

Our share of losses of investments accounted for using the equity method remained stable at RMB14.5 million and RMB14.0 million, respectively for the year ended December 31, 2019 and 2020.

Fair Value Changes of Convertible Redeemable Preferred Shares

We recognized losses from fair value changes of the convertible redeemable preferred shares of RMB181.5 million for the year ended December 31, 2019, while we recorded gains from fair value changes of the convertible redeemable preferred shares of RMB125.8 million for the year ended December 31, 2020. The fair value of these shares as at December 31, 2019 was determined with reference to a valuation performed by an independent valuer, whereas their fair value as at the date of conversion was determined with reference to the offering price upon the Listing.

Profit Before Income Tax

As a result of the foregoing, our profit before income tax increased by 201.0% from RMB151.0 million for the year ended December 31, 2019 to RMB454.5 million for the year ended December 31, 2020.

Income Tax Expenses

Our income tax expenses decreased by 79.4% from RMB66.4 million for the year ended December 31, 2019 to RMB13.7 million for the year ended December 31, 2020. Our effective tax rate decreased from 43.9% to 3.0% during the same period, primarily because (i) losses from fair value changes of convertible redeemable preferred shares for the year ended December 31, 2019 were not deductible for tax purposes, while the gains from which for the year ended December 31, 2020 were not subject to income tax and (ii) two of our profitable entities were qualified as Software Enterprises (軟件企業) and were exempted from income tax for the year ended December 31, 2020.

Profit for the Year

As a result of the foregoing, our profit increased by 420.6% from RMB84.7 million for the year ended December 31, 2019 to RMB440.8 million for the year ended December 31, 2020.

Non-IFRS Measures

We adopt the adjusted net profit, which is not required by or presented in accordance with IFRS as an additional financial measure to supplement our consolidated financial statements. We believe that the non-IFRS measures facilitate comparisons of operating performance from period to period and company to company, by eliminating potential impacts of items that our management does not consider indicative of our operating performance. We believe that the non-IFRS measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of the non-IFRS measure has limitations as an analytical tool, and the investors and shareholders of the Company (the "**Shareholders**") should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit as profit for the period adjusted by adding (i) fair value changes of the convertible redeemable preferred shares; (ii) share-based compensation expenses and (iii) listing expenses. The following table illustrates reconciliations to our adjusted net profit from our profit for the years indicated:

	Unaudited For the year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Profit for the year	**440,780**	84,663
Add:		
Fair value changes of convertible redeemable preferred shares	**(125,822)**	181,521
Share-based compensation expenses	**18,143**	9,661
Listing expenses	**27,496**	25,171
Adjusted net profit	**360,597**	301,016

Our adjusted net profit for the year increased by 19.8% from RMB301.0 million for the year ended December 31, 2019 to RMB360.6 million for the year ended December 31, 2020, primarily due to the growth of our technology-enabled business services, which had a higher profit margin as compared to one-stop payment services.

Capital Structure

Our total assets increased from RMB2,274.0 million as of December 31, 2019 to RMB5,623.4 million as of December 31, 2020. Our total liabilities decreased from RMB2,829.5 million as of December 31, 2019 to RMB2,456.5 million as of December 31, 2020. Liabilities-to-assets ratio decreased from 124.4% as of December 31, 2019 to 43.7% as of December 31, 2020.

Our current ratio, being current assets divided by current liabilities as of the respective date, increased from 1.35 as of December 31, 2019 to 2.16 as of December 31, 2020.

Liquidity, Capital Resources and Gearing

For the year ended December 31, 2020, we financed our operations primarily through cash generated from business operations, bank borrowings and capital contributions from the Shareholders. Our cash and cash equivalents increased by 476.1% from RMB441.3 million as of December 31, 2019 to RMB2,542.3 million as of December 31, 2020, primarily attributable to the net proceeds from (i) the Global Offering and the exercise of the Over-allotment Option; and (ii) the Subscription in relation to the subscription for new shares under the general mandate.

Our gearing ratio, being borrowings divided by total equity and multiplied by 100%, was 6.7% as of December 31, 2020. We had net liabilities as of December 31, 2019, hence no gearing ratio is presented.

Capital Expenditures

Our capital expenditures primarily consist of payments for purchasing property, plant and equipment, intangible assets and for other non-current assets. Our total capital expenditures decreased by 63.2% from RMB105.3 million for the year ended December 31, 2019 to RMB38.7 million for the year December 31, 2020.

Indebtedness

Our indebtedness mainly includes interest-bearing bank borrowings. The following table sets forth a breakdown of our interest-bearing borrowings, lease liabilities and other payables due to creditors as of the dates indicated:

	As of December 31,	
	2020	2019
	RMB'000	*RMB'000*
Non-current		
Lease liabilities	**31,723**	17,568
Current		
Bank borrowings (unsecured with guarantee)	**211,000**	116,500
Borrowings from other non-bank financial institution (unsecured with guarantee)	**–**	20,000
Lease liabilities	**23,845**	10,212
Other payables – payable to creditors	**6,582**	38,738
Total	**273,150**	203,018

Contingent Liabilities

As of December 31, 2020, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that was likely to have a material and adverse effect on our business, financial condition or results of operations.

Pledge of Assets

As of December 31, 2020, we did not pledge any of our assets.

Foreign Exchange Risk and Hedging

As we operate mainly in the PRC with most of the transactions settled in RMB, we consider that our business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities that are denominated in the currencies other than the respective functional currencies of the Group's entities. We do not use any derivative contracts to hedge against our exposure to foreign exchange risk. We manage currency risks by closely monitoring the movement of the foreign currency rates and will take prudent measures to minimize the currency translation risk.

Material Acquisitions or Disposals and Future Plans for Major Investments

Acquisition of 42.5% Equity Interest in Chuangxinzhong

On November 9, 2020, Yeahka Technology Limited (an indirect wholly-owned subsidiary of the Company) as the purchaser, Tianjin Pinghe Management Consulting Partnership (Limited Partnership) ("T**ianjin Pinghe**") and certain other parties thereto entered into an equity transfer agreement, pursuant to which Yeahka Technology Limited has agreed to acquire 42.5% equity interest in Chuangxinzhong from Tianjin Pinghe at a total consideration of RMB170,000,000, which shall be settled in cash. Following the satisfaction of the conditions precedent and waivers (as the case may be) under the equity transfer agreement, completion of the acquisition took place on November 30, 2020. For further details, please refer to the Company's announcements dated November 9, 2020 and November 30, 2020, and circular dated January 29, 2021.

Acquisition of the Entire Issued Share Capital in CHUANGXINZHONG LTD

On December 24, 2020, the Company as the purchaser, Source Winner Limited, Bright Usening Limited, Better One Limited, Nice Globe Limited and Summer.A Limited (collectively, the "**Vendors**"), and certain other parties thereto entered into a share purchase agreement, pursuant to which the Company has agreed to purchase, and the Vendors have agreed to sell sale shares representing the entire issued share capital of the CHUANGXINZHONG LTD, at a total consideration of RMB170,000,000. The consideration shall be settled by (i) payment of RMB15,000,000 in cash; and (ii) the allotment and issue of 4,902,718 shares of the Company (the "**Consideration Shares**") to the Vendors at the issue price of HK$37.50 per share. Completion of the acquisition is subject to satisfaction of the conditions precedent to the sale and purchase agreement including, among others, (i) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Consideration Shares; and (ii) the Restructuring (as defined in the Company's announcement dated December 24, 2020) having been completed. After the Restructuring, CHUANGXINZHONG LTD will indirectly own 42.5% equity interest in Chuangxinzhong.

In addition, as the Vendors are connected persons of the Company at the subsidiary level, the acquisition is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). An extraordinary general meeting of the Company has been duly convened on February 22, 2021 to approve the share purchase agreement and the transactions contemplated thereunder, and the grant of the specific mandate for the allotment and issue of the Consideration Shares.

For further details, please refer to the Company's announcements dated December 24, 2020 and December 28, 2020 and circular dated January 29, 2021.

Save as above, we did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in (i) the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus; and (ii) the section headed "Use of Proceeds" in the Company's announcement dated December 4, 2020, we have no specific plan for major investment or acquisition for major capital assets or other businesses. However, we will continue to identify new opportunities for business development.

Significant Events After the Reporting Period

Save as disclosed in this announcement, there are no material events subsequent to December 31, 2020 which could have a material impact on our operating and financial performance as of the date of this announcement.

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended December 31, 2020.

Annual General Meeting

The annual general meeting of the Company (the "**AGM**") will be held on Friday, June 25, 2021. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

Closure of Register of Members

For the purpose of ascertaining the members' eligibility to attend and vote at the AGM, the Company's register of members will be closed from Tuesday, June 22, 2021 to Friday, June 25, 2021, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, June 21, 2021.

Company Information

The Company was incorporated in the Cayman Islands on September 8, 2011 as an exempted company with limited liability, and the shares were listed on the Main Board of the Hong Kong Stock Exchange on June 1, 2020.

Employees

As of December 31, 2020, we had a total of 768 employees, substantially all of whom were based in China.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and bonuses. We determine employee remuneration based on factors such as qualifications and years of experience. Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits.

RSU SCHEME

A RSU scheme (the "**RSU Scheme**") was adopted by the Company on August 1, 2019. The RSU Scheme will be valid and effective for a period of ten years, commencing from the date of the first grant of the RSUs, being August 1, 2019. Further details of the RSU Scheme are set out in "Statutory and General Information — D. Share Incentive Schemes — 2. RSU Scheme" in Appendix IV of the Prospectus.

On January 7, 2021, the Company granted a total of 390,000 RSUs to a total of six RSU grantees pursuant to the RSU Scheme. Further details of the above grant of RSU were set out in the announcement of the Company dated January 7, 2021.

Save as disclosed above, as of the date of this announcement, no further RSUs have been or would be granted by the Company after the date of Listing pursuant to the RSU Scheme.

SHARE OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") was adopted by the Company on October 13, 2020. The purpose of the Share Option Scheme is to attract, retain, and motivate talented employees to strive towards long term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. The Share Option Scheme remains valid for a period of ten years commencing on October 13, 2020. Further details of the Share Option Scheme were set out in the circular of the Company dated September 24, 2020.

On January 7, 2021, a total of 4,586,000 share options were granted to 121 option grantees in accordance with the Share Option Scheme to subscribe for a total of 4,586,000 shares of the Company, at the exercise price of HK$44.20 per share. Further details of the above grant of share options were set out in the announcement of the Company dated January 7, 2021.

Save as disclosed above, as of the date of this announcement, no further options have been or would be granted by the Company after the date of Listing pursuant to the Share Option Scheme.

USE OF PROCEEDS FROM THE LISTING

The Company was listed on the Stock Exchange on June 1, 2020. The net proceeds (after deducting underwriting fees and commissions and other expenses paid and payable by the Company in connection with the initial public offering) raised during our initial public offering amounted to approximately HKD1,698.8 million. The following table sets forth the status of the use of net proceeds from the initial public offering:

Intended use of proceeds	**Percentage of intended use of proceeds** *(%)*	**Intended use of proceeds from the initial public offering** [(1)] *(In HKD millions)*	**Actual usage up to December 31, 2020** [(1)] *(In HKD millions)*	**Unutilized net proceeds as of December 31, 2020** [(1)] *(In HKD millions)*	**Expected timeline for utilizing the remaining net proceeds**
Implementing sales and marketing initiatives in China and overseas markets	20.0	339.7	67.2	272.5	By the first half of 2022
Expanding our technology-enabled business services offerings	35.0	594.6	319.5	275.1	By the first half of 2021
Enhancing our research and technology capabilities	35.0	594.6	96.0	498.6	By the second half of 2022
Working capital and general corporate purposes	10.0	169.9	75.4	94.5	By the first half of 2021
Total	100.0	1,698.8	558.1	1,140.7	–

Note:

(1) The figures in the table are approximate figures.

USE OF PROCEEDS FROM THE PLACING

Reference is made to the Company's announcements dated December 3, 2020, December 4, 2020, December 10, 2020 and December 17, 2020. The Group successfully raised total net proceeds (after deducting all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses) of approximately HKD778.0 million through the top-up placing of 20,795,052 shares of the Company to not less than six professional, institutional and/or individual investors at the placing price of HKD37.88 per share on December 17, 2020. As of December 31, 2020, the net proceeds from the Subscription had not been used. The net proceeds will be applied (i) as to approximately 25.0% for developing and enhancing marketing services; (ii) as to approximately 25.0% for investing in new initiatives that are highly complementary to the Company's current business; (iii) as to approximately 15.0% for recruiting business specialists and product managers in technology-enabled business services; (iv) as to approximately 15.0% for strategic alliances with, investment in or acquisitions of highly complementary business service providers, including advertising platforms and SaaS developers; and (v) as to approximately 20.0% for working capital and general corporate purposes.

ROUNDING

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31, 2020 RMB'000	2019 RMB'000
Revenue	*3*	**2,292,903**	2,258,019
Cost of revenue	*6*	**(1,549,224)**	(1,610,984)
Gross profit		**743,679**	647,035
Selling expenses	*6*	**(73,691)**	(66,869)
Administrative expenses	*6*	**(181,273)**	(129,564)
Research and development expenses	*6*	**(127,778)**	(78,400)
Impairment losses on financial assets	*13(b)*	**(50,189)**	(27,411)
Other income	*4*	**13,482**	4,983
Other gains – net	*5*	**28,196**	2,922
Operating profit		**352,426**	352,696
Finance costs		**(9,822)**	(5,615)
Share of losses of investments accounted for using the equity method	*9*	**(13,964)**	(14,521)
Fair value changes of convertible redeemable preferred shares	*18*	**125,822**	(181,521)
Profit before income tax		**454,462**	151,039
Income tax expenses	*7*	**(13,682)**	(66,376)
Profit for the year		**440,780**	84,663
Attributable to:			
Equity holders of the Company		**438,907**	84,663
Non-controlling interests		**1,873**	–
		440,780	84,663
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**(156,620)**	(19,993)
Total comprehensive income for the year		**284,160**	64,670
Attributable to:			
Equity holders of the Company		**282,287**	64,670
Non-controlling interests		**1,873**	–
		284,160	64,670
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
– Basic	*8*	**1.45**	0.46
– Diluted	*8*	**0.87**	0.39

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at December 31, 2020** *RMB'000*	2019 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**65,285**	39,854
Intangible assets	*10*	**367,056**	170,676
Investments accounted for using the equity method	*9*	**24,865**	31,067
Prepayments and other receivables	*13*	**15,375**	32,279
Financial assets at fair value through profit or loss	*11*	**84,895**	41,046
Other non-current assets		**36,847**	90,450
Deferred tax assets		**15,082**	8,504
		609,405	413,876
Current assets			
Other current assets		**9,600**	46,698
Inventories		**16,220**	7,282
Trade receivables	*12*	**332,741**	43,528
Prepayments and other receivables	*13*	**2,098,975**	1,159,213
Financial assets at fair value through profit or loss	*11*	**14,133**	–
Restricted cash		**–**	162,124
Cash and cash equivalents		**2,542,316**	441,315
		5,013,985	1,860,160
Total assets		**5,623,390**	2,274,036
EQUITY			
Share capital		**73**	31
Reserves		**2,759,130**	260,345
Retained earnings/(accumulated losses)		**360,584**	(815,872)
Equity/(deficit) attributable to equity holders of the Company		**3,119,787**	(555,496)
Non-controlling interests		**47,068**	–
Total equity/(deficit)		**3,166,855**	(555,496)

	Note	As at December 31, **2020** *RMB'000*	2019 *RMB'000*
LIABILITIES			
Non-current liabilities			
Other payables	*16*	**11,785**	56,880
Lease liabilities		**31,723**	17,568
Financial liabilities at fair value through profit or loss	*18*	**77,243**	1,373,447
Deferred tax liabilities		**11,295**	6,002
		132,046	1,453,897
Current liabilities			
Trade and other payables	*16*	**2,035,399**	1,164,851
Contract liabilities	*15*	**26,508**	25,910
Current tax liabilities		**27,737**	38,162
Lease liabilities		**23,845**	10,212
Borrowings	*17*	**211,000**	136,500
		2,324,489	1,375,635
Total liabilities		**2,456,535**	2,829,532
Total equity and liabilities		**5,623,390**	2,274,036

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						
	Share capital *RMB'000*	Share premium *RMB'000*	Other reserves *RMB'000*	Retained earnings/ (accumulated losses) *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
Balance at January 1, 2020	31	324,899	(64,554)	(815,872)	(555,496)	–	(555,496)
Profit for the year	–	–	–	438,907	438,907	1,873	440,780
Other comprehensive loss	–	–	(156,620)	–	(156,620)	–	(156,620)
Total comprehensive income	–	–	(156,620)	438,907	282,287	1,873	284,160
Transactions with owners							
Issuance of ordinary shares relating to an initial public offering, net of share issuance costs	20	1,617,727	–	–	1,617,747	–	1,617,747
Issuance of ordinary shares relating to placement, net of share issuance costs	4	655,596	–	–	655,600	–	655,600
Conversion of convertible redeemable preferred shares to ordinary shares	14	1,276,395	–	–	1,276,409	–	1,276,409
Share premium set off the accumulated losses and other reserves	–	(861,158)	87,235	773,923	–	–	–
Transfer shares to awardees of employee share scheme upon vesting	4	(174,907)	–	–	(174,903)	–	(174,903)
Non-controlling interests arising from business combinations	–	–	–	–	–	45,195	45,195
Employee share schemes value of employee services	–	18,143	–	–	18,143	–	18,143
Profit appropriations to statutory reserves	–	–	36,374	(36,374)	–	–	–
	42	2,531,796	123,609	737,549	3,392,996	45,195	3,438,191
Balance at December 31, 2020	73	2,856,695	(97,565)	360,584	3,119,787	47,068	3,166,855
Balance at January 1, 2019	30	147,102	(44,561)	(900,535)	(797,964)	–	(797,964)
Profit for the year	–	–	–	84,663	84,663	–	84,663
Other comprehensive loss	–	–	(19,993)	–	(19,993)	–	(19,993)
Total comprehensive income	–	–	(19,993)	84,663	64,670	–	64,670
Transactions with owners							
Share issued for Tuozhanbao Internet Financial Service (Shenzhen) Co., Ltd ("Tuozhanbao") acquisition	3	236,657	–	–	236,660	–	236,660
Share repurchase	(2)	(68,521)	–	–	(68,523)	–	(68,523)
Employee share schemes value of employee services		9,661	–	–	9,661	–	9,661
	1	177,797	–	–	177,798	–	177,798
Balance at December 31, 2019	31	324,899	(64,554)	(815,872)	(555,496)	–	(555,496)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

YEAHKA LIMITED (the "Company") was incorporated in the Cayman Islands on September 8, 2011, as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Vistra (Cayman) Limited, P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, ky1-1205, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since June 1, 2020.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the "Group"), are principally engaged in the provision of payment services and technology-enabled business services to retail merchants and consumers in the People's Republic of China (the "PRC").

Mr. Liu Yingqi ("Mr. Liu"), a PRC citizen, is the ultimate controlling shareholder of the Company.

The financial statements for the year ended December 31, 2020 are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated. The financial statements for the year ended December 31, 2020 have been approved for issue by the Company's board of directors (the "Board") on March 25, 2021.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

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

(a) Amended standards adopted by the group

The Group has applied the following amendments for the first time for their annual reporting period commencing January 1, 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards, amendments and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective on January 1, 2020 and not been early adopted by the Group during the year are as follows:

		Effective for annual periods beginning on or after
Amendments to IFRS 10 and International Accounting Standards ("IAS") 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 17 Insurance Contracts	Insurance Contracts	January 1, 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021
Proceeds before intended use – Amendments to IAS 16	Property, Plant and Equipment	January 1, 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020		January 1, 2022

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. Management is in the process of performing preliminary assessment upon adopting these standards, amendments and interpretations to the existing IFRSs.

3. REVENUE AND SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-maker ("CODM"). The Group's CODM has been identified as the CEO of the Company, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group. As a result of this evaluation, the CEO consider that the Group's operations are operated and managed as a single segment; accordingly, no segment information is presented.

The Company is domiciled in the Cayman Islands while the Group's non-current assets and revenues are substantially located in and derived from the PRC, therefore, no geographical segments are presented.

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
One-stop payment services	**1,829,409**	2,081,051
Technology-enabled business services	**463,494**	176,968
Total revenue	**2,292,903**	2,258,019

For the years ended December 31, 2020 and 2019, interest income from entrusted loans and small-sized retail loans amounting to approximately RMB47,850,000 and approximately RMB34,121,000, respectively, are included in revenue derived from technology-enabled business services. Except for interest income mentioned above, revenues of the Group are recognized at a point in time according to the provision prescribed under IFRS 15.

4. OTHER INCOME

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Government grants	**6,141**	3,517
Interest income from loans to an associate	**457**	–
Interest income from bank deposits	**6,884**	1,466
	13,482	4,983

5. OTHER GAINS, NET

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Gains on deemed disposal of an associate *(Note 9(a))*	**20,000**	2,217
Net fair value gains/(losses) on financial assets at fair value through profit or loss	**9,831**	(530)
Exchange losses	**(2,152)**	–
Gains on investments in wealth management products	**–**	966
Loss on disposal of property, plant and equipment	**–**	(6)
Others	**517**	275
	28,196	2,922

6. EXPENSES BY NATURE

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Commissions and marketing costs	**1,433,606**	1,480,894
Employee benefit expenses	**197,743**	147,383
Advertising and promotion expenses	**35,073**	33,663
Amortization of non-current assets	**57,366**	57,459
Raw materials and consumables	**28,352**	11,479
System development, consulting and data validation	**22,661**	14,387
Outsourcing service fees	**22,167**	5,220
Depreciation of property, plant and equipment	**19,462**	12,232
Office expenses	**16,328**	12,898
Amortization of intangible assets	**12,309**	6,305
Rental expense relating to short-term leases	**10,125**	8,631
Professional service fees	**8,895**	3,984
Merchants validation fee	**5,073**	2,735
Auditor's remuneration	**4,914**	1,048
Travel and transportation	**4,027**	5,805
Levies and surcharges	**2,549**	5,609
Impairment of investment in an associate *(Note 9)*	**4,000**	3,413
Processing fees to payment networks	**14**	35,983
Listing expenses	**27,496**	25,171
Others	**19,806**	11,518
	1,931,966	1,885,817

7. INCOME TAX EXPENSES

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Current tax	**23,042**	40,503
Deferred income tax	**(9,360)**	25,873
	13,682	66,376

(a) Cayman Islands and British Virgin Islands corporate income tax

Under the current laws of Cayman Islands and the British Virgin Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 8.25% on the estimated assessable profits up to HKD2,000,000; and 16.5% on any part of the estimated assessable profits over HKD2,000,000 for the years ended December 31, 2020 and 2019.

(c) PRC CIT

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the years ended December 31, 2020 (2019: 25%).

Shenzhen Yeahka Technology Co., Ltd. ("Shenzhen Yeahka") had applied to the relevant tax bureau and was granted the qualification as "High and New Technology Enterprise" ("HNTE") in October 2018. As a result, it is subject to a preferential CIT rate of 15% for a 3-year period from 2018 to 2020.

Leshua Technology Co., Ltd. ("Leshua") had applied to the relevant tax bureau and was granted the qualification as HNTE in October 2017 and renewed in December 2019, as a result, it is subject to a preferential CIT rate of 15% for a 5-year period from 2017 to 2021.

Shenzhen Letuobao Technology Co., Ltd. ("Shenzhen Letuobao ") had obtained the relevant approval from relevant tax bureau as "Software Enterprise" in November 2020. Therefore, Letuobao was exempt from CIT for two years, followed by a 50% reduction in the applicable tax rates (i.e.12.5%) for the following three years, commencing from the first year of profitable operation after offsetting tax losses generating from prior years. Its first profit making year was 2019, thus the tax exemption period for Letuobao was from January 1, 2019 to December 31, 2020.

Beijing Chuangxinzhong Technology Co., Ltd. ("Chuangxinzhong") had obtained the relevant approval from relevant tax bureau as "Software Enterprise" in April 2020. Therefore, Chuangxinzhong was exempt from CIT for two years, followed by a 50% reduction in the applicable tax rates (i.e.12.5%) for the following three years, commencing from the first year of profitable operation after offsetting tax losses generating from prior years. Its first profit making year was 2019, thus the tax exemption period for Chuangxinzhong was from January 1, 2019 to December 31, 2020.

(d) Research and development super deduction

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 150% of their research and development expenses before 2018 and 175% since 2018 so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits.

(e) PRC Withholding Tax ("WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. The Group does not have any plan to require its PRC subsidiaries to distribute their retained earnings and intends to retain them to operate and expand its business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as at the end of each reporting period.

8. EARNINGS PER SHARE

On April 30, 2020, pursuant to a shareholders' resolution of the Company passed, each then existing issued and unissued share of US$0.0001 each in the then share capital of the Company were subdivided into 4 shares of US$0.000025 each. Following the share subdivision, the weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 31 December 2020 and 2019 has been retrospectively adjusted.

(a) Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended December 31,	
	2020	2019
Profit attributable to equity holders of the Company (in RMB thousands)	**438,907**	84,663
Weighted average number of ordinary shares in issue (in thousands) *(i)*	**303,327**	184,372
Basic earnings per share (expressed in RMB per share)	**1.45**	0.46

(i) Weighted average number of ordinary shares in issue for the year ended December 31, 2020 has been determined based on the number of shares in issue, after considering the effect of 174,520,725 shares subdivision, 110,126,400 shares issued relating to initial public offering, 83,384,372 shares issued relating to conversion of preferred shares to ordinary shares, 27,459,759 shares transfers from restricted share scheme units to the awardees upon vesting and 20,795,052 shares issued relating to placement.

(b) Diluted earnings per share

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

The Group has three categories of potential ordinary shares that may affect the calculation of diluted earning per shares: convertible redeemable preferred shares, share options/restricted share issued to employees and returnable ordinary shares issued for the acquisition of Tuozhanbao as mentioned in Note 20.

During the years ended December 31, 2019, the convertible redeemable preferred shares were anti-dilutive due to their conversion to ordinary shares would increase the earnings per share. For the year ended December 31, 2020, these convertible redeemable preferred shares which had potential dilutive effect to the diluted earnings per share has been converted to ordinary shares of the Company.

For the returnable ordinary shares issued in 2019 for the acquisition of Tuozhanbao as described in Note 20, only the portion of unreturnable shares was included in the calculation of diluted earnings per share as if December 31, 2020 were the ending of the contingency period.

For the year ended December 31, 2020 and 2019, restricted share granted by the Group have potential dilutive effect to the diluted earnings per share.

After considering all of the above factors, for year ended December 31, 2020, the diluted earnings per share is RMB0.87 per share; while for year ended December 31, 2019, the diluted earnings per share is RMB0.39 per share.

	Year ended December 31,	
	2020	2019
Profit attributable to equity holders of the Company (in RMB thousands)	**438,907**	84,663
Adjustments for vested restricted share units in the year (in thousands)	**4,662**	–
Adjustments for the convertible redeemable preferred shares (in thousands)	**(125,822)**	–
Adjusted profit attributable to equity holders of the Company	**317,747**	84,663
Weighted average number of ordinary shares in issue (in thousands)	**303,327**	184,372
Adjustments for returnable ordinary shares (in thousands)	**7,689**	1,372
Adjustments for unvested restricted share units (in thousands)	**17,562**	32,295
Adjustments for the convertible redeemable preferred shares (in thousands)	**34,630**	–
Weighted average number of ordinary shares for the calculation of diluted earnings per share (in thousands)	**363,208**	218,039
Diluted earnings per share (expressed in RMB per share)	**0.87**	0.39

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
At the beginning of the year	**31,067**	37,426
Additions	**11,762**	9,358
Share of losses	**(13,964)**	(14,521)
Deemed disposal from an associate	**–**	2,217
Provision for impairment	**(4,000)**	(3,413)
At the end of the year	**24,865**	31,067

(a) In February 2020, the Group invested 50% interest in Shenzhen Leshua Shangquan Technology Co., Ltd. ("Leshua Shangquan") for a cash consideration of RMB5 million and obtained significant influence over Leshua Shangquan through board representation. Accordingly, Leshua Shangquan became an associate of the Group accounted for using the equity method. In November 2020, the Group further acquired 5% interest in Leshua Shangquan for a cash consideration of RMB2 million, after which the Group has obtained control of Leshua Shangquan with majority rights. Accordingly, Leshua Shangquan became a subsidiary of the Group and the previous carrying amount of interest in associate had been was revalued to its fair value on the date of control with the difference of RMB20,000,000 recognised as deemed disposal gains and recorded in "other gains, net".

(b) With a valuation performed by a third-party independent valuer by using the market approach, the Directors assessed that the recoverable amount of Shenzhen Chaomeng Financial Technology Information Service Co., Ltd. ("Chao Meng") as at December 31, 2020 was lower than the respective carrying amount of investment by RMB4,000,000 (2019: RMB3,413,000), and accordingly, an impairment provision of the same amount had been charged against the investment and recorded as an expense in the consolidated financial statements of the Group for the year ended December 31, 2020.

10. INTANGIBLE ASSETS

	Goodwill *RMB'000*	Customer relationship *RMB'000*	Software *RMB'000*	Platform *RMB'000*	Brand name *RMB'000*	Total *RMB'000*
At December 31, 2018						
Cost	5,524	–	1,285	–	–	6,809
Accumulated amortization and impairment	(5,524)	–	(357)	–	–	(5,881)
Net book amount	–	–	928	–	–	928
Year ended December 31, 2019						
Opening net book amount	–	–	928	–	–	928
Additions	–	–	413	–	–	413
Business combination *(Note 20)*	145,840	29,800	–	–	–	175,640
Amortization charge	–	(5,794)	(511)	–	–	(6,305)
Closing net book amount	145,840	24,006	830	–	–	170,676
At December 31, 2019						
Cost	151,364	29,800	1,698	–	–	182,862
Accumulated amortization and impairment	(5,524)	(5,794)	(868)	–	–	(12,186)
Net book amount	145,840	24,006	830	–	–	170,676
Year ended December 31, 2020						
Opening net book amount	145,840	24,006	830	–	–	170,676
Additions	–	–	1,145	–	–	1,145
Business combination *(Note 20)*	156,044	48,000	–	1,300	2,200	207,544
Amortization charge	–	(11,533)	(546)	(108)	(122)	(12,309)
Closing net book amount	301,884	60,473	1,429	1,192	2,078	367,056
At December 31, 2020						
Cost	307,408	77,800	2,843	1,300	2,200	391,551
Accumulated amortization and impairment	(5,524)	(17,327)	(1,414)	(108)	(122)	(24,495)
Net book amount	301,884	60,473	1,429	1,192	2,078	367,056

The amortization of intangible assets has been charged to the consolidated statement of profit or loss as follows:

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Cost of revenue	**9,933**	5,794
Administrative expenses	**2,376**	511
	12,309	6,305

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVPL")

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Current assets		
Investment in a listed entity *(a)*	**14,133**	–
Non-current assets		
Investment in unlisted entities *(b)*	**42,000**	–
Contingent consideration *(c)*	**42,895**	41,046
	84,895	41,046
	99,028	41,046

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
At the beginning of the year	**41,046**	–
Additions	**48,535**	41,576
Changes in fair value	**9,831**	(530)
Currency translation differences	**(384)**	–
At the end of the year	**99,028**	41,046

(a) In September 2020, the Group invested 0.25% interest in Joy Spreader Interactive Technology. Ltd. for a cash consideration of USD2 million and classified as FVPL.

(b) The balance comprises the Group's investments in convertible redeemable preferred shares in Fushi Technology (Shenzhen) Co., Ltd. ("Fushi") acquired in July 2020, and 3.6% equity interest in Hangzhou Shouzhan Technology Co., Ltd ("Shouzhan") acquired in December 2020 with the cash consideration prepaid in full in 2019.

(c) The balance is derived from contingent consideration in relation to the acquisition of Tuozhanbao, which were completed in June 2019. The fair value change of contingent consideration in relation to Tuozhanbao amounted to RMB1,849,000 in 2020 (2019: RMB530,000). The determination of fair value and the related sensitivity analysis was set out in Note 20(c)(ii).

12. TRADE RECEIVABLES

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**332,741**	43,528

(a) As at December 31, 2020 and 2019 trade receivable of marketing commission and advertising fee amounted to approximately RMB324,142,000. (2019: RMB39,839,000).

(b) The carrying amounts of the trade receivables balances were approximate to their fair value as at December 31, 2020 and 2019. All the trade receivables balances were denominated in RMB.

(c) The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(d) The Group allows a credit period within 30-180 days to its customers.

13. PREPAYMENTS AND OTHER RECEIVABLES

(a) Prepayments and other receivables in non-current assets

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Prepayments for:		
– Investment in Shouzhan *(Note 11(b))*	**–**	20,000
– Investment in Fushi	**–**	10,000
– Leasehold improvement	**8,250**	–
– Others	**2,500**	–
Rental deposits	**4,625**	2,279
	15,375	32,279

(b) Prepayments and other receivables in current assets

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Prepayments		
Prepaid listing expenses	**–**	8,010
Prepayments for SAAS terminals	**44,501**	18,490
Prepayments to media publishers and advertising agents	**29,503**	–
Others	**12,830**	7,227
Sub-total	**86,834**	33,727
Other receivables		
Amounts due from related parties	**64,121**	30,810
Receivables from payment networks *(i)*	**1,465,109**	800,658
Lease deposits	**15,354**	5,907
Payment network deposits	**1,466**	1,500
Loan receivables *(ii)*	**396,930**	242,615
Deposits placed with financial institutions	**83,643**	40,366
Others	**23,572**	23,378
Less: allowance for impairment of loan receivables *(iii)*	**(16,550)**	(10,244)
Less: allowance for amount due from Chao Meng *(iv)*	**(21,504)**	(9,504)
Sub-total	**2,012,141**	1,125,486
	2,098,975	1,159,213

(i) The amount represents funds processed by the Group during the course of providing its one-stop payment services to merchants, which had been received by the payment networks, and would be then transferred to the respective merchants through the Group in accordance with the terms of agreements entered into between the Group and the merchants.

(ii) The loan receivables mainly comprise entrusted loans and small-sized loans to various borrowers provided by the Group or through various financial institutions including the Yunnan Trust – Star No.2005 Aggregated Fund Trust Scheme and Yunnan Trust – Star No.2001 Aggregated Fund Trust Scheme. The loans bore interest rate from 8% to 36% per annum and with lending periods of less than one year.

(iii) For loan receivables, the expected loss rates are determined based on the historical loss rates as well as the average expected loss rates of some small loan companies in the same industry. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables.

As to loan receivables, a significant increase in credit risk is presumed when they become overdue. Under such case, the loan receivables are classified as underperforming receivables.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group writes off receivables when a debtor fails to make contractual payments/repayable demanded greater than 180 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

As at December 31, 2020 and 2019, the Group provided for credit losses against loan receivables as follows:

Loan receivables	Basis for recognition of expected credit loss provision	Expected credit loss rate	Gross amount	Carrying amount (net of impairment provision)	Expected credit loss rate	Gross amount	Carrying amount (net of impairment provision)
		As at December 31, 2020			As at December 31, 2019		
			RMB'000	*RMB'000*		*RMB'000*	*RMB'000*
Loan Receivable							
– Performing	12 months expected losses	**3%**	**390,707**	**378,165**	2%	228,069	223,964
– Underperforming	Lifetime expected losses	**64%**	**6,223**	**2,215**	42%	14,546	8,407
			396,930	**380,380**		242,615	232,371

The Directors assessed and determined the 12 month expected loss rate of performing loans to be 3% and 2% for the years ended December 31,2020 and 2019, respectively, based on the Group's actual historical loss rate adjusted by forward-looking information on macro-economic factors affecting customers' repayment ability.

No significant changes to estimation techniques or assumptions were made.

Movement on the provision for impairment of loan receivables are set out as follows:

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
At the beginning of the year	**10,244**	1,871
Provision for impairment	**38,189**	17,907
Write off bad debts	**(31,883)**	(9,534)
At the end of the year	**16,550**	10,244

(iv) For the year ended December 31, 2020, the Directors had made an impairment provision of RMB12,000,000 (2019: RMB9,504,000) against the carrying amount of balance due from Chao Meng, which resulted in an aggregate amount of impairment provision of RMB21,504,000 against the carrying amount of balance due from Chao Meng as at December 31, 2020, based on the uncertainty of ongoing arbitration results. The directors consider that the provision set up reflected the current best estimate on the recoverable amount of such balance up to the date of approval of the financial statements.

(v) The carrying amounts of the other receivable's balances approximate their fair value as at December 31, 2020 and 2019. All the prepayments and other receivable balances were denominated in RMB.

14. DIVIDENDS

No dividends have been paid or declared by the Company for year ended December 31, 2020 (2019: Nil).

15. CONTRACT LIABILITIES

Contract liabilities represent deferred revenues arising from advertising fees, entry fees received from merchants and fair value of unconsumed coupons sold to merchants for reduction against payment processing commissions, which are recognized as revenue based on the accounting policy.

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
At the beginning of the year	**25,910**	72,178
Received from merchants	**48,895**	147,493
Received from advertising customers	**108,121**	–
Revenue recognized	**(156,418)**	(193,761)
At the end of the year	**26,508**	25,910

As at December 31, 2020 and 2019, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of one year or less. Therefore, as permitted by the relevant practical expedient under IFRS 15, the transaction price allocated to these unsatisfied performance obligations were not disclosed.

16. TRADE AND OTHER PAYABLES

(a) Other payables in non-current liabilities

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Entry fees received from distribution – channels *(v)*	**11,785**	56,880

(b) Trade and other payables in current liabilities

	As at December 31, 2020 *RMB'000*	2019 *RMB'000*
Trade payables *(i)*	**240,241**	74,112
Other payables		
Amounts due to a related party	**–**	480
Deposits from distribution channels *(ii)*	**55,165**	38,337
Payables to merchants *(iii)*	**1,415,108**	957,760
Payables to Chuangxinzhong original shareholders *(iv)*	**85,000**	–
Employee benefit payables	**44,281**	31,147
Individual income tax payables *(vii)*	**148,310**	3,752
Other taxes payables	**11,447**	4,246
Listing expenses payables	**1,204**	5,111
Payables to creditors *(vi)*	**6,582**	38,738
Others	**28,061**	11,168
	1,795,158	1,090,739
	2,035,399	1,164,851

(i) Trade payables mainly represent amounts due to media publisher, suppliers for purchase of payment terminals and other equipment; commission payable to distribution channels for one-stop payment services and processing fees payable to payment networks and financial institutions.

(ii) The amount represents refundable deposits placed by distribution channels with the Group when they signed up the distribution channel agreements with the Group. It would be refunded to the respective distribution channel upon expiration of the agreements.

(iii) The balance represents funds processed by the Group for merchants, which are required to be settled with merchants upon the respective contractual settlement clearance dates.

(iv) The amount represents the first installment of cash consideration payable by the Group for acquiring 42.5% of the equity interest in Chuangxinzhong (Note 20), according to the terms of the purchase agreement. The amount was subsequently fully settled to the original shareholders of Chuangxinzhong February 2021.

(v) The amount represents one-off and upfront entry fees received from distribution channels, which is credited to profit or loss to off-set-commission paid and payable to the respective distribution channels using the straight-line method over the expected beneficial period of 3 years.

(vi) The balance represents fund raised from third party creditors in relation to the small-sized retail loans granted to customers since September 2019 (Note 13(b)(ii)) through the Yunnan Trust – Star No.2005 Aggregated Fund Trust Scheme and Yunnan Trust – Star No.2001 Aggregated Fund Trust Scheme. The balance bore interest at a rate of 8.0% to 9.0% per annum.

(vii) The balance of December 31, 2020 mainly represents individual income tax to be paid on behalf of awardees upon their vesting of the Company's shares.

(viii) As at December 31, 2020 and 2019, trade and other payables were all denominated in RMB and the fair values of these balances were approximated to their carrying amounts.

17. BORROWINGS

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Current		
Bank borrowings unsecured with guarantee *(a)*	**211,000**	116,500
Borrowing from other non-banking financial institution unsecured with guarantee *(b)*	**–**	20,000
	211,000	136,500

(a) For the years ended December 31, 2020 and 2019, bank borrowings with guarantee bore effective interest rate of 5.2% and 5.5% per annum, respectively.

As at December 31, 2020, bank borrowing of RMB107,000,000 of Shenzhen Yeahka was guaranteed by Leshua, Shenzhen Feiquan Cloud Data Service Co., Ltd. and the Company.

As at December 31, 2020, bank borrowings of RMB97,000,000 of Leshua was guaranteed by Shenzhen Yeahka and the Company.

As at December 31, 2020, bank borrowing of RMB7,000,000 of Chuangxinzhong was guaranteed by Beijing Zhongguancun Technology Financing Guarantee Co., Ltd. and Beijing Haidian Technology Enterprise Financing Guarantee Co., Ltd.

As at December 31, 2019, bank borrowing of RMB30,000,000 of Leshua was guaranteed by Shenzhen High-tech Investment and Guaranty Co., Ltd., Shenzhen Yeahka, Mr. Liu and his wife, Ms. Luo Haiying ("Mrs. Liu").

As at December 31, 2019, bank borrowings of RMB86,500,000 of Shenzhen Yeahka were guaranteed by Shenzhen Small & Medium Enterprises Credit Financing Guarantee Group Co., Ltd., Leshua, Mr. Liu and Mrs. Liu.

(b) As at December 31, 2019, other borrowings of RMB10,000,000 and RMB10,000,000 bore effective interest rates of 12% and 6.5% per annum, respectively, and were both guaranteed by Shenzhen Hi-tech Investment and Financing Guarantee Co., Ltd., Shenzhen Yeahka, Mr. Liu and and Mrs. Liu.

18. FINANCIAL LIABILITIES AT FVPL

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Contingent consideration *(a)*	**77,243**	–
Convertible redeemable preferred shares *(b)*	**–**	1,373,447
	77,243	1,373,447

(a) It represented cash consideration payable which the ultimate payout is contingent upon to certain annual profit guarantee in years ended November 30, 2021, 2022 and 2023. The determination of fair value and the related sensitivity analysis was set out in Note 20(a).

(b) The movement of the convertible redeemable preferred shares is set out below:

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Opening balance	**1,373,447**	1,179,180
Redemption of Series C Preferred Shares	**–**	(52,356)
Issuance of Series C Preferred Shares	**–**	43,891
Changes in fair value	**(125,822)**	181,521
Currency translation differences	**28,784**	21,211
Conversion to ordinary shares	**(1,276,409)**	–
Closing balance	**–**	1,373,447

Upon the IPO of the Company on June 1, 2020, all convertible redeemable preferred shares were converted into 83,384,372 ordinary shares of the Company at the final offer price of HKD16.64 per share, among which, approximately RMB14,000 was recognised as share capital and approximately RMB1,276,395,000 was recognised as share premium.

19. SHARE-BASED PAYMENTS

Under a stock incentive plan approved by the board of directors of the Company (the "Share Option Plan"), several batches of share options were granted to certain employees and directors in the years of 2013, 2016, 2017 and 2018, respectively.

In August 2019, the board of directors of the Company passed a resolution, according to which all outstanding options representing 8,527,346 shares* of the Company granted under the Share Option Plan were converted into 8,527,346 shares* of Restricted Share Units ("RSU") granted to the same option holders, who became eligible participants under the RSU scheme. There was no modification of terms or conditions which had increased the fair value of the equity instruments granted and such arrangement was accounted for as the continuance of the original Share Option Plan. The Company granted additional 881,000 RSUs* to other participants in August 2019.

* The numbers of shares were presented as before the effect of the share subdivision.

Details are as follows:

Grant date (yyyy/mm/dd)	Number of RSU after share split	Vesting period	Exercise price (in USD)	Expiration terms
2013/1/1	5,514,696	1 year	0.000025	15 years from date of grant
2016/2/1	20,194,688	11 months	0.000025	Same as above
2017/1/1	5,120,000	1 year	0.000025	Same as above
2018/1/1	3,280,000	To be vested evenly within a 4-year period from vesting commencement	1.06	Same as above
2019/8/1	3,524,000	To be vested evenly with in a 4-year period from vesting commencement	1.62	Same as above

The share-based compensation expenses recognized during the years ended December 31,2020 and 2019 are summarized in the following table:

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Employee share schemes – value of employee services	**18,143**	9,661

(a) Movements in the number of RSUs outstanding and their related exercise prices:

	Average exercise price (RMB)	Number of RSUs
Outstanding balance as at January 1, 2020	6.59	9,408,346
Effect of share subdivision	–	28,225,038
Vested during the year	0.62	(33,250,384)
Forfeited during the year	8.58	(240,000)
Outstanding balance as at December 31, 2020	9.49	4,143,000
Outstanding balance as at January 1, 2019	2.66	8,527,346
Granted during the year	44.55	881,000
Outstanding balance as at December 31, 2019	6.59	9,408,346

At August 1, 2020, 33,250,384 shares in RSU were transferred to the awardees upon vesting and 240,000 shares were forfeited in the year ended December 31, 2020 (2019: Nil).

The fair value of RSUs granted in 2019 was RMB19.61 per share. The Group had adopted the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary shares.

Significant judgement made by the directors in applying the binomial model in 2019 granting which are summarized as below.

Risk-free interest rate	3.32%
Dividend yield	0.00%
Expected volatility	36.19%

20. BUSINESS COMBINATIONS

(a) Acquisition of Chuangxinzhong

On November 9, 2020, in order to obtain user profiles and traffic data of the Company's data management platform, and optimize its artificial intelligence-driven delivery model to achieve good marketing return on advertising, the Company acquired 42.5% of the equity interest in Chuangxinzhong from the original shareholders for a consideration of RMB170,000,000.

Chuangxinzhong is mainly engaged in provision of marketing services relating to internet services in the PRC.

Up to November 30, 2020, all above mentioned transactions had been completed. The Company had obtained 42.5% equity interests of Chuangxinzhong and majority voting rights of board of directors and shareholders meeting of Chuangxinzhong, and started to control Chuangxinzhong. In addition, the Company has been entitled to all risks and rewards of Chuangxinzhong.

Goodwill of approximately RMB120,873,000 had been recognized for the acquisition of Chuangxinzhong, which represents the excess of the purchase consideration over the fair value of the net identifiable assets acquired. It is attributable to the acquired market share and economies of scale expected to be derived from combining the operations of Chuangxinzhong with the operations of the Group. None of the goodwill recognized is expected to be deductible for income tax purposes.

The following table summarises the consideration to be paid for the acquisition, the fair value of assets acquired, and liabilities assumed at the acquisition date:

	RMB'000
Purchase consideration payables	85,000
Contingent consideration *(Note 18)*	77,243
Total consideration payables by the Company	162,243

The separately identifiable assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
	RMB'000
Cash and cash equivalents	21,615
Trade receivables	182,596
Prepayments and other receivables	8,359
Other current assets	3,238
Plant and equipments	313
Intangible assets – customer relationship	48,000
Borrowings	(7,000)
Trade and other payables	(143,090)
Tax payables	–
Contract liabilities	(9,340)
Lease liability	(150)
Deferred tax liabilities	(7,200)
Non-controlling interests	(55,971)
Total identifiable net assets	**41,370**
Goodwill	**120,873**

As set out in the share purchase agreement, the contingent consideration will be paid by the Company through three-year instalments which ultimately amounts are RMB28,390,000, RMB28,390,000 and RMB28,220,000, respectively. The company shall be entitled to adjust contingent consideration upon the completion of profit guarantee set out for each of the three years ending November 30, 2021, 2022 and 2023. The fair value of such contingent consideration has been accounted for as a financial liability at fair value through profit or loss. The fair value of the contingent consideration was determined based on a valuation performed by an independent valuer applying probability weighted scenario analysis. If the estimated probability of achieving net profit target of Chuanxinzhong had been 5% higher/lower, the fair value of the financial liability at FVPL as at December 31, 2020 would have been approximately 2% lower/higher.

(i) Analysis of cash flows in respect of the acquisition of Chuangxinzhong is as follows:

	RMB'000
Cash consideration (payable as at December 31, 2020 and contingent consideration)	–
Cash and cash equivalents acquired	21,615
Net inflow of cash and cash equivalents included in cash flows from investing activities	21,615

(ii) Revenue and profit contribution

Had Chuangxinzhong been consolidated from January 1, 2020, consolidated revenue and consolidated net profit of the Group for the year ended December 31, 2020 would have been RMB2,363,975,000 and RMB479,023,000, respectively.

(b) Acquisition of Leshua Shangquan

In November 2020, the Group entered into a sale and purchase agreement with an independent third-party, Shenzhen Leshangquan Technology Co., Ltd., to acquire 5% equity interest in Leshua Shangqaun for an aggregate consideration of RMB2,000,000. Yeahka Technology (Shenzhen) Co., Ltd. established Leshua Shangquan with Shenzhen Leshangquan Technology Co., Ltd. in February 2020 and had 50% interest of Leshua Shangquan. Before acquisition of Leshua Shangquan, Leshua Shangquan is one of the Group's associates and was accounted for using the equity method. Leshua Shangqaun is principally engaged in provision of online platform services to customers and merchants in the PRC.

Up to November 30, 2020, the Company had obtained 55% equity interest of Leshua Shangquan and majority voting rights of board and shareholders of Leshua Shangquan and started to control Leshua Shangquan through board of directors representation. The Directors assessed that the acquisition of Leshua Shangquan completed on November 30, 2020.

Goodwill of approximately RMB35,171,000 had been recognized for the acquisition of Leshua Shangquan, which represents the excess of the purchase consideration over the fair value of the net identifiable liabilities assumed. None of the goodwill recognized is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for the acquisition, the fair value of net liabilities assumed at the acquisition date:

	RMB'000
Purchase consideration in cash	2,000
Fair value of previously held 50% interest classified as investment in associates prior to the business combination	20,000
Total consideration paid by the Company	22,000

The separately identifiable assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value *RMB'000*
Cash and cash equivalents	4,446
Trade receivables	27
Prepayments and other receivables	1,388
Inventory	939
Other current asset	2,175
Plant and equipment	3,582
Intangible assets – brand name and platform	3,500
Trade and other payables	(35,309)
Lease liabilities	(3,820)
Deferred tax liabilities	(875)
Non-controlling interests	10,776
Total identifiable net liabilities	**(13,171)**
Goodwill	**35,171**

(i) Analysis of cash flows in respect of the acquisition of Leshua Shangquan is as follows:

	RMB'000
Cash consideration	(2,000)
Cash and cash equivalents acquired	4,446
Net inflow of cash and cash equivalents included in cash flows from investing activities	2,446

(ii) ***Revenue and profit contribution***

Had Leshua Shangquan been consolidated from January 1, 2020, consolidated revenue and consolidated net profit of the Group for the year ended December 31, 2020 would have been RMB2,304,875,000 and RMB404,208,000, respectively.

(c) Acquisition of Tuozhanbao

During 2019, in order to accelerate the momentum of customer base expansion and increase product and service offerings, the Company acquired Tuozhanbao, a company incorporated in the PRC, which is solely owned by Mr. Zhang Ju ("Mr. Zhang"). Tuozhanbao is mainly engaged in provision of marketing services relating to mobile payment products in the PRC.

In connection with the acquisition, an offshore structure was set up by Mr. Zhang. Expanded Treasure Technology Limited was incorporated by Clear Joyous Global Limited ("Clear Joyous")_ which was in turn wholly owned by Basic Sage Investments Limited ("Basic Sage"). Basic Sage was wholly owned by Mr. Zhang. Expanded Treasure Technology Limited controls Tuozhanbao through a series of contractual arrangements.

In June 2019, a share purchase agreement was entered into by the Company and Mr. Zhang, pursuant to which Basic Sage transferred the entire issued share capital of Clear Joyous to the Company in exchange for the allotment and issuance of 3,871,964 ordinary shares issued by the Company to Basic Sage.

Up to June 25, 2019, all above mentioned transactions had been completed, except for the allotment and issuance of the Company's ordinary shares. As the Company had obtained the entire issued share capital of Clear Joyous and started to control Clear Joyous through board of directors representation, and the fact that the Company has been entitled to all risks and rewards of Tuozhanbao, the Directors assessed that the acquisition was completed on June 25, 2019. The Company subsequently allotted and issued 3,871,964 ordinary shares to Basic Sage in July 2019.

Goodwill of approximately RMB145,840,000 had been recognized for the Tuozhanbao acquisition, which represents the excess of the purchase consideration over the fair value of the net identifiable assets acquired. It is attributable to the acquired market share and economies of scale expected to be derived from combining the operations of Tuozhanbao with the operations of the Group. None of the goodwill recognized is expected to be deductible for income tax purposes.

The following table summarises the consideration to be paid for the acquisition, the fair value of assets acquired, and liabilities assumed at June 30, 2019, the acquisition date:

	RMB'000
Equity instruments issued (3,871,964 ordinary shares) *(Note i)*	236,660
Contingent consideration *(Note ii)*	(41,575)
Total consideration paid by the Company	195,085

The separately identifiable assets and liabilities recognised as a result of the Acquisition are as follows:

	Fair value *RMB'000*
Cash and cash equivalents	4,968
Trade receivables	42,272
Prepayments and other receivables	18,004
Plant and equipment	154
Intangible assets – customer relationship	29,800
Trade and other payables	(38,503)
Deferred tax liabilities	(7,450)
Total identifiable net assets	49,245
Goodwill	145,840

(i) The fair value of 3,871,964 ordinary shares ("Consideration Shares") issued by the Company was RMB236,660,000 which was determined based on the per share fair value of each ordinary share of the Company as at the acquisition date, using the discounted cash flow method.

(ii) As set out in the share purchase agreement, the Company shall be entitled to require Basic Sage to transfer certain number of Consideration Shares of the Company at zero consideration to an entity designated by the Company if the audited consolidated net profit after tax of Clear Joyous during the period from June 1, 2019 to May 31, 2022 does not exceed RMB400,000,000 in aggregate. The fair value of such contingent asset has been accounted for as a financial asset at fair value through profit or loss. The fair value of the contingent consideration was determined based on a valuation performed by an independent valuer applying probability weighted scenario analysis. If the estimated probability of achieving net profit target of Tuozhanbao had been 5% higher/lower, the fair value of the financial assets at FVPL as at December 31, 2020 would have been approximately 14% lower/higher (2019: 8%).

(iii) Analysis of cash flows in respect of the acquisition of Tuozhanbao in 2019 is as follows:

	RMB'000
Cash consideration	–
Cash and cash equivalents acquired	4,968
Net inflow of cash and cash equivalents included in cash flows from investing activities	4,968

21. EVENTS AFTER BALANCE SHEET DATE

On 7 January 2021, the Company granted a total of 390,000 RSUs to a total of six grantees. The RSUs granted represent approximately 0.09% of the issued share capital of the Company on 31 December 2020.

On 7 January 2021, the Company granted a total of 4,586,000 Share Options to 121 grantees in accordance with the Share Option Scheme to subscribe for a total of 4,586,000 Shares, representing approximately 1.03% of the issued share capital of the Company on 31 December 2020.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Shares

During the period from the Listing to the date of this announcement, except for (i) the Global Offering and the exercise of the Over-allotment Option; (ii) the Subscription in relation to the subscription for new shares under the general mandate; and (iii) the proposed issue of Consideration Shares in relation to the acquisition of the entire issued share capital of CHUANGXINZHONG LTD, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operation are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company's corporate governance practices are based on the principles and code provisions prescribed in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Board is of the view that since the Listing Date and up to December 31, 2020, the Company has complied with most of the code provisions as set out in the CG Code, except for the deviation from code provisions A.2.1 as explained below.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual. The roles of chairman of the Board and chief executive officer of the Company are held by Mr. Liu Yingqi. In view of Mr. Liu's experience, personal profile and his roles in the Company, and the fact that Mr. Liu has assumed the role of chief executive officer of the Company since 2011, the Board considers it beneficial to the management and business development of our Group and will provide a strong and consistent leadership to our Group that Mr. Liu acts as the chairman of the Board and continues to act as the chief executive officer of the Company.

While this will constitute a deviation from code provision A.2.1 of the CG Code, the Board believes this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of our Directors; (ii) Mr. Liu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting operations of the Company.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the Model Code since the Listing Date and up to December 31, 2020.

The Board has also adopted written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code. No incident of non-compliance with the Employees Written Guidelines by the Company's relevant employees had been noted since the Listing Date and up to the date of this announcement after making reasonable enquiry.

Audit Committee and Review of Financial Information

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Mr. Yao Wei (Chairman), Mr. Tam Bing Chung Benson and Mr. Yang Tao (with Mr. Yao Wei and Mr. Yang Tao possessing the appropriate professional qualifications and accounting and related financial management expertise). The main duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board.

Members of the Audit Committee have reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the audited consolidated financial statements of the Company for the year ended December 31, 2020.

Scope of Work of the Auditor

The financial figures in respect of the Group's consolidated statement of financial position as at December 31, 2020, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2020 as set out in this announcement have been compared by the Auditor, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by the Auditor in this respect does not constitute an audit, review or other assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by the Auditor.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (https://www.yeahka.com/). The annual report of the Company for the year ended December 31, 2020 containing all the information required by the Listing Rules will be dispatched to the Shareholders of the Company and made available on the same websites in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, suppliers and customers of the Company for their continued support and trust. The Board would also like to thank all the employees and management team for executing the Group's strategies with professionalism, integrity and dedication.

By order of the Board
YEAHKA LIMITED
移卡有限公司
LIU Yingqi
Executive Director

Hong Kong, March 25, 2021

As at the date of this announcement, the Board comprises Mr. Liu Yingqi, Mr. Yao Zhijian and Mr. Luo Xiaohui as executive Directors, Mr. Mathias Nicolaus Schilling and Mr. Akio Tanaka as non-executive Directors and Mr. Tam Bing Chung Benson, Mr. Yao Wei and Mr. Yang Tao as independent non-executive Directors.