

2020

Yeahka Limited

移卡有限公司

(Incorporated in the Cayman Islands with Limited Liability)

Environmental, Social And Governance Report

Stock Code : 9923.HK



ABOUT THIS REPORT

Yeahka Limited (hereinafter referred to as "Yeahka", the "Company" or "we") is pleased to publish its first environmental, social and governance report.

REPORTING SCOPE

The reporting period disclosed in this report is from January 1, to December 31, 2020 (the "Year"), with some content slightly extended beyond the time frame. Unless otherwise stated, the contents of this report mainly focus on the ESG management issues involved in Yeahka's one-stop payment services and technology-enabled business services.

FORMS OF PUBLICATION

The report is available in both Chinese and English and is published in electronic form. You can log on the official website of the Company (www.yeahka.com) or the website of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (www.hkexnews.hk) to get the electronic version.

REPORTING DATA SOURCE

The information in this Report is derived from the Company's official system documents, statistical reports or relevant public information.

REPORTING STANDARD

The report was prepared in accordance with the provisions of the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The report adheres to the principles of materiality, quantitative, balance and consistency to ensure that the report is true and accurate, and strives to fully reflect the Company's ESG management status and work results and provide readers with valuable information.

PRINCIPLE	DEFINITIONS	RESPONSES FROM THE GROUP
Materiality	The issues covered in the report should reflect the significant impacts of the Group on the economy, environment and society, or the scope of assessments and decisions of stakeholders being affected.	Material sustainability issues are identified through continuous communication and exchanges with stakeholders and based on the Group's strategic development and business operations.
Quantitative	The report should disclose key performance indicators in a measurable manner.	Quantitative disclosure of the Company's key environmental and social performance indicators, and provision of textual explanations for quantitative resources.
Balance	The report should reflect fairly the overall sustainability performance of the Company.	The Company has explained in detail the sustainability issues that have a significant impact in the business, including work results and the challenges it faces.
Consistency	The Company should ensure that the report adopts consistent disclosure principles.	The Company will ensure that the disclosure scope and reporting methods of the report are generally consistent every year.

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CHAPTER I

ESG MANAGEMENT



Yeahka is committed to integrating environmental, social and governance-related elements into operation and management, forming a virtuous business model, creating beautiful value for merchants and consumers, and promoting the sustainable development of the Company.

In the era of digital economy, we have established a closely-connected ecosystem through the innovative scenarios of artificial intelligence (AI), blockchain and other cutting-edge technologies based on the massive data accumulated by payment services, to achieve seamless, convenient and reliable payment transactions between merchants and consumers and provide them with a variety of technology-enabled business services, so that technologies can effectively benefit the majority of merchants and consumers.

The sudden outbreak of the pandemic at the beginning of 2020 posed major challenges and impacts on many industries, and the strategic position of all-round digitalization of social life in China's economic development has been further enhanced. At that critical moment, we seized the opportunity to help merchants improve their operating efficiency, optimize consumer experience, promote digital upgrades and industry integration, and gradually build a sustainable business digital ecosystem, with the help of continuous enrichment of the product and service matrix, and promote digital development of industry and society with technologies.



Through technological innovation, we are working to build
a better future by creating value for merchants and
consumers.



Become the leading
and most trusted technology company.

1.1 ESG PHILOSOPHY AND GOALS

We are well aware of the responsibilities and obligations of enterprises in promoting the sustainable development of society. Based on the review of our own environmental and social impact, we have established the ESG management philosophy, and guided by the United Nations Sustainable Development Goals (SDGs), we work with related parties to continuously explore opportunities for sustainable development.

ESG PHILOSOPHY

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Technological innovation Continuous creation of value

- Assist customer development with technological innovation
- Guarantee customer satisfaction with value services
- Strengthen information and data security barriers



Governance ensuring Joint construction of a commercial order

- Improve internal compliance management
- Actively respond to the national anti-money laundering strategy
- Build a transparent and honest working culture



People-oriented Building the first productive force of enterprises

- Adhere to the principle of people-oriented management
- Pave a clear career growth path
- Create a healthy working space
- Create an equal and caring working atmosphere



Cooperation with partners Promotion of the rapid development of the industry

- Promote the development of a mutually beneficial and win-win supply chain
- Improve the partners management mechanism
- Pay attention to the environmental and social risks of the supply chain



Low-carbon operation Protection of the green home

- Practice green operation model
- Establish an environmentally friendly enterprise
- Promote waste reduction and recycling



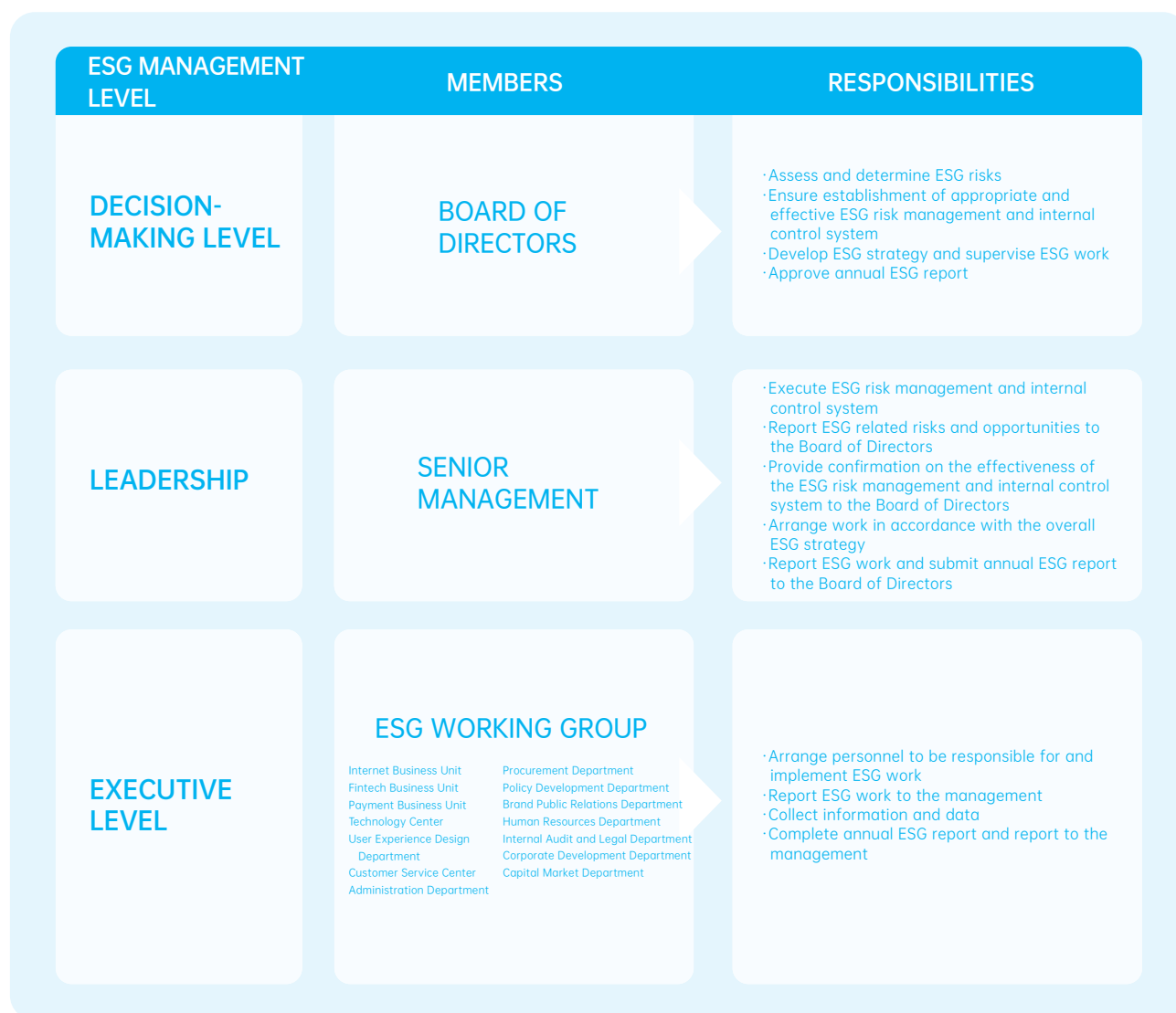
Technology for good Devoting charity power

- Injection of power into cooking smoke economy
- Escort for employment stabilization
- Addition of warmth to the community



1.2 ESG GOVERNANCE STRUCTURE

The Company has established an ESG governance structure and procedures to ensure the orderly daily ESG management.



1.3 COMMUNICATION WITH ESG STAKEHOLDERS

In order to better communicate with stakeholders, the Company has proactively built a communication platform to further understand the demands and expectations of stakeholders. At the same time, we also made reasonable plans on environmental and social-related work issues in the development of the Company, striving to promote the healthy and sustainable development of the Company.

TYPE OF STAKEHOLDERS	DEMANDS AND EXPECTATIONS	COMMUNICATION AND RESPONSE
Government and regulatory authorities	<ul style="list-style-type: none"> · Compliance with national laws and regulations · Compliance operation and payment of taxes according to law · Promotion of employment 	<ul style="list-style-type: none"> · Implementation of national policy requirements · Acceptance of research and supervision · Proactive participation in job stabilization activities
Investors and shareholders	<ul style="list-style-type: none"> · Financial performance · Sustainable corporate profitability · Protection of rights and interests · Corporate transparency 	<ul style="list-style-type: none"> · Improvement of profitability · Enhancement of market value management · Convening general meeting · Publication of periodic reports
Customers	<ul style="list-style-type: none"> · Information security and customer privacy · Consumer rights protection · Diversified products · Integrity operation 	<ul style="list-style-type: none"> · Performance of customer confidentiality agreements · Enhancement of the quality of products and services · Improvement of customer communication mechanism · Customer questionnaire survey
Employee	<ul style="list-style-type: none"> · Employee rights protection · Employee development · Employee care 	<ul style="list-style-type: none"> · Optimization of training system · Improvement of career promotion mechanism · Carrying out staff activities
Suppliers and partners	<ul style="list-style-type: none"> · Industry exchanges · Fair competition · Mutual benefit 	<ul style="list-style-type: none"> · Cooperation and negotiation · Public bidding and procurement · Regular communication and exchange
Non-profit authorities/organizations	<ul style="list-style-type: none"> · Community involvement · Charity 	<ul style="list-style-type: none"> · Participation in community activities · Carrying out public welfare projects

1.4 MATERIALITY ASSESSMENT OF ESG ISSUES

In order to conduct in-depth assessment of the materiality of ESG-related issues, we organized a stakeholder questionnaire survey in the Year to identify the most concerned ESG issues of stakeholders, thus to strengthen the disclosure of relevant information in this report and assist the Company to determine the business development plan and ESG management goals for the next year.

THE MATERIALITY ASSESSMENT ISSUES FOR THE YEAR MAINLY COVER THE FOLLOWING FOUR STEPS:

01

IDENTIFICATION OF ESG ISSUES

20 ESG issues covering four major aspects including environmental management, employment management, operation management, and social contribution were selected comprehensively based on the Company's existing businesses and the ESG management priorities of the industry.

02

STAKEHOLDER QUESTIONNAIRE SURVEY

Nearly two hundred stakeholders including the Group's management, employees, suppliers, and investors were invited to participate in the online survey questionnaire, to collect the scores on 20 issues from the stakeholders and understand stakeholders' suggestions and suggestions on the Company's ESG management.

03

MATERIALITY ISSUES RANKING

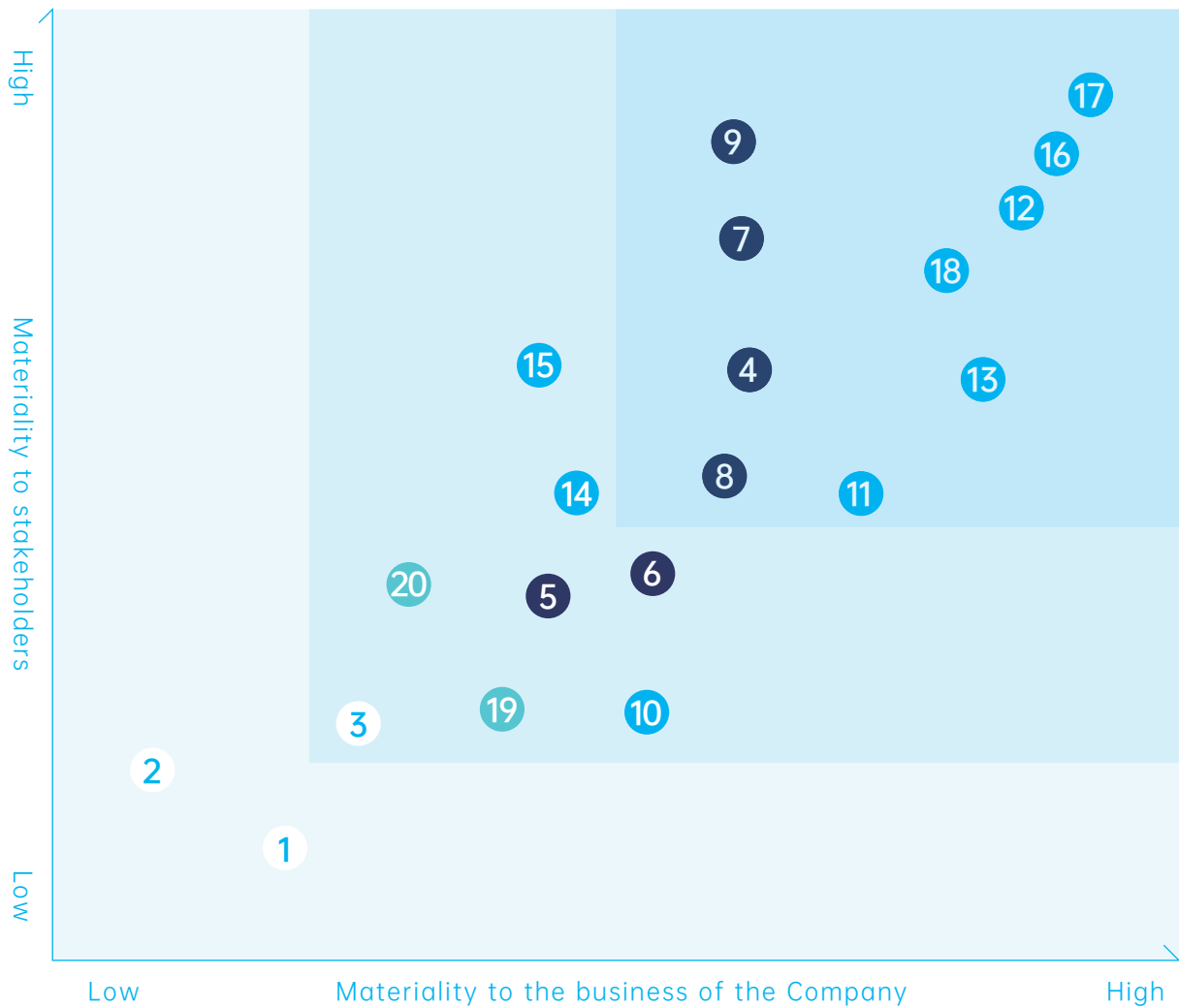
Based on the results of questionnaire survey and interview results, the ESG issues were ranked by materiality, and the materiality of each issue was clearly displayed.

04

PREPARATION OF MATERIALITY MATRIX

The issue materiality matrix for this year was prepared based on the assessment results of the materiality of ESG issues.

THE MATRIX AND RANKING OF ESG MATERIALITY ISSUES FOR 2020 ARE AS FOLLOWS:



Environmental
management area



Employment
management area



Operation
management area



Social contribution
area

MATERIALITY ISSUES ARE AS FOLLOWS:**ENVIRONMENTAL MANAGEMENT**

- 01 Greenhouse gas emissions and management
- 02 Waste management
- 03 Energy saving and consumption reduction

EMPLOYMENT MANAGEMENT

- 04 Employee recruitment and team building
- 05 Employee equality and diversity
- 06 Employee communication and care
- 07 Healthy and safe working environment
- 08 Employee training and development
- 09 Employee rights protection

OPERATION MANAGEMENT

- 10 Procurement and supplier management
- 11 Product quality assurance
- 12 Product R&D and innovation
- 13 Intellectual property management
- 14 Service response and processing efficiency
- 15 User communication and satisfaction
- 16 User information and privacy protection
- 17 Anti-money laundering and compliance management
- 18 Anti-corruption management and training

SOCIAL CONTRIBUTION

- 19 Charity and social services
- 20 Promotion of industry progress



Through the materiality assessment, the Company understands that operation management is the most concerned aspect of stakeholders. In particular, four issues including anti-money laundering and compliance management, user information and privacy protection, product R&D and innovation, and anti-corruption management and training occupy an important position.

In order to enable the Company to develop continuously and healthily, we proactively carry out anti-corruption and anti-money laundering training and education, and strictly implement relevant rules and regulations internally to prevent the occurrence of corruption. The Company will explain key issues in subsequent chapters to respond to the concerns of various stakeholders. In addition, we will continue to consolidate the mechanism of communication with all parties and continue to promote the Company's ESG related work to improve the Company's performance in terms of sustainable development.

CHAPTER II

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2.1 ABOUT US

We are a leading payment-based technology platform in China providing payment and business services to merchants and consumers. We started our payment services business in 2012, offering seamless, convenient and reliable payment services to micro and small merchants, connecting them with millions of consumers.

Adhering to the business philosophy of "starting with payment, going beyond payment", the Company, based on the application-focused payment services, leveraged its resources including the traffic and data within its ecosystem to expand its business by launching innovative technology-enabled products and services that included merchant SaaS, precision marketing and fintech, and built an independent and sustainable business digital ecosystem, to promote the Company's rapid growth, assist brand management of small and micro merchants, optimize consumer experience, and continuously contribute social value.

Yeahka was established in Shenzhen.

2011

We established our principal operating subsidiary, Leshua Technology, through which we commercially launched our payment services for micro and small merchants.

2013

We launched our integrated payment solution platform; launched Smart Shopkeeper and other products and began to provide technology enabled business services to merchants.

2015

We launched our aggregate payment platform, and we were among the first licensed third-party payment service providers to launch the integrated QR code payment solution in the PRC and the number of our active payment service customers reached 1.6 million.

2017

We recorded a total GPV exceeded RMB 1.5 trillion.

2019

2012

Yeahka obtained strategic investment from Tencent and we started to design and offer payment service products for micro and small merchants.

2014

Leshua Technology became a payment acquisition member institution of Union-Pay and obtained national bank card acquiring license and mobile phone payment license from the PBOC.

2016

We launched fintech services to merchants and consumers.

2018

We were among the first service providers to have simultaneously accessed both the NetsUnion's and Union Pay's network for QR code payment, created a trading platform capable of handling 100 million transactions daily and captured over 140 million consumers via our payment services.

2020

Yeahka was officially listed on the Hong Kong Stock Exchange. The number of active payment merchants reached 5.52 million; the number of consumers reached 650 million.

2.2 SUSTAINABILITY YEARBOOK

01. EVENTS OF 2020

The Company was successfully listed on the main board of the Hong Kong Stock Exchange (stock code: 09923), opening a new era of Yeahka;

The Company held the Yeahka LINK Smart Business Ecological Conference, at which hundreds of CEOs were invited to talk about the new trends of China's digital economy, to help merchants find solutions, taking the first step towards creating a series of Yeahka annual IP summits;

The "Small Store Power Plan" was launched to assist the operation of small stores and merchants in the epidemic;

Yeahka consumer cloud platform was selected into the blockchain information service filing list and worked together with the Shenzhen University Blockchain Technology Research Center to conduct in-depth cooperation in the field of blockchain technology, explore the transformation of blockchain technology achievements and joint training of talents.

02. EMPLOYMENT



Number of employee
768 staff



Total training hours of employee
33,712 hours



Average training hours of employee
55.1 hours

*training data covers nearly 80% of the employees.

03. USER GROWTH



128.2% ↑ YoY
982,000 merchants

Continuous increase in the number of technology-enabled business services



75.5% ↑ YoY
645,300,000

Consumers covered by payment service

04. INTEGRITY AND STABLE OPERATION



Establishment of an anti-money laundering leading group for enhancement of anti-money laundering and anti-fraud training and publicity

06. ECONOMIC PERFORMANCE



Total assets

RMB **5,623.4** million



Total equity

RMB **3,166,855** thousand



Revenue

RMB **2,292,903** thousand

05. OVERCOME THE IMPACT OF THE EPIDEMIC TO QUICKLY RECOVER BUSINESS



Gross payment volume and number of active payment service customers
Continued month-on-month growth

As of December 31, 2020, unless otherwise stated

07. BUSINESS PERFORMANCE

ONE-STOP PAYMENT SERVICES

GPV(GROSS PAYMENT VOLUME)

RMB1,459.6 billion

APP-BASED TRANSACTION COUNTS INCREASED BY

119.1% IN 2H20 VS 1H20

NUMBER OF ACTIVE PAYMENT MERCHANTS

5,516,000 merchants

TECHNOLOGY-ENABLED
BUSINESS SERVICES

MERCHANT SAAS PRODUCT



Smart shopkeeper merchants increased by

201.1% YoY

FINTECH SERVICES



Total amount of loans obtained by customers through the Company

RMB568.5 million

PRECISION MARKETING SERVICE



The number of impressions of marketing services was

23.9 times that of the same period of 2019



Juhuisaasao recorded daily peak sales volume of

1,191 units



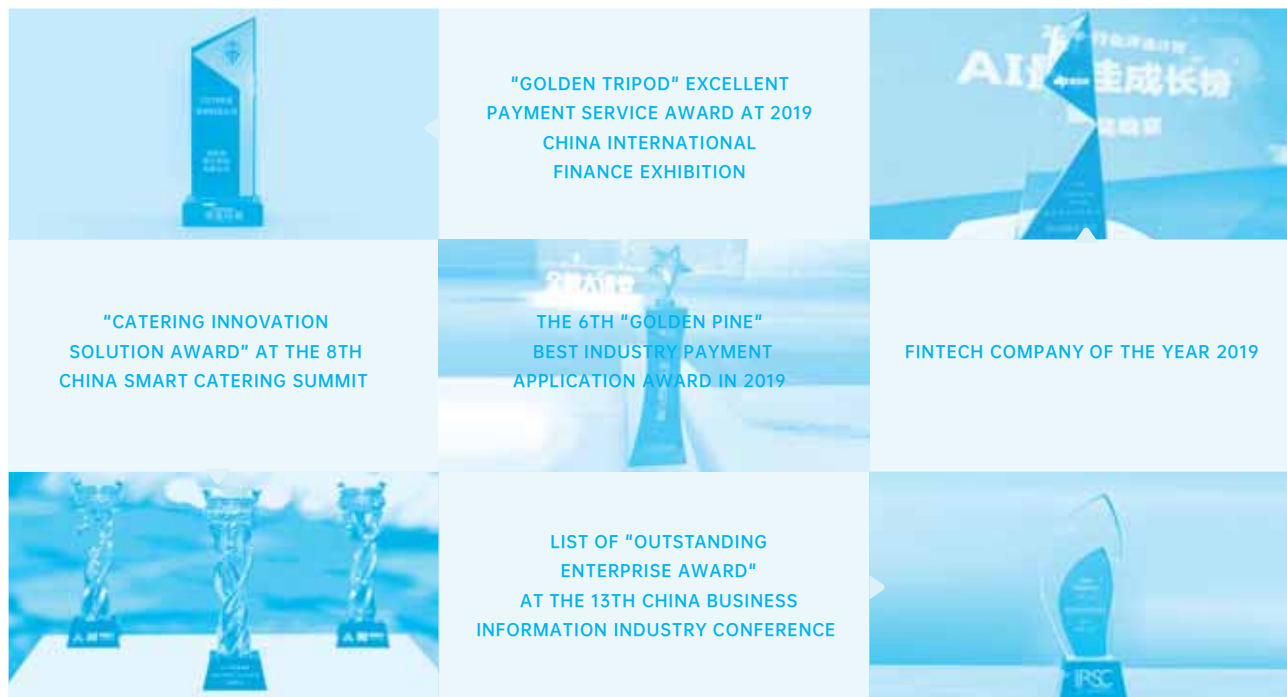
The M1+ delinquency rate by vintage (cover 30 days overdue) remained stable at around

1.05% since the second quarter of the year

As of December 31, 2020, unless otherwise stated.

2.3 HONORS AND AWARDS IN 2020

1. "Golden Tripod Award" Excellent Payment Service Award at 2019 China International Finance Exhibition
2. Fintech Company of the Year 2019
3. The 6th "Golden Pine Award" Best Industry Payment Application Award in 2019
4. "Catering Innovation Solution Award" at the 8th China Smart Catering Summit
5. List of "Outstanding Enterprise Award" at the 13th China Business Information Industry Conference
6. 2020 AI+ Finance Best Digital Growth Award
7. The 6th Financial Lecture Hall "Science and Technology Finance Star"
8. 2020 China Golden Tripod Award "Annual Outstanding Third-Party Payment Platform" Award
9. The 3rd "Chinese Catering Innovation List TOP100" Innovative Service List for 2019-2020
10. "IPO with the Best Growth Potential" Award in 2020
11. 2020 UnionPay Market Cooperation Contribution Award
12. The 4th China Excellence IR "Best Capital Market Communication Award"



CHAPTER III

OUR PRODUCTS AND SERVICES · CONTINUOUS CREATION OF VALUE FOR MERCHANTS AND CONSUMERS

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Yeahka insists on being user-oriented and is committed to building a trustworthy technology platform.

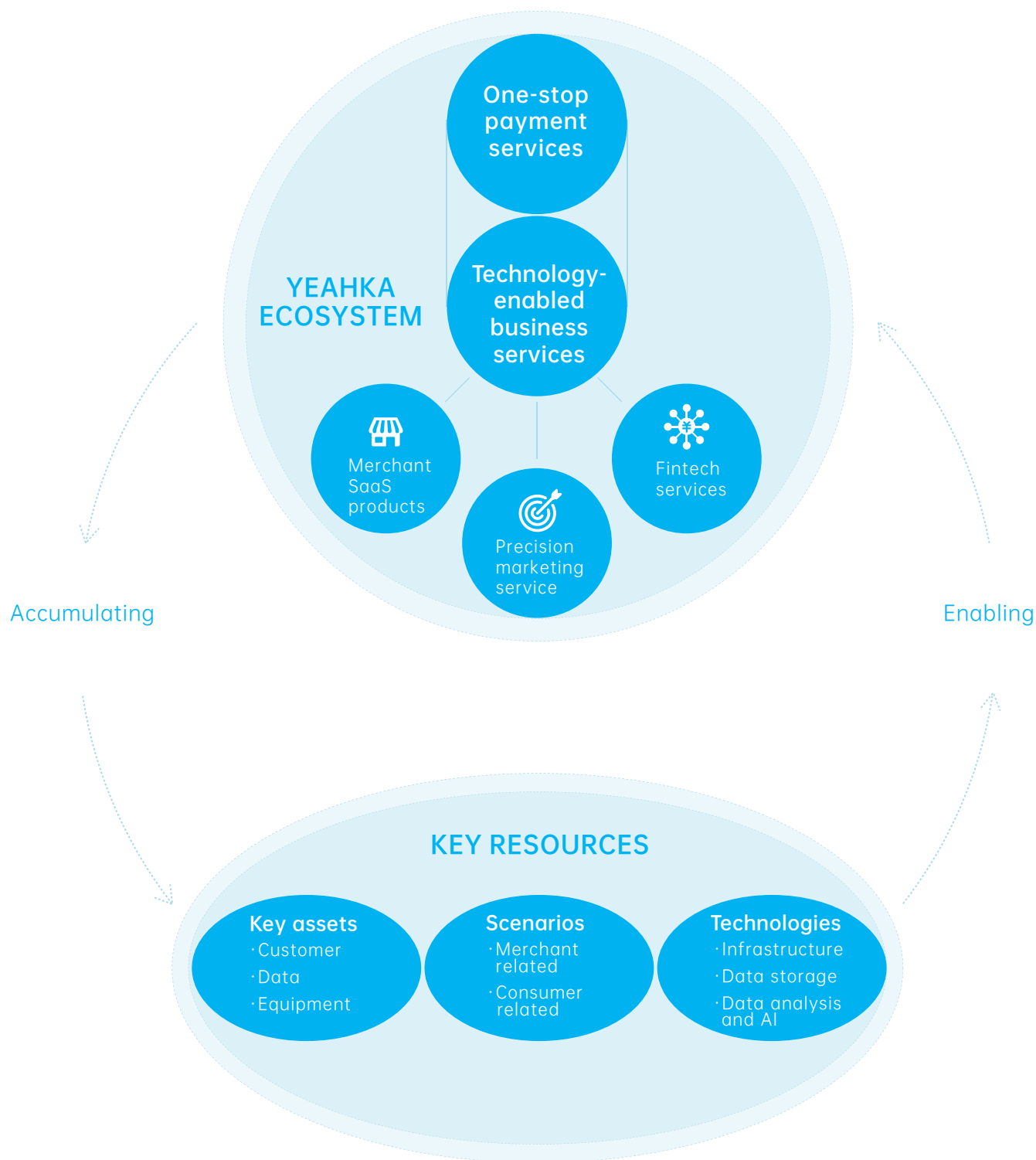
Based on payment, we gradually drive the business enabled application, achieve full coverage of business scenarios, and provide users with diversified products and excellent services through the development of innovative technologies. We believe that with the gradual acceleration of the digitalization process, only forward-looking thinking and continuous creation and breakthroughs in terms of technology, products and services can empower merchants to benefit consumers, bring more convenience to life, and create technological value for the industry.

3.1 ASSISTANCE OF CUSTOMER DEVELOPMENT WITH TECHNOLOGICAL INNOVATION

Yeahka is committed to building a commercial digitalized ecosystem to enable seamless, convenient and reliable payment transactions among merchants and consumers; relying on the strong investment in products, technology and payment channels, the deep understanding of the needs of merchants accumulated in the past ten years, and the strong alliances of strategic partners, we provide merchants with a variety of technology-enabled business services to meet the needs of merchants in terms of operational efficiency, market expansion and finance and continuously create value for merchants and consumers. Meanwhile, based on the accumulation of multi-dimensional big data, we rely on intelligent algorithm analysis capabilities to further strengthen insights into consumer needs and behavior preferences, continuously improve platform functions and design, and enhance consumer experience.

3.1.1 SMART PRODUCTS AND SERVICES

We are committed to building a self-reinforcing business ecosystem to provide users with a stable and fast payment experience with the support of payment services; we tap the consumer needs of the general public through the integration of the resource library, continuously conduct innovation in respect of technology-enabled products based on changes in the consumption scenarios, to promote the improvement of operational efficiency of merchants and meet various digital needs in their business life cycle; we use cutting-edge precision marketing technologies to effectively reach target groups, improve the digital marketing efficiency of merchants, and assist the brand operation of small and micro merchants; to continuously optimize users' product use experience and continue to contribute social value.



ONE-STOP PAYMENT SERVICES

The advancement of science and technology has created many personalized and diversified consumption hotspots, injecting long-term momentum into the development of the payment industry. The Company has made innovation according to the trends, upgraded payment services relying on innovative technologies, and launched diversified products such as mobile payment products and bank card acquiring for different customer groups; Meanwhile, an intelligent risk control platform has been established to intercept risks in real time and accurate way, to provide customers with strong protection against risks in mobile payment business.

Our one-stop payment service products include app-based payment services and traditional payment services:



Enable our customers to accept payments through our mobile applications, or enable consumers to make payments to our merchant customers through third-party e-wallets. In 2020, the peak daily count of QR code payment transactions exceeded 30 million.

Enable customers to accept non-cash payments that are not app-based payments, including accepting bank card payments using traditional payment terminals.

In 2020, we continued to explore the core needs of customers, built full-scenario applications for mobile payment, and launched more composite payment products and service packages, to better provide customized services to merchants to meet the application demands of users in multiple scenarios and improve customer's payment experience. Meanwhile, we further promoted the introduction of upstream channel resources such as UnionPay and NetsUnion, and effectively increased the extra revenue of merchants through subsidy and incentive; cooperated with UnionPay to optimize merchant access and registration procedures to improve utilization efficiency.

YEAHKA TRANSACTION SYSTEM

As of May 2021,
daily handling
capacity reached
100 million
transactions

Peak handling capacity of
over **18,000** transactions
per second (the capacity can
be expanded at any time)

No large-scale system outage in 2020

In order to enable customers to enjoy stable and reliable payment services, we have set up multiple IT infrastructures as powerful engines for payment services to provide sufficient power and buffer space for data processing to ensure the stability and reliability of our payment service system when the payment volume surges. We also rely on cloud computing and other innovative technologies and capabilities to continuously upgrade payment performance, and have built a safe, intelligent, and fast integrated operation and maintenance system to form controllable financial-level operation and maintenance capability, to improve payment transaction efficiency and ensure system stability. In addition, we continuously optimized the design of system structure and completed a new generation of system structure upgrades integrating internal operations, agent management, merchant purchases and management, and other diversified functions in the Year, laying a technical foundation for coping with the rapidly growing business volume and concurrent transaction scale.

TECHNOLOGY-ENABLED BUSINESS

In light of the current COVID-19 pandemic, enterprises can only respond to the rapidly increasing demands by continuously optimizing service models. In this context, leveraging on our own channels and technical advantages, we used payment products as traffic gateway to continue to expand technology-enabled business services including merchant SaaS products, precision marketing services, and fintech services and enhance the depth and wide coverage of product services; Meanwhile, we continuously accumulate scientific and technological assets and devote ourselves to the fields of scientific and technological research such as cloud computing, distributed computing, and machine learning algorithms; we use powerful computing power and rich data assets to provide customers with customized services and better technology-enabled business services experience, so that technology can benefit more merchants and consumers.

MERCHANT SAAS PRODUCTS

In order to help customers improve operating efficiency, the Company has developed merchant SaaS products for specific scenarios throughout the life cycle of merchants, including Yuehuiquan, Smart Shopkeeper, Smart Store, Haoshengyi and SaaS Open Platform, etc., and used advanced technologies including big data, cloud computing, AI and even today's 5G technology to promote the upgrade of merchants' digital services. During the Pandemic, we continuously kept abreast of changes in market conditions and proactively adjusted our business plans in response to the changes. In order to serve merchants' eager needs to increase revenue by increasing operating efficiency, reducing labor costs and costs of marketing services, and address merchants' pain points, in the Year, we further strengthened the upgrade and development of SaaS product functions, promoted the rapid development of the merchant SaaS product matrix, and continued to build full-stack SaaS solutions covering customer acquisition, operation, retention, repurchase, and fission, to meet the digital development needs of merchants.

SMART SHOPKEEPER AND MILICAN: ACCELERATION OF THE INTELLIGENT DEVELOPMENT OF THE CATERING INDUSTRY IN THE PRC

In order to boost the diversified development of China's catering industry and improve the operating efficiency of the industry, Yeahka launched the two products of Smart Shopkeeper and Milican for different segments of the catering industry and types of merchants. Through continuous improvement of functions and user experience, they help catering merchants realize the intelligentization of the whole process of order placement, order submission, payment, consumption and cashier and have become the leading SaaS restaurant management systems in China.

In addition, we use AI technology and data analysis to assist stores in recommending suitable products for customers in a targeted manner, and continue to improve the original service items of the stores. Through the intelligent update and transformation, Smart Shopkeeper effectively helps stores to improve the quality of service, increase customer satisfaction, and assist the stores in accelerating the pace of intelligent transformation.

In 2020, Smart Shopkeeper and Milican continued to optimize the use process and user experience, developed and launched related applets and maintained continuous iteration, making it more convenient for merchants to use and lowering the threshold for use; Meanwhile, we continued to improve the service operation of Smart Shopkeeper and Milican. Multi departments formed a joint service team to collect users feedback and improve users experience through telephone return visits, community operations, user survey, etc., in order to enhance user satisfaction and loyalty.





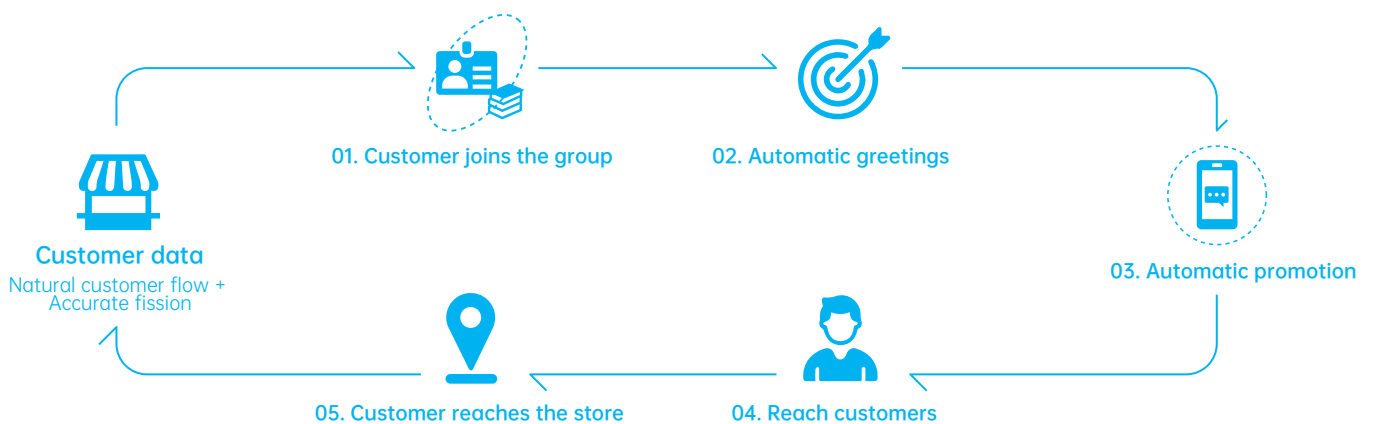
YUEHUIQUAN: PROMOTION OF MARKETING IN PRIVATE TRAFFIC COMMUNITY

Affected by COVID-19, the pace of economic activity slowed down and the shortcomings of small stores, i.e. anti-risk weakness and single marketing method, were further magnified. Therefore, the digital transformation of small and micro merchants is imminent. In order to enhance the digitization, intelligence and lean management of small and micro merchants, the Company has successively launched a number of innovative products such as Juhuisaasao and Yuehuiquan, which have been widely recognized by the market. In particular, Yuehuiquan, which serves as a coupon aggregation and distribution platform, is a highlight of Yeahka's support for the digital transformation of small and micro merchants.

Yuehuiquan is a lightweight SaaS platform that provides low-cost growth operation solutions for store merchants. Relying on the support of blockchain technology, it uses coupons that people are familiar with to help small shop owners complete a series of marketing activities including opening shop without threshold, free coupons, explosive-style customer acquisition, effect advertising, etc. through intelligent community operation tools and services, so as to achieve precise customer acquisition and efficient diversion of small and micro merchants and improve the overall revenue.

In addition, Yuehuiquan stores the information of merchants, consumers and electronic coupons on the blockchain, manages the circulation and cancellation after verification of electronic coupons through smart contracts, and confirms the rights of the coupons; in addition, the features of blockchain including decentralization and tamper proof simplify the business process of merchants, further regulate merchant credit and business service management, and effectively protect consumers' rights and interests.

In January 2021, Yeahka launched Yuehuiquan Pro, a community based fully-automated membership management platform, which 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, with the aim of assisting more merchants build customized membership programs from scratch and satisfying merchant's increasing needs for customization.





PRECISION MARKETING SERVICES

By virtue of years of accumulation in the industry and the advantages of payment products, Yeahka has extensive access to 5.5 million offline merchants and nearly 650 million consumers in China, forming a solid user base. We fully seized opportunities to give full play to our technical expertise, and established a proprietary data management platform ("DMP"), and used it as the core to launch a precision advertising marketing platform —"Juliang" (聚量).

Meanwhile, we proactively sought external expansion and made significant progress in diversifying traffic via cooperation with online media such as Tencent and Toutiao. Through acquisition of the stake in Beijing Chuangxinzhong, a leading content performance marketing service provider in China, we acquired the capabilities in accessing online media and short video creation and obtained the capabilities in collecting data related to user behaviors and preferences, which bolstered the consumer profiles based on data dimensions and strengthened traffic labels, as well as improve the advertising placement efficiency and content creativity.

Our big data management platform uses AI and machine learning technology to automatically match advertisers' user portraits and traffic tags in real time, finely divide the platform's traffic sources and advertisements, and continuously improve the precision delivery capabilities. Merchant data is our most direct and accurate data source. We use consumer behavior records of users to generate multi-dimensional labels, such as gender, occupation, interest, consumption level, etc. Based on the current consumption scenarios, we build a predictive model and automatically complete real-time recommendations, and identify direct target audiences for advertisers, to bring benefits to users. Tens of millions of transactions and advertising data every day also provide an excellent source of data for iterative updates of online models. We will continue to build a full-traffic precision marketing platform, to improve the effectiveness of marketing services and provide customers with more effective digital content marketing services. In the Year, our online and offline precision marketing platform, developed using DMP, also recorded explosive growth, where we continued to see rapid growth in the mobile performance-based advertising industry.

JULIANG: ACHIEVEMENT OF PRECISION MARKETING

In order to reach consumers directly through payment, Yeahka has established an intelligent scenario-based precision marketing platform—"Juliang". Centering on payment, it connects consumers, SaaS service providers and high-quality advertisers, and contains over a dozen vertical scenarios closely related to offline payment scenarios, such as refueling, parking, supermarket retail, and colleges, as well as rich and diverse advertisement resources, achieving diversified enabling and a win-win situation.

In terms of technology, Juliang of Yeahka uses the massive payment-based multi-dimensional unique data, driven by AI algorithm model, to accurately match the consumption behaviors of offline traffic, help customers complete the connection with consumers, and build an offline scenario-based pan-payment and digital advertising and marketing platform to achieve effective traffic conversion; At the same time, it has built tens of millions of data management platform tags, including gender, spending power, property status, payment methods, interest intentions, etc., to accurately distinguish consumer groups, enable digital operations, and meet the comprehensive needs of merchants' marketing and management.

FINTECH SERVICES

Relying on the massive data accumulated in the service, the Company effectively connects merchants and consumers, and tailors safe and compliant financial products for users through a number of innovative fintech services including loan facilitation and insurance referral, to effectively allow technology innovation to benefit the general merchants and consumers.

Yeahka continuously consolidates the construction of technology and data infrastructure, and further improves the credit risk management model through big data, AI, machine learning and other tools to ensure stable operations. At present, our credit risk model can intelligently analyze more than 3,600 own and third-party variables for credit evaluation, risk calculation and risk pricing.

In addition, we have established a risk management team, composed of more than 15 analytical experts, which is involved in all processes of operation. In the Year, our improvement was mainly in the following aspects:

- Accumulation of credit information resources, and construction of a credit asset evaluation system that integrates data foundation, business experience, and business analysis capabilities;



- Establishment of product risk tolerance that matches the business development strategy, development of a process indicator monitoring system and conducting dynamic monitoring adjustments, and maintaining a stable risk level while the scale of loans grows in an orderly manner;

- Reinforcement of stress testing of risk models and credit assets, and implementation of more rigorous access verification and credit management to ensure that the assets operated by the Company can go through the cycle.

In the face of the difficulties that the COVID-19 has brought to large, small and micro merchants, we support the short-term financial needs of some small and micro merchants under the premise of prudently controlling risks, to alleviate cash flow tensions, and make concerted efforts to overcome difficulties in operation. At the same time, through insurance referral services, insurance partners provide merchants with financial security insurance to protect the insured from financial losses and interest losses and help small and micro merchants tide over business difficulties. In the future, we will continue to develop innovative fintech products that are more in line with customer needs, and provide point-infusion support for the growing funding needs of small and micro businesses and individual industrial and commercial enterprises and provide them with customized comprehensive funding solutions to help their long-term development.

3.1.2 TECHNOLOGICAL INNOVATION

The Company knows very well that technological innovation is the primary entrance and infrastructure for acquiring customers, accumulating value, and creating business opportunities, and is of vital significance for building competitive advantages in the Internet era. We proactively improve the innovative technology system, insist on continuous investment in core products and key technologies, and have made fruitful scientific and technological achievements in the fields of big data analysis, blockchain, and AI.

YEAHKA'S R&D EXPENDITURE AND TEAM BUILDING IN 2020	
	
research and development expenditures of RMB 127.8 million representing a year-on-year increase of 63%	research and development team composed of 519 employees representing 67.6% of the total number of employees

Yeahka has independently developed a transaction system that can safely process a large number of transactions by making full use of the powerful technical infrastructure. The system can execute flexible deployment on the basis of guaranteed implementation, and reduce transaction costs while meeting peak business needs. It can also provide customers with cloud SaaS services to meet the needs of small and medium-sized customers. At the same time, in order to further strengthen the construction of business continuity, Yeahka uses a variety of technical means such as distributed, cluster computing, and automated monitoring to build a stable and flexible computing resource support platform to effectively improve the system's uninterrupted service capabilities; continuously improve disaster preparedness capabilities, and the overall main disaster preparedness indicators have reached the advanced level in the industry. In 2020, Yeahka achieved full switching of the main and standby computer rooms during the system business acceptance period. Through switching operations and emergency drills, the system's emergency response capabilities and comprehensive support levels were further improved.

Yeahka focuses on the exploration and application of AI technologies. In 2017, it established an AI laboratory to apply AI image recognition, deep learning, smart credit analysis and scoring technologies to many business services and products, effectively improving operational efficiency and customer satisfaction. In 2020, Yeahka stood out by virtue of its breakthroughs and innovations in the field of AI fintech, and successfully won the "2020 AI+ Finance Best Digital Growth Award" from Leiphone.com.

In addition, Yeahka continues to study in the field of blockchain, conduct in-depth research on a variety of common blockchain technologies, and solve the inherent problems of the blockchain through adjustment to the consensus algorithm, to greatly improve product performance. At present, we have applied blockchain technology to a variety of businesses and products. For example, in the field of financial payment, the anti-tamper feature of blockchain is used to deal with reconciliation and supervision; in the field of precision marketing, we have launched the Leshua sharing coupon business to create an open and transparent marketing effect verification system.

TECHNOLOGY APPLICATION: CONSUMER CLOUD PLATFORM

The blockchain coupon consumption cloud platform of Yeahka is committed to providing solutions for merchant store management and customer acquisition. The platform stores the information of merchants, consumers and electronic coupons on the blockchain, manages the circulation of electronic coupons through smart contracts, and confirms the rights of the coupons;

At the same time, the features of the blockchain including decentralization and tamper proof are used to achieve decentralization and simplification of the business process of merchants. At present, the consumer cloud platform of Yeahka has accumulatively served nearly tens of thousands of merchants, and the "Yuehuiquan" product of the consumer cloud platform is used to distribute coupons.

01. Traceable transaction

Any coupon transaction on the consumer cloud platform can be traced, and exchange and transfer can be realized on the basis of ensuring safety and credibility.



02. Independent trust network

Through the tamper proof characteristic of data in blockchain technology, the platform can build a self-operating trust network that does not rely on third parties.



Three Capabilities of Consumer Cloud Platform

03. Protection of consumers' rights and interests

Conducive to the government's supervision of merchant credit, management of business services, and protection of consumers' rights and interests.



In addition, in order to improve data processing capabilities, we use two independent data centers operated by Shenzhen Telecom, one of which is rated as five-star in the Star-level Classification and Evaluation of IDC Computer Room published by Certification and Accreditation Administration of China (CNCA). Our system is constructed with a parallel processing architecture spanning two independent data centers to improve practicability and stability.

The Company also makes full use of cutting-edge technologies in internal risk management to enhance its risk control capabilities in all aspects:

- Rule engine technology is used to convert humanized grammar rules into machine code for execution, greatly improving the efficiency of man-machine interface. In the Year, the access time for single risk control services was greatly shortened, and the online time for risk control rules was shortened from half a working day to a few minutes;

- The big data platform is used to clean and label user data, and score and rate credit in advance; Meanwhile, the stream processing technology is used to greatly enhance the real-time processing capabilities of risk control requests through high concurrency and smooth expansion capabilities. At present, the response timeliness of the single processing system can complete risk control decisions and give feedback on the results in a relatively short time;

- AI deep learning technology is utilised to optimize transaction monitoring model, improve the accuracy of identifying risky customers, and reduce the possibility of identification omissions.

3.1.3 PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

In order to promote technological innovation and protect various research and development results from infringement, the Company has established the intellectual property rights protection mechanism and implementation strategies in the product development process in strict accordance with the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Enterprise Intellectual Property Management Regulations and other regulations and standard documents, to carry out the creation, management and protection of intellectual property rights in an all-round way. At the same time, we also focus on cultivating employees' awareness of protection of intellectual property rights through publicity and training, so as to enhance the Company's capabilities of protection of intellectual property rights as a whole and escort innovation and development.

As of December 31, 2020, the Company has applied for and obtained 69 software copyrights, 18 utility model patents, 5 appearance patents, and applied for 17 invention patents.

Intellectual Property Rights Protection Measures

01. Apply to relevant authorities for registration and filing of product names and trademarks in a timely manner, and file similar graphics and names with similar meanings to prevent criminals from taking advantage of them.

02. Protect key technologies that are not suitable for disclosure, adopt corresponding confidentiality measures for key technologies by region, security classification, and object, and sign confidentiality clauses with employees, partners, etc.

03. Register software copyright of software products and program codes in a timely manner in the process of software products research and development.

04. Apply for patent authorization for patterns, user interfaces, and appearance designs that are recognizable or involve brand image in a timely manner.

3.1.4 PROMOTION OF THE COORDINATED DEVELOPMENT OF THE INDUSTRY



Yeahka LINK 2020 Smart
Management Ecological Conference

The Company attaches great importance to inter-industry exchanges and cooperation, and cooperates with partners to promote the healthy development of the industry through daily exchanges, offline summits, etc., to create a mutually beneficial and win-win Internet ecosystem. We are also committed to establishing long-term and stable research partnerships with university research institutions, and leveraging the power of think tanks to enhance technological innovation capabilities to achieve the common development of enterprises and industries.

CASE: YEAHKA LINK 2020 SMART OPERATION ECOLOGICAL CONFERENCE

On September 20, 2020, Yeahka LINK 2020 Smart Management Ecological Conference was officially held in Shenzhen. Themed by "Future Business • Co-evolution", this conference invited eco-partners in the smart business industry to discuss new trends in the digital economy, and helps small store merchants find the key to a new smart world through industry exchanges and cooperation.



CASE: IN-DEPTH STRATEGIC COOPERATION WITH SHENZHEN UNIVERSITY

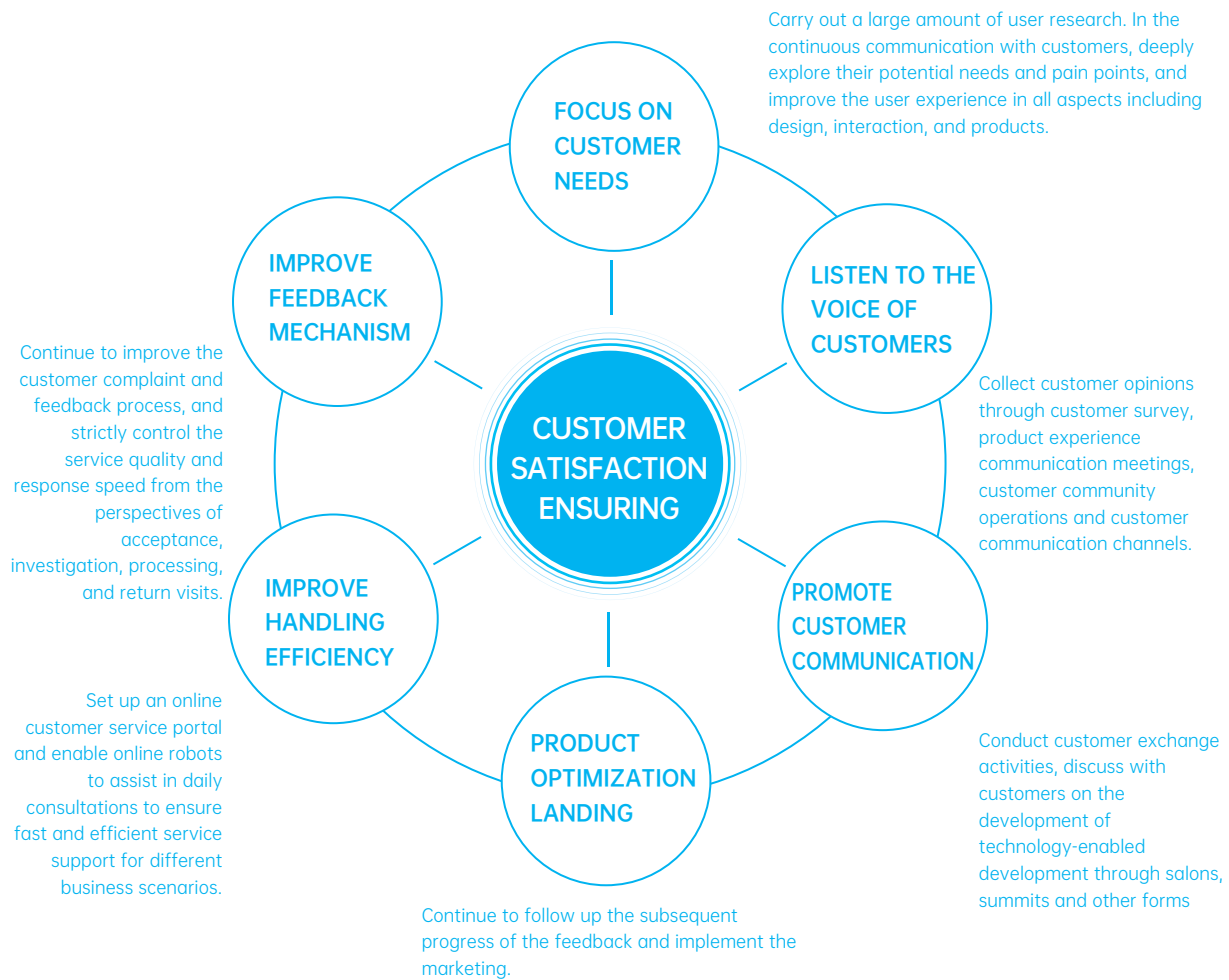
At present, the Company has signed a strategic cooperation agreement with the Blockchain Technology

Research Center of Shenzhen University. In the future, it will carry out continuous and in-depth cooperation in the direction of basic theoretical research, transformation of scientific and technological achievements, and joint training of talents in the field of blockchain technology, to jointly explore the implementation scenarios and industrial opportunities of blockchain technologies in mobile payment and other fields.

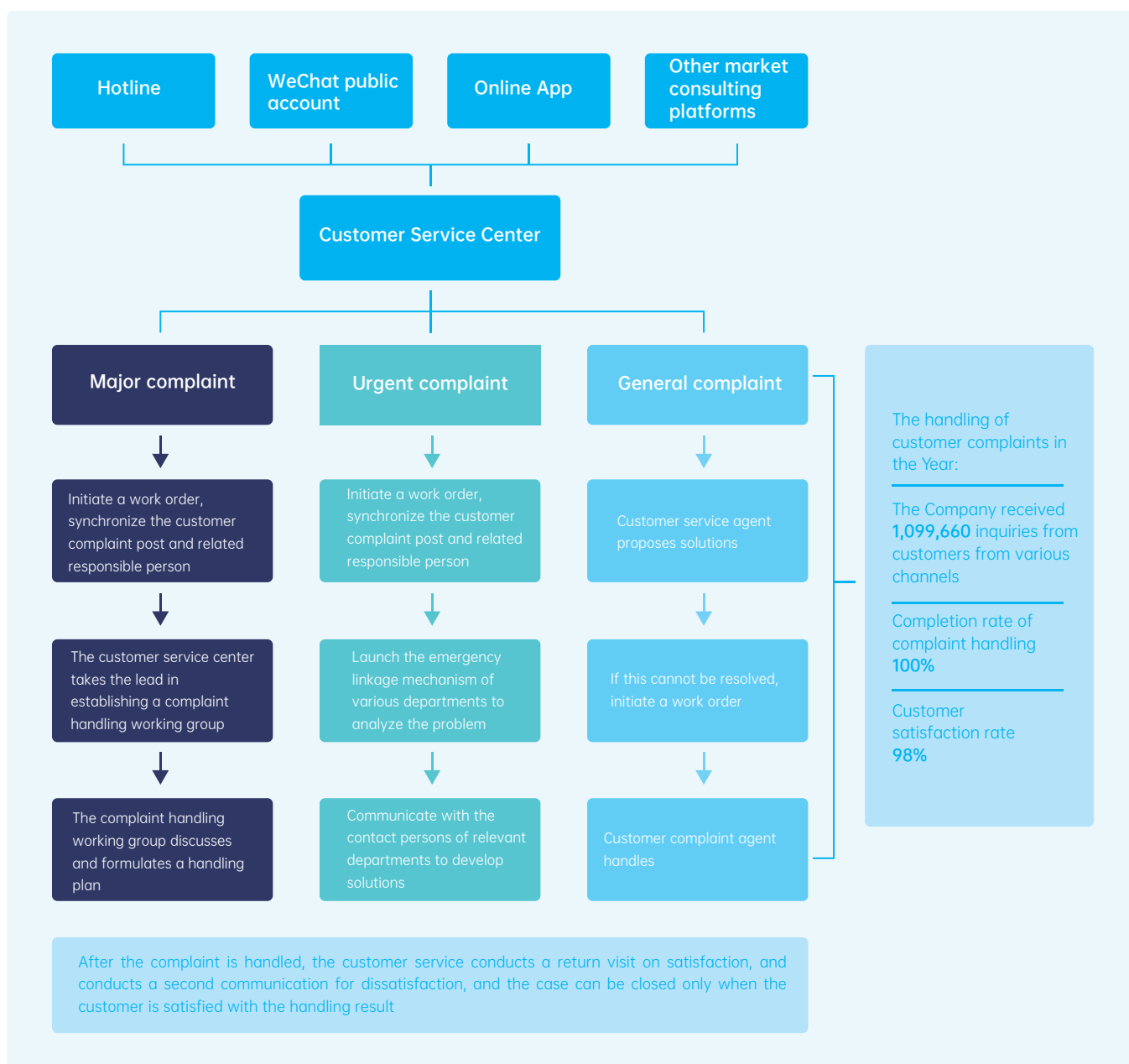
3.2 GUARANTEE CUSTOMER SATISFACTION WITH VALUE SERVICE

Customer recognition and support are the cornerstones of corporate sustainable development. Insisting on customer-centric, we have established a sound and standardized customer service mechanism, to proactively maintain communication with customers, understand customers' real needs, and obtain their valuable opinions on our products and services, thus to optimize product experience and improve customer satisfaction. We will continue to maintain a mutually beneficial relationship with our customers, and provide users with a steady stream of high-quality services to enable them to obtain real value experience.

3.2.1 MULTIPLE SIMULTANEOUS EFFORTS TO IMPROVE CUSTOMER SATISFACTION



In order to properly handle customer inquiries and complaints and improve customer satisfaction, Yeahka has formulated and strictly implemented the Daily Work Specifications for Customer Service, the Customer Complaint Handling System, the Quality Inspection System and other internal systems and process specifications to ensure that customer feedback is responded in a timely and effective manner. The Company's specific customer consultation and complaint handling procedures are as follows:



CUSTOMER EXCHANGE - INTERNET ENABLES CATERING SALON

In 2020, the Company held Internet-enabled catering salons in Chengdu, Changsha, Chongqing, Wuhan and other places, and invited several well-known local catering enterprises to gather together to discuss the way to more effectively enable restaurant operations through the Internet to increase revenue growth. The salon not only provided a platform for merchants to communicate with peers, but also helped us understand the real needs of merchants, improve service experience, and promote industry development through technology enabling.



Chongqing Salon Event Scene



Changsha Salon Event Scene

3.2.2 COMPLIANCE MARKETING TO PROTECT THE LEGITIMATE RIGHTS AND INTERESTS OF CUSTOMERS

The Company firmly believes that the long-term healthy development of brand has to be based on standardized marketing and publicity, so we have formulated the Advertising and Publicity Regulations and other internal management systems in strict accordance with the Advertising Law of the People's Republic of China and other laws and regulations, to prevent exaggerated publicity and false advertising, and practically safeguard the legitimate interests of customers.

The Company has established a database of prohibited words and standardized the design of publicity diction and advertising materials; set a level-by-level review mechanism for publicity materials to ensure the legality, authenticity and accuracy of the contents thereof. In case of false publicity, the Company will promptly verify the actual cause and scope of impact of the illegal publicity, and impose corresponding levels of punishment on the department or individual that violates regulations. In addition, the Company has also formulated the relevant Advertising and Publicity Standards for Outsourcing Service Organizations to provide partners or agents with compliance guidelines on marketing and publicity. In case of violation of advertising terminology standards, we will impose fines on or terminate cooperation with partners who have violated the rules in publicity depending on the extent of impact.

3.3 STRENGTHEN INFORMATION AND DATA SECURITY

The Company strictly complies with the Consumer Rights Protection Law of the People's Republic of China and other relevant laws and regulations, has formulated the Customer Rights Protection System and other normative documents to integrate the customer rights protection into the Company's business development measures and effectively protect customer privacy, right to know and other legitimate rights and interests. We follow the relevant policies on the health and safety of products and services, advertising, labeling and privacy matters, and remedies. There are no violations of relevant regulations in the Year, and we fully protect the rights and interests of customers.

As a payment-based technology platform, the Company has always regarded customer privacy data and information protection as an important matter in the course of business operations.

01. Technology infrastructure

We have established a complete security management system and security technology system in accordance with the requirements of the ISO27001 Information Security Standard and the national grade protection evaluation and other industry standards. We use domestic network equipment and security systems on a large scale to build a clear, standardized network structure and network boundary that meets information security requirements.

We choose cloud database services with multiple security protection measures and a complete performance monitoring system, and use a remote data backup mechanism to ensure data security and integrity.

When we acquire data, we mainly use the dedicated POS machines and self-developed applications. In particular, the POS machines have passed the certification of the UnionPay card acceptance terminal product security certification center. Leshua business application has passed the security testing of China Financial Certification Center (CFCA).

02. Security certification

Yeahka has passed the audit and certification of third-party authoritative organizations such as the China UnionPay Network Access Technology Security Certification, the Information Security Level Protection, the Technical Certification of Payment Service Facilities of Non-bank Payment Institutions and other third-party authorities. In particular, many projects have passed the certification of third-level security protection and many projects have passed the certification of third-level and second-level security protection.

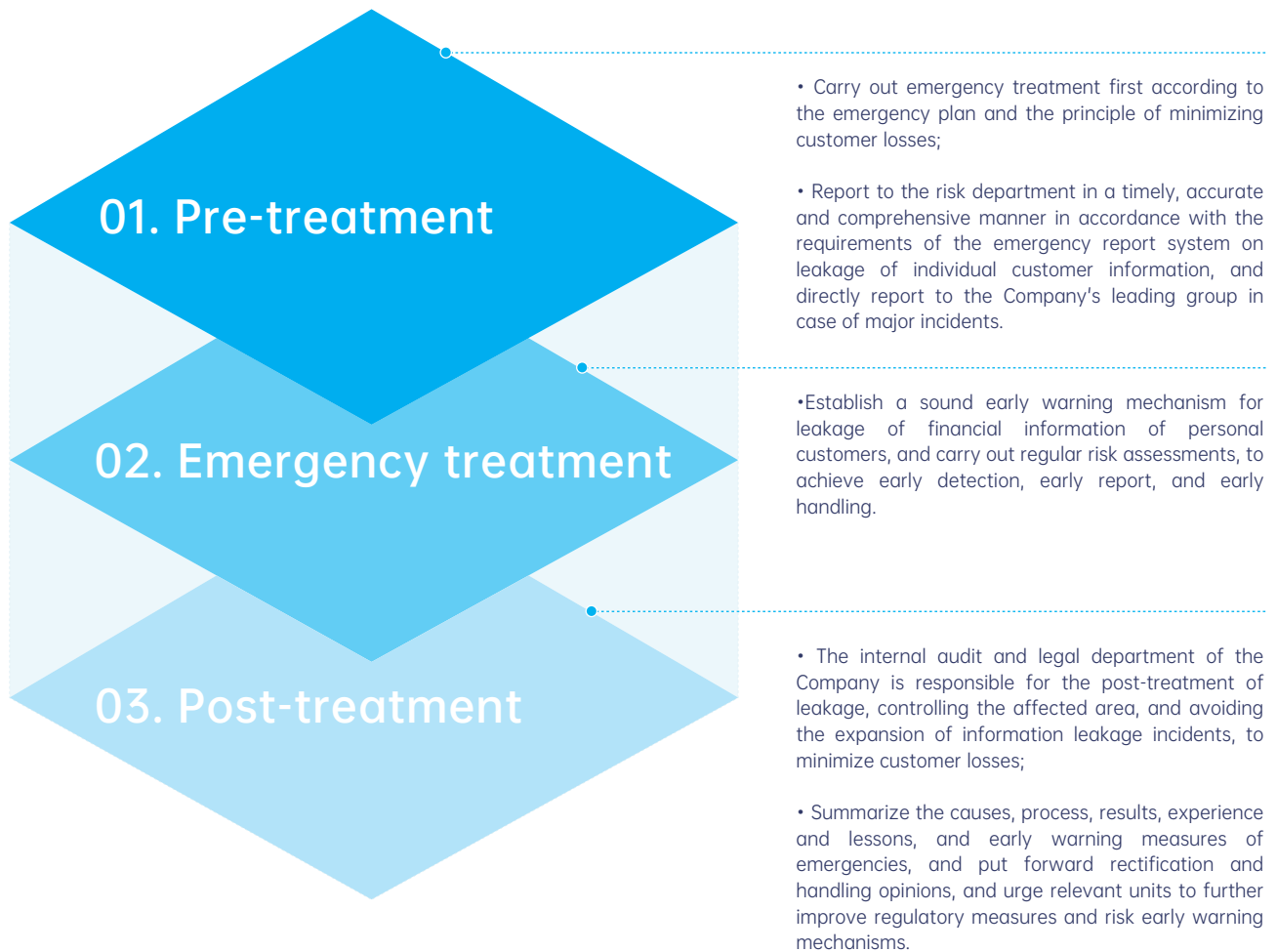
03. Permission setting

The Company ensures the separation of account read-write permissions. For daily application operation and maintenance personnel or developers, only accounts with read-only permissions for the database are opened; accounts with write permissions are only for connection with application system, and the account password is used to encrypt the connection.

04. System and emergency management

The Company has formulated and implemented the Information Security Management Measures and the Customer File Information Confidentiality System and other relevant provisions, and formulated emergency plans to prevent and respond to emergencies such as the leakage of customers' financial information. In the event of personal information leakage, we provide clear and operable handling and submission procedures and efficient solutions to minimize the damage caused by the emergencies to customers and the Company and protect the interests of customers.

The handling process of information security emergencies is as follows:



We clarify the responsibilities and obligations of staff in terms of customer information security and privacy protection, and prohibit staff from copying, duplicating or using other methods to obtain customer-related information; if staff leaks information deliberately in violation of regulations, the Company will handle the leakage in strict accordance with the relevant terms of the confidentiality agreement. We also pay attention to the publicity on the awareness of staff in terms of information security protection, and require new staff to receive an introduction training on security awareness and pass a security assessment; In addition, we conduct information security awareness training for all staff at least once a year, and organize professional technical training on information security protection from time to time for key technical positions.

We respect and protect customers' privacy. When customers use the Company's products and services, we will inform them of the Company's privacy policy, which includes our specific measures to protect customers' personal information, such as the use of various security technologies and supporting management systems to reduce the risk of leakage of customer information; and various circumstances in which customers' personal information is used, to ensure that customers have sufficient rights to know. We will collect, store, and use customer information in accordance with laws and regulations with customers' permission according to policies, and indicate the feedback channels in the privacy policy, so as to promptly resolve customers' questions in the protection of personal information.

CHAPTER IV

OUR INTERNAL GOVERNANCE • ESTABLISHMENT OF A SUSTAINABLE DEVELOPMENT MODEL

4.1 GOVERNANCE ENSURING JOINT BUILDING STANDARD COMMERCIAL ENVIRONMENT 39

- 4.1.1 Improvement of internal compliance management
- 4.1.2 Proactive response to the national anti-money laundering strategy
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4.2 PEOPLE-ORIENTED BUILDING THE FIRST PRODUCTIVE FORCE OF ENTERPRISES 43

- 4.2.1 Adherence to the principle of people-oriented management
- 4.2.2 Pavement of a clear career growth path
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- 4.3.1 Promotion of the development of a mutual-beneficial supply chain
- 4.3.2 Improvement of the partners management mechanism
- 4.3.3 Paying attention to the environmental and social risks of supply chain

4.1 GOVERNANCE ENSURING JOINT BUILDING STANDARD COMMERCIAL ENVIRONMENT

The Company has established and improved internal business ethics and compliance management system in strict compliance with the Company Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on the Prohibition of Commercial Bribery and other laws and regulations, to strengthen internal control, effectively prevent fraud, corruption and money laundering risks, and actively build a clean and transparent business environment.

4.1.1 Improvement of internal compliance management

The Company has established the risk management and internal control system. A series of internal risk management systems including the Risk Management Internal Control System have been prepared as unified standards for risk identification, assessment, management, monitoring and reporting of major risks and strengthening the management of internal environment, risk assessment, information communication, and internal supervision to ensure the legal compliance of operations, asset safety, true and complete financial reports and related information, improve the operating efficiency and effectiveness, and promote the Company's realization of development strategy.

Within the scope of authorization of the Board of Directors and the audit committee of the Company, the Company has established a risk management committee and built three lines of defense for risk management and internal control systems to perform daily duties related to risk management and internal control.

- As the Company's highest risk decision-making body, the risk management committee is responsible for the Company's risk management strategy and its implementation mechanism, clarifying the division of labor and coordination mechanisms for risk management of various departments, and regularly reports risk management work to the Board of Directors and the audit committee of the Company to supervise daily risk management activities.

- Three lines of defense: the Company's core business department constitutes the first line of defense, and designs and implements daily business operation process standards to manage various risks in the business process; the risk control department, policy development department, finance department and other supporting functional departments of the Company act as the second line of defense to discover, capture, warn and track abnormal risk information in daily supervision in a timely manner; as the third line of defense, the Company's internal audit team is responsible for providing independent analysis and evaluation of the effectiveness of the Company's risk management and internal control system and continuously supervising its improvement and promotion.

The Company conducts continuous inspections on the establishment and implementation of risk management internal control through daily supervision and special supervision, and evaluates and reviews the effectiveness of risk management internal control. Based on the review results, the management is responsible for providing timely information to the Board of Directors to assist the Board of Directors in reviewing the Company's monitoring status and the effectiveness of risk management. For more information on risk management and internal control, please refer to the Company's 2020 annual report.

4.1.2 Proactive response to the national anti-money laundering strategy

The Company strictly complies with the Anti-Money Laundering Law of the People's Republic of China, the Measures for Management of Anti-Money Laundering and Anti-Terrorist Financing of Payment Institutions, the Notice of the People's Bank of China on Strengthening Anti-Money Laundering Customer Identification and other relevant laws and regulations and relevant regulatory requirements, and has revised and improved the Internal Control System of Anti-money Laundering and Anti-terrorist Financing, the Self-assessment System for Money Laundering Risks, the Internal Reporting System for Anti-money Laundering and other relevant systems in accordance with business development and regulatory requirements, to promote the construction of an anti-money laundering management system.

In order to enable all employees of the Company to participate in anti-money laundering related work, we have established an anti-money laundering leading group, with the general manager as the team leader, the head of the risk control department as the deputy team leader, and the heads of relevant departments as the team members. The team is responsible for the overall management of the Company's anti-money laundering and anti-terrorist financing work; the anti-money laundering leading group has an anti-money laundering working group to undertake the daily work of anti-money laundering and anti-terrorist financing; At the same time, the anti-money laundering leading group designates the risk control department as the leading department for anti-money laundering and anti-terrorist financing work, grants the risk control department the authority for cross-department coordination, and organizes and coordinates the specific work of anti-money laundering and anti-terrorist financing of various departments.

In order to prevent and control the money laundering risk of the Company's payment business, we have adopted the following four specific measures to strictly manage merchant transactions:

01. Merchant identification management

We strictly fulfill the obligation of customer identification, to understand, verify, register, and retain the identity information of merchants, carry out initial identification of merchants when they access to the network, conduct continuous identification and re-identification during business cooperation, and continue to strengthen the strength and depth of customer identification, to build the first layer of protection against risks.

02. Merchant risk level classification management

We have embedded a customer risk level classification model in the anti-money laundering system, comprehensively evaluate customer characteristics, regions, businesses and industries upholding the principles of objectivity, prudence, continuity, and confidentiality, and divide customer risk levels into low risk, medium to low risk, medium risk, medium to high risk, and high risk; we adopt classified management measures for customers with different risk levels.

For high-risk merchants, we strengthen identification and transaction monitoring to further improve the accuracy of identification, strengthen customer behavior monitoring, and better meet the regulatory authorities' anti-money laundering risk management related requirements.

03. Real-time monitoring of merchant transactions

We have set up a professional transaction monitoring team to identify risks in the transaction process, and formulated a series of rules for monitoring abnormal transactions based on the characteristics of the Company's transactions, such as suspected gambling rules, suspected cash out monitoring rules, large-amount abnormal transaction rules, etc., to prevent potential risks; The abnormal transactions monitored by the system will be checked and reviewed by dedicated personnel to determine whether the merchants are at risk. For merchants whose risks have been excluded, continuous monitoring will be carried out. For merchants whose risks cannot be excluded, the suspension of transactions, postponement of settlement or other risk control measures will be taken.

04. Suspicious transaction reports

Regarding the management of suspicious transactions report, we have formulated the Report System for Large-amount Transactions and Suspicious Transactions, which connects the anti-money laundering system with the Company's business system. We manage the Company's merchant information and transactions through the anti-money laundering system, comprehensively conduct monitoring and analysis of large-amount transactions and suspicious transactions, and submit suspicious transaction reports to the Anti-Money Laundering Monitoring and Analysis Center of the People's Bank of China in a timely manner.

In addition, we have also established an anti-money laundering publicity and training team to actively organize anti-money laundering training and publicity activities to enhance the awareness and prevention capabilities of all employees for anti-money laundering, and promote a more standardized and efficient operation of the Company's anti-money laundering work.



「Anti-money Laundering Training」

Case: Anti-money laundering training for new employees

In order to enhance the anti-money laundering awareness of new employees and effectively prevent money laundering crimes, on January 9, 2020, Yeahka launched a special anti-money laundering training for new employees.

The training is mainly on the basic knowledge of anti-money laundering and warning education on money laundering cases, with emphasis on the anti-money laundering obligations and codes of conduct that new employees should assume after their employment. Employees' awareness and understanding of anti-money laundering were further strengthened through actual money laundering cases, thereby enhancing their awareness of anti-money laundering compliance.

4.1.3 Improvement of fraud risk management with new technologies

Yeahka highly prioritizes fraud risk management and sets early warning rules in monitoring. It analyzes transaction characteristics and has established merchant risk characteristics database, quantification model and formulated risk control strategies based on violations and violation risk cases pushed by regulatory agencies and clearing institutions, to continuously improve and iterate transaction monitoring rules and models, and conduct real-time monitoring of transaction amounts, transaction numbers, transaction types, and transaction frequencies of various types of transactions. If a merchant's transaction behavior triggers the monitoring of the risk control system, the system will promptly carry out risk characteristics verification of suspicious risk merchants, and take risk treatment measures against suspicious merchants such as suspension of transactions, delays in settlement, and removal.

In order to further enhance the risk control capability, we have independently developed an intelligent risk control system, and formulated different risk control monitoring rules according to different risk types, such as swiping forged cards, gambling, fraud, etc.; we use AI artificial intelligence technology, and have built risk monitoring models for gambling, swiping forged cards, and anti-fraud through supervised, unsupervised and other machine learning algorithms.

4.1.4 Building a transparent and honest corporate culture

In order to effectively promote the management of corporate integrity, the Company continuously optimizes the anti-fraud and internal control management system based on the Anti-fraud System and other relevant regulations, and corruption, bribery, fraud and other illegal methods to harm the interests of the Company and others or seek improper economic interest are subject to high-pressure supervision. We have established an anti-fraud organizational structure, and established, improved and effectively implemented anti-fraud procedures, including fraud risk assessment, fraud control and prevention, etc.; The internal audit and legal department is responsible for coordinating and making overall planning for the Company's anti-fraud work, performing fraud reports, fraud investigation and handling, anti-fraud publicity, etc.; The departments of the Company actively cooperate with fraud investigation and evidence collection, and clarify the relevant responsibilities and division of labor for anti-fraud work in accordance with relevant regulations.

For frauds, the Company encourages internal and external stakeholders to report actual or suspected frauds through various channels such as whistle blowing telephone, e-mails, and letters. The anti-fraud investigation team of the Company is responsible for investigating fraud cases. Once the frauds are confirmed, the anti-fraud investigation team will determine handling responsibilities and put forward opinions, and hand them over to relevant departments for follow-up handling. The Company resolutely protects the privacy of whistleblowers. If whistleblowers receive retaliation for reporting fraud cases, they can file a complaint with the internal audit and legal department. Upon investigation and verification by the internal audit and legal department, the relevant personnel will be held accountable.

The Company proactively carries out anti-fraud publicity and training, strictly regulates the integrity of employees, and provides employees with relevant knowledge of anti-fraud, strengthens anti-corruption assumptions, and eliminates any form of corruption, commercial bribery, and favoritism, striving to create an integrity and harmonious working atmosphere. We strictly follow the policy on preventing bribery, extortion, fraud and money laundering. During the reporting period, there were no violations of such regulations and laws, and there were no concluded cases of corruption related to the Company or employees.

4.2 PEOPLE-ORIENTED BUILDING THE FIRST PRODUCTIVE FORCE OF ENTERPRISES

4.2.1 Adherence to the principle of people-oriented management

An excellent and enterprising team of employees is the cornerstone of enterprise development. Adhering to the "people-oriented" belief, Yeahka regards employees as the Company's first resources. Through a scientific employee management system, a comprehensive talent training system, and a perfect employee health and safety protection policy, the rights and interests of employees are effectively protected and a democratic and harmonious growth platform is created to achieve the common development of the Company and employees.

Yeahka strictly abides by the policies related to salary and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, and other treatments and benefits. There were no violations of relevant regulations and laws in the Year.

Staff Recruitment

The Company attaches great importance to absorbing talents and is convinced that the continuous injection of fresh vitality into the Company will become the driving force for the development of the Company.

Upholding the principle of open recruitment and merit-based admission, we create equal employment and promotion opportunities for every employee who comes to apply for employment, and provide a broad platform for pursuing dreams. Through campus recruitment, online recruitment, talent market, internal recommendation and other channels, we select candidates who dare to challenge and make innovations after the process of resume screening, written examination, interview, etc., to create a new technology-enabled era together with Yeahka.

In 2020, the Company employed:

- 150 senior and middle-level talents, accounting for **53%** of the new recruits
- Including 101 technical talents, further empowering technical strength



「Campus Recruiting」

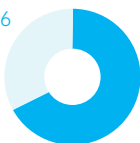
Case: 2020 Campus Recruiting

In September 2020, the Company held campus recruitment fairs in 24 colleges and universities in 12 cities including Wuhan, Changsha, Xi'an, Nanjing and Harbin, which received positive responses from students. In the Year, the campus recruitment activities successfully completed goals, and introduced hundreds of outstanding fresh graduates, creating unlimited possibilities for technological innovation.

Statistics of employees by gender

Female: 33.33%, 256

Male: 66.67%, 512



The Company strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other laws and regulations, and has formulated the Recruitment Management System in the Company and signed labor contracts with employees in accordance with the laws, to protect the legitimate interests of employees. As of December 31, 2020, Yeahka had a total of 768 employees.

Performance Assessment and Remuneration Incentive

A scientific and reasonable employment structure and a harmonious labor-capital relationship are the fundamental guarantees for the Company's continuous development. In order to facilitate the selection and training of talents, Yeahka has formulated the Performance Management System of Yeahka Group which sets out objective and fair appointment, promotion, reward and punishment, and training to ensure that employees have equal opportunities for development. The Company strictly implements regular performance assessment for all employees in accordance with the assessment standards, procedures and contents set by the systems.



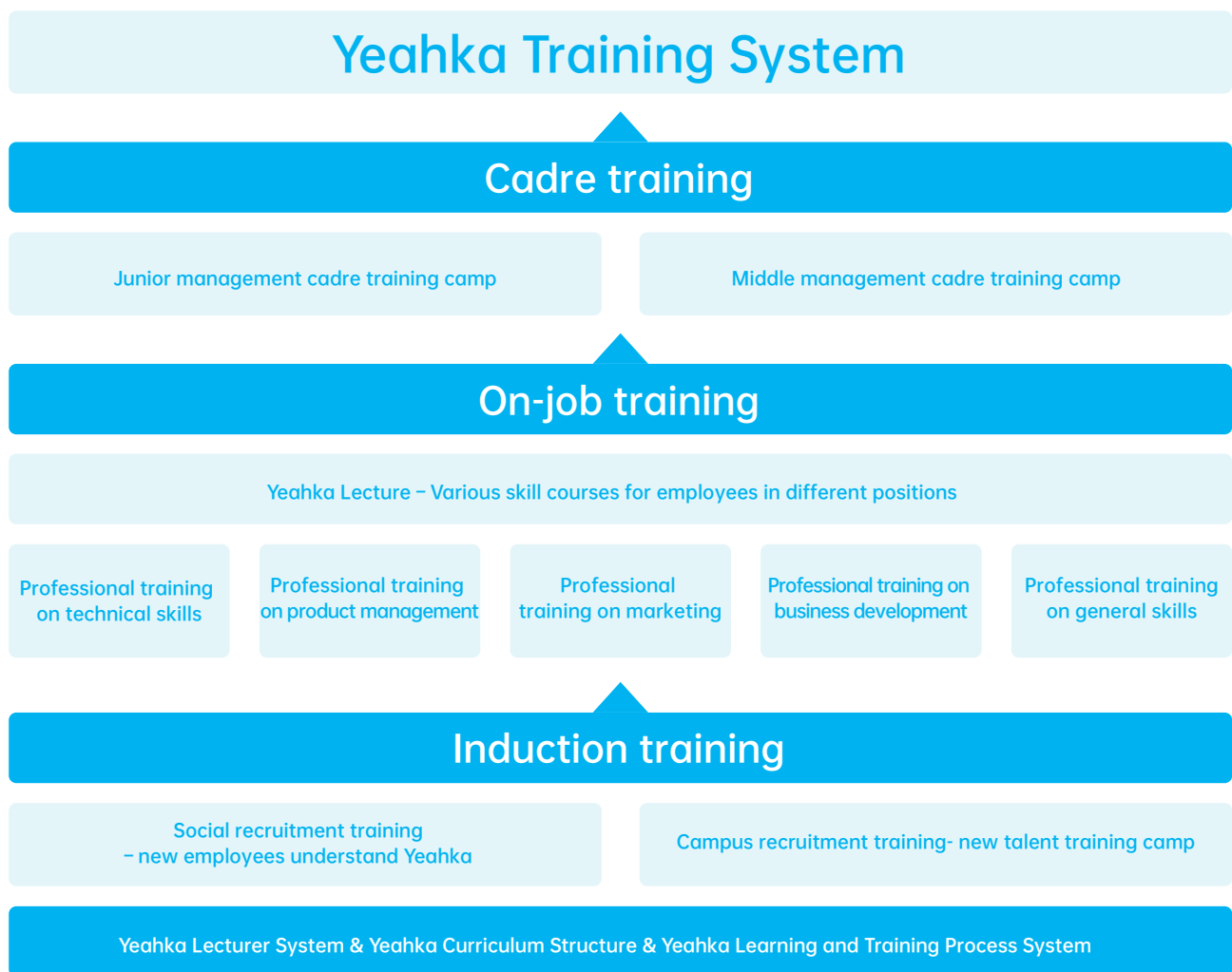
Yehka strictly abides by relevant laws and regulations and has established a scientific and fair remuneration incentive and welfare system cover salary, incentives, statutory benefits, health protection, etc. We always insist on equal pay for equal work, and firmly believe that every hard work deserves a gain. In order to affirm the hard work of employees, the Group combines employee performance with the benefits of the Company and combines post-based salary with ability-based salary. Employees and project teams who have made significant contributions will receive awards.

In 2020, the Company gradually improved the internal incentive system and increased more honor incentives and instant incentive measures on the basis of the original systems, including monthly star selection, performance contribution star, improvement and innovation star, and best guardian. The Company has also set up a performance sprint bonus of over RMB1 million and launched a performance sprint plan for employees to motivate employees to forge ahead, explore their personal potential, and realize the common development of individuals and the Company.

4.2.2 Pavement of a clear career growth path

Employee Training

In order to cooperate with the Company's development goals and realize the common development of the Company and its employees, we have established a systematic employee training mechanism and carefully developed customized talent training programs. Through a combination of diversified courses and online and offline trainings, we continuously improve employees' knowledge and ability reserves and have established a knowledge sharing system to stimulate employees' enthusiasm for knowledge and promote employees' self-improvement.



01. Induction training

According to the number of employees, we will organize induction training for new employees once a month to help new employees familiarize themselves with the Company and colleagues, and explain the Employee Handbook for new employees.



「Newcomer Summer Camp Event」

Case: Campus recruitment training- Newcomer Summer Camp

In August 2020, Yeahka organized a three-month Newcomer Summer Camp for school recruits from all corners of the world to help everyone complete the online and offline transition from "novice" to "elite".

We first set up a WeChat group online, and distributed warm entry tips and some newbie tasks in the group to help everyone quickly become familiar with Yeahka and get to know each other better.

After everyone arrived in Shenzhen, we organized new employees of Yeahka to attend 9 business courses and participated in 3 cultural activities, 2 rounds of first-line experiences and 1 day of development training to help everyone better integrate into the Company, understand the Company's culture and mission, adapt to the life in the new city.



「Poster of Yeahka Lecture」

02. On-job training

The departments of the Company organize technical exchanges and sharing within the team from time to time, or invite internal executives or technical experts of the Company to carry out business sharing throughout the Company.

Case: Yeahka Lecture

In order to enhance the professional and technical capabilities of staff, we have launched the Yeahka Lecture, aiming to provide professional knowledge training on big data computing technology, AI, digital marketing, etc. to research personnel, product and management team members, to provide strong support for the technology and product research and development of staff.

In 2020, Yeahka Lecture organized a wealth of courses on private traffic and Internet product methodology, to effectively promote the cultivation of innovative talents.



「Training Session」

Case: Distributed task scheduling training

On January 8, 2020, Yeahka carried out professional skills training, introduced the background and pain points of the use of the task scheduling framework, explored and practiced the use of the open distributed task scheduling framework commonly used in the industry, and analyzed the advantages and disadvantages of these types, to help the staff of the technical department better improve their relevant skills in future development.



03. Cadre training

The Company engages external lecturers every year to conduct management training for middle and senior management personnel, and selects outstanding employees from time to time as basic cadres to learn management skills.



「Training session」

Case: Objectives and Key Results Method (OKR) training

In 2020, the Company carried out OKR training, focusing on the way to correctly set key objectives, the way to evaluate key results, and conduct quarterly and monthly review of OKR, to help managers of various departments set clear objectives from top to bottom and decompose key results for better supervision and implementation.

In 2020, the Company's total training hours reached 33,712 hours. The average training hours per employee by gender and employee category are as follows:

Average training hours per employee by gender

Male **56.6** hours

Female **51.4** hours

Total training hours

33,712 hours

Average training hours per employee

55.1 hours

Average training hours per employee by seniority

Senior management **64.5** hours

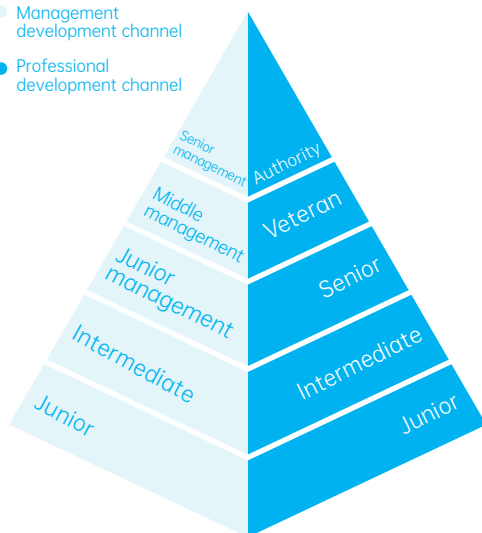
Middle management **60.1** hours

General staff **53.9** hours

*The training data covers nearly 80% of the employees of the Group. The Group will further improve the internal training data collection system and continue to improve the disclosure of training data in subsequent years.

Employee promotion

- Management development channel
- Professional development channel



Employee promotion

The Company has formulated the Promotion Management System of Yeahka Group and established a "dual-channel" development level system composed of management and profession for different types of talents. In particular, the management channel includes management, and the professional channel includes four major categories, i.e. technology, product operation, marketing, and functions. The system clearly plans the promotion path of five major ranks from junior employees to senior managers/authority. Both channels have the same recognition and return.

We provide each employee with open and equal opportunities for promotion. With a clear dual-channel development path and specific measurement standards, we assist employees to establish their career development direction, set growth goals, and give full play to their own advantages, to achieve their career ideals through hard work.

4.2.3 Creation of a healthy working environment

Employee health caring

Every employee of Yeahka is an important part of Yeahka. We hope that while working hard and realizing personal ideals, employees can also balance work and life and pay attention to physical and mental health to enjoy a wonderful life.

We believe that a good and healthy working environment is the first step for the staff of Yeahka to exert their potential and stimulate their enthusiasm for work. We have designed free and open office space and leisure area, and maintained a comfortable and tidy office environment. Many green plants are placed in the office and windows are opened for ventilation at any time to improve indoor air quality.

We also attach importance to potential safety risks in the office area, earnestly investigate potential safety hazards and promptly make rectifications, and we have formulated safety emergency plans to effectively protect the health and safety of employees. We strictly comply with the Fire Protection Law of the People's Republic of China and other relevant laws and regulations, and have earnestly formulated the fire safety management system for office following the basic principle of combination of fire prevention and fire fighting, to brainstorm the fire safety knowledge to employees, and engage employees in the fire drills held by the property to ensure that employees understand emergency process in case of fire.



「Fire Safety Drill Site」

Case: Emergency drill

On July 9, 2020, the park property and the police station of the high-tech district jointly organized a fire emergency drill for the enterprises in the park, and key personnel from various departments of the Company proactively participated in the drill. A complete simulation was conducted for emergency evacuation, emergency response, and aftermath response in the event of a fire. Before the drill, the Company conducted a preliminary training on fire fighting skills and knowledge. During the drill, the employees acted in a standard manner, the language expression was accurate and concise, and the tasks assigned were orderly and closely coordinated. After the drill, we distributed relevant emergency publicity materials to all employees to reinforce their knowledge of fire emergency response.

Working together against the COVID-19

Yeahka will not forget the original intention and keep its mission in mind. Yeahka works hand in hand with staff to fight the epidemic together. In 2020, in accordance with the requirements of government authorities on epidemic prevention and control, the Company formulated a series of epidemic prevention and control systems such as the COVID-19 Prevention and Control Knowledge Manual, and the COVID-19 Prevention and Control Emergency Plan, and earnestly implemented them, and paid attention to the health of staff.

In 2020, the Company adhered to the following normalized epidemic prevention measures:

01. Regular disinfection and cleaning

Daily arrangement of cleaning staff to carry out disinfection for the office space to ensure the hygiene and cleanliness of the office space;

02. Strengthened personnel management

Daily temperature checks on employees, strict check of health QR codes, itinerary cards and other information of personnel entering and exiting the Company, and registration. Focus of tracking and management on employees from high-risk areas of the epidemic;

03. Guiding the epidemic prevention

Post epidemic prevention measures and requirements in conspicuous locations, striving to create a safe and secure office environment;

04. Anti-epidemic supplies

Provide staff with adequate protective articles, including masks, disinfectant wipes, disinfectant, etc., and replenish the supply in time;



「Epidemic prevention notices which can be seen everywhere in the Company」



「Protective articles provided for staff」

4.2.4 Creation of an equal and caring working environment

05. Warm-hearted caring

Keep abreast of staff turnover and give special care to staff, including active coordination of work, full payment of wages during the quarantine period, and display warm-hearted tips of epidemic prevention on the Yeahka official account, etc.;

06. Active community interaction

Form linkage with local government authorities and property companies to ensure that relevant anti-epidemic policies are understood at the first time, implemented in a timely manner, to make contribution to the fight against the epidemic.

In 2020, the Group did not have any work-related fatalities or injury.

Staff Rights and Equal Participation

The Company strictly complies with the Labor Law of the People's Republic of China and other national laws and regulations, and has formulated and implemented relevant internal regulations including the Management Measures for Attendance and Vacation of Yeahka Group and the Management Measures for Employment and Resignation of Yeahka Group, to regulate employment in accordance with the laws. For applicants, we implement strict information checks to ensure that the applicants meet the Company's regulations on age and qualifications, to strictly prohibit child labor.

We ensure that employees enjoy statutory festivals and holidays, public holidays, etc., to promote a balance between work and life for employees. At the same time, we have established a strict overtime approval process, pay statutory overtime wages or provide protection in forms of taking working days off and subsidies for overtime employees, and prohibit any form of forced labor. Regarding dismissal management, we strictly follow the specific conditions and review procedures for terminating labor contracts as set out in the Employee Handbook, and issue the written notice. Arbitrary dismissal is not allowed.

In case of false identity card information or concealed age of the applicants or forced labor, the Company will conduct corresponding investigations and implement internal rectification. In the Year, there were no violations of laws and regulations related to child labor or forced labor.

As an open Internet company, Yeahka adheres to the principle of meritocracy, respects and treats every employee equally, and eliminates any prejudice and discrimination based on age, gender, region, and belief. In the face of the epidemic in 2020, the Company insisted on not laying off employees or cutting salaries, and paid the five social insurances and one housing fund on time and in full, to effectively protect the rights and interests of employees. The Company stresses the protection of the physical and mental health of female employees and has established a clear feedback and punishment mechanism to achieve zero tolerance for sexual harassment in the workplace.

Care for Employees

In a fast-paced work environment, we endeavor to enhance team spirit through diverse employee activities and relaxing times together to create a harmonious and positive work atmosphere.

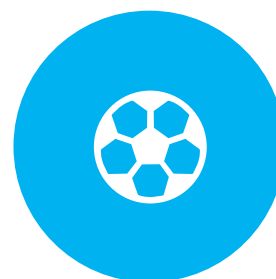
Life at Yeahka



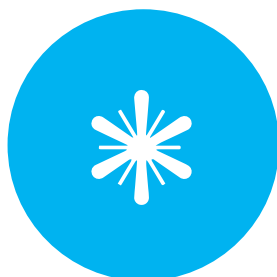
Internal Publication



Team Building



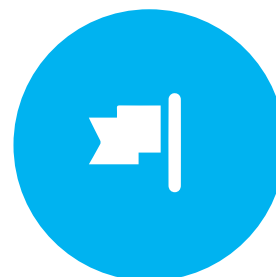
Soccer Club



Festive Celebration



Birthday Party



Mentoring Scheme



「πDay Poster」

Programmer's Day (πDay)

Programmer's Day is held at Yeahka on March 14th every year, featuring an online quiz for employees. Prizes are awarded to the employees with the highest scores. Despite the influence of COVID-19, participation rate remained high this year, with over 200 employees joining, accounting for 54% of all employees who had resumed work.

Qixi Festival

On August 25, 2020, we celebrated Qixi Festival at the common areas of our offices with afternoon tea, lottery games, snacks, thermal bottles, blankets and other gifts for employees. Purpose of the activity was to improve understanding and communication between employees, promote gender diversity and equality, foster a positive work atmosphere, and create a warm and relaxing working environment.



「Sweet delicacies served at the Qixi Event」



「Birthday Cake for Employees」



「Exquisite Christmas Gifts」

In addition to a wide variety of festive celebrations, we also actively organized sports and team building activities to promote work-life balance. We encourage employees to exercise more, care for both physical and mental health, and stay healthy at work.

Football Club Matches

To encourage employees to exercise more, Yeahka has founded a football club. Many employees have registered as long-term members. The club regularly hosts monthly five-a-side or seven-a-side football matches and organizes friendly matches with other companies. In 2020, the club hosted 8 internal matches and 2 friendly matches. Meanwhile, the club has also attracted 20 freshmen of this year to join the team. Yeahka's people not only work their brains in the office but also play hard on the sports field.

Leshua Team's Trip to Guilin

Every year, Yeahka organizes team building activities at the company level, and provides funding for individual departments to organize their own team building activities. Approximately 80 employees joined Leshua's team building trip to Guilin. In addition to sightseeing, the team actively participated in team building programs, reinforcing team spirit while enjoying the nature.

More than 700 employees participated in the activity, all had a pleasant experience as the event was livened up with nice food and games. While enjoying a great time at the event, employees were able to revisit this traditional Chinese festival, and learn more about the origin of the Qixi traditions.

Employee Birthday Party

Yeahka offered cakes, birthday cards and gifts on employee birthdays. Team members of the employee celebrated together, giving them a pleasant and unforgettable birthday in the workplace.

Christmas Celebration

We offered employees gifts, seasonal fruits, and Christmas cards during the festive season to thank them for their hard work throughout the year. Employees would write their wishes on the Christmas cards and decorate the Christmas tree with their cards, and everyone had enjoyed a warm and fun Christmas with their teams. This activity has also allowed employees to experience a different corporate culture and interest, relax, and share the joy outside work.



「Group photo of Players」



「Team Building at Guilin」



Corporate culture is key to building team spirit and employee happiness. To lead the planning of the corporate culture communications program and its implementation, Yeahka has launched Link Time, an internal publication, to encourage employees to share their personal growth stories and work experiences, convey the company's internal corporate culture and employees' voices, creating a platform for equal and joyful communication.



「Stylish design covers」

4.3 COOPERATION WITH PARTNERS PROMOTION OF THE RAPID DEVELOPMENT OF THE INDUSTRY

Excellent partners are a necessary condition for the Company to provide high-quality products and services, and also a core element of the value chain of the Company's performance of duties. The Company is committed to forming a long-term and stable strategic relationship with its partners by virtue of standardized management and continuously expanding cooperation opportunities, and achieving common development and creating responsibility value together by paying attention to its social responsibility performance in operation.

4.3.1 Promotion of the development of a mutual-beneficial supply chain

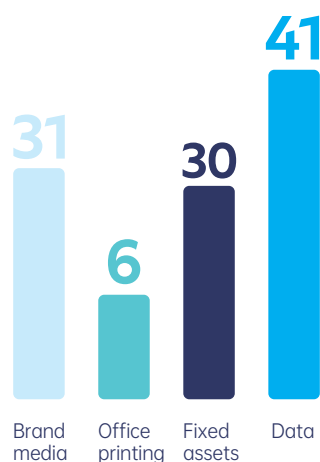
The Company strictly abides by the Law of the People's Republic of China on Tendering and Bidding, the Government Procurement Law of the People's Republic of China and other laws and regulations, and upholding the principles of fairness, justice and transparency, it has formulated and implemented the Procurement Management System, to standardize the supplier access assessment process, guarantee procurement quality and improve delivery efficiency.



Supplier access and certification

- The procurement department is responsible for leading the entire access certification and selection of suppliers, and promptly launching supplier sourcing to obtain basic information on suppliers; the business department can also recommend suppliers before the supplier access certification assessment to enrich supplier resources;
- The procurement department investigates and evaluates suppliers' qualifications, technical solutions, case experience, personnel scale, business costs, etc.; the business department is responsible for inputting technical evaluation standards, participating in technical evaluations on suppliers, and outputting technical evaluation conclusions;
- Suppliers satisfying the Company's procurement requirements will be included in the list of qualified suppliers.

In 2020, the Company had a total of 108 suppliers.
The details are as follows:



Supplier assessment and dynamic management

·Regular performance evaluation of suppliers is conducted in accordance with the Supplier Performance Management Process, to evaluate suppliers' performance in improving product quality and delivery dates;

·The results of performance evaluation and the exit and entry of suppliers shall be subject to approval by the procurement department to ensure fairness and justice of supplier evaluation.

4.3.2 Improvement of the partners management mechanism

In order to make rational use of external resources and ensure the quality of outsourcing service projects, the Company stresses the standardized management of outsourcing partners such as channel providers, agents, service providers, etc., and reduces risks in the process of cooperation through strict audits and daily supervision.

Before signing a contract with a partner, the Company will review its basic information, business license, management personnel and other related materials, and conduct on-site inspections to understand its various qualifications and service capabilities, and sign an agreement with qualified outsourcers after strict approval management and require it to make a commitment to legal and compliant operations in the agreement.

The Company conducts regular inspections of cooperative service institutions, analyzes the provision of services by partners through on-site inspections, telephone interviews, and public opinion monitoring, and proposes improvement suggestions for them. In the process of cooperation, the Company attaches great importance to communication and exchanges with partners, and develops training and coaching plans for partners according to the cooperation business and partners' qualifications, so as to achieve common growth with partners.

4.3.3 Paying attention to the environmental and social risks of supply chain

In order to standardize the order of procurement transactions and maintain a fair competition environment, the Company requires cooperating suppliers to strictly abide by the Anti-unfair Competition Law and other relevant laws and regulations, and include integrity clauses in contracts with suppliers; We will sign an Anti-Commercial Bribery Confirmation Letter with suppliers whose contract value is greater than a certain number. At present, 17 suppliers have signed this letter, promising to resist any

unfair competition, to ensure the compliance of cooperation. For internal procurement personnel, the Company insists on separation of responsibilities and strictly prohibits the same department from continuously performing procurement work in multiple aspects or bypassing the procurement process to perform a single procurement activity to prevent procurement fraud risks and build a clean and transparent supplier management platform.

The Company actively promotes responsible procurement and pays attention to its green elements when choosing products to purchase, such as choosing office supplies and furniture using high-grade standard environmental friendly panels, and purchasing low energy consuming refrigerators; In addition, the Company pays attention to the performance of suppliers in terms of environment, employment, safety and anti-corruption, and refuses to cooperate with suppliers who violate laws and regulations to ensure responsibility for environment and society.

CHAPTER V

WE AND THE NATURE AND COMMUNITY · WORK TOGETHER TO BUILD A BETTER WORLD

5.1 LOW-CARBON OPERATION PROTECTION OF THE GREEN HOME 57

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- 5.2.2 Ensuring employment stabilization
- 5.2.3 Addition of warmth to the community

5.1 LOW-CARBON OPERATION PROTECTION OF THE GREEN HOME

5.1.1 Little actions Practice of a green and environmental- friendly way of working

Yeahka has always implemented the principles of sustainable development and is committed to practicing energy conservation, emission reduction, and green office concepts in its daily operations. In strict compliance with the Environmental Protection Law of the People's Republic of China and other relevant laws and regulations, the Company adheres to the implementation of green and environmental protection measures and improvement of employees' environmental awareness, to create a harmonious ecological environment. During the Year, the Company did not have any violations of laws and regulations on environmental management.

The Company continues to optimize the collection of environmental data. Based on the existing statistics of office water, electricity and resources and the statistical requirements of the ESG Reporting Guidelines, the Company clarifies the statistical standards of data, improves the statistical items of data, and has formulated the data statistical template, to promote quantitative, normalized and standardized environmental performance management, laying a data foundation for the establishment of energy conservation and emission reduction plan and targets for the next year.

We strictly follow the management principles of effective use of energy, water and other resources, and earnestly implement the environmental protection concept of green office. In the Year, our resource consumption was mainly electricity, water and printing paper in the office area, and fuel use for business vehicles. In particular, the electricity is provided by the regional power grid, and the water resources are taken from the municipal water supply network. The Company's main businesses do not involve the use of packaging materials.

In order to promote the concept of green and environmental protection, we actively implement energy-saving and water-saving measures in the office through a variety of methods to encourage employees to form good habits and practice low-carbon lifestyle.



Electricity Saving

·We prioritize the use of environmental-friendly and energy-saving appliances and equipment, and proactively use energy-saving lamps;

·We strengthen the day-to-day management of the lighting system and require employees to turn off the lights when they leave to eliminate waste of electricity;

·For office equipment such as office computers, copiers, printers, etc., we set up an automatic low-energy sleep state, and use energy-saving signs to remind employees to turn off electrical appliances in time after use to reduce standby consumption;

·We pay attention to the energy-saving performance of server during the use of the server to help achieve the goal of reducing consumption and increasing efficiency.



Water Saving Reminder & Saving Electricity Slogan



Water Conservation

- We repair leaking faucets in time to avoid waste of water resources;
- We post water-saving signs in pantry and restrooms to encourage employees to form the habit of saving water.



Travel Management

- We strengthen the management of business vehicles, strictly prohibit the private use of business vehicles, and strictly control the gasoline consumption of vehicles;
- We advocate green and healthy travel, encourage employees to ride or use public transportation to commute to and from work to promote energy conservation and emission reduction.

Key Performance Indicators	Unit	Usage/Emissions
Use of resources		
Total energy consumption	Thousand kWh	530.32
Direct energy consumption	Thousand kWh	83.27
Indirect energy consumption	Thousand kWh	447.05
Energy consumption intensity	Thousand kWh/RMB1 million of revenue	0.23
Total electricity consumption	Thousand kWh	447.05
Gasoline consumption	Liter	9,600.00
Water consumption		
Water consumption	Cubic meter	5,642.65
Water consumption intensity	Cubic meter/RMB1 million of revenue	2.46

Notes: 1. The scope of data collection covers the Company's three offices in Shenzhen, and the time span is from January 1, to December 31, 2020.

2. The types of energy consumed by the Company include fuel of business vehicles and purchased electricity. The data statistics are based on the bills of relevant expenses and the administrative accounts; The energy consumption factors are referenced from the conversion factors provided by the International Energy Agency and General Principles for Calculation of Comprehensive Energy Consumption (《GB/T 2589-2008 綜合能耗計算通則》) of the PRC.

3. The Company's water source comes from the municipal pipeline network, there is no problem in finding a suitable water source and the data statistics are based on financial records and administrative accounts.

The emissions generated by our business activities mainly include greenhouse gases, air pollutants and domestic sewage. Greenhouse gases and air pollutants mainly come from the consumption of purchased electricity in daily office work, and the exhaust gas is produced by business vehicles during daily driving. The Company does not involve direct sewage discharge, and the daily office water is collected and discharged to the municipal sewage treatment pipe network.

The Company's emission performance is as follows:

Key Performance Indicators	Unit	Usage/Emissions
Emissions		
Sulfur dioxide emissions	kg	0.14
Nitric oxide emissions	kg	2.61
Particulate matter emissions	kg	0.19
Greenhouse gas emissions		
Greenhouse gas emissions (Scope I)	Tons of carbon dioxide equivalent	26.00
Greenhouse gas emissions (Scope II)	Tons of carbon dioxide equivalent	374.04
Total greenhouse gas emissions	Tons of carbon dioxide equivalent	400.04
Greenhouse gas emission intensity	Tons of carbon dioxide equivalent/ RMB1 million of revenue	0.17

Note: Greenhouse gas emissions (scope I) are mainly derived from fuel consumption of business vehicles. Greenhouse gas emissions (scope II) are generated from the consumption of purchased electricity, and the data statistics are based on the bills and the administrative accounts. The greenhouse gas emission factors in relation to purchased electricity are referenced from the Baseline Emission Factors for Regional Power Grids in China 2017 (《2017年度中國區域電網基準線排放因子》) issued by the Ministry of Ecology and Environment of the PRC, while other energy emission factors are referenced from the Reporting Guidelines for Environmental Key Performance Indicators (《環境關鍵績效指標彙報指引》) of the Hong Kong Stock Exchange.

5.1.2 Response to policies to promote waste reduction and recycling



「Used Battery Recycling Poster」

Based on our operating model, the office area mainly produces daily office waste such as waste paper and waste paper boxes. Office wastes such as waste paper and waste paper boxes are collected and stored by cleaning personnel, and are handed over to waste recyclers for disposal every week; general domestic waste in the office area is collected regularly by the property and handed over to the municipal sanitation department.

The Company proactively promotes paperless office and advocates reutilization of paper; at the same time, it calls on employees to reduce the use of disposable supplies, such as disposable paper cups and chopsticks, to save resources and reduce waste. Meanwhile, we actively respond to the requirements of local governments, implement waste sorting, and guide employees in the correct method of waste sorting, and jointly practice scientific waste collection and management.

The hazardous waste generated by the Company is mainly used batteries, used toner cartridges, and used ink cartridges. Used batteries are collected by the front desk of the Company and delivered to the property for unified disposal by a qualified third-party organization; Used toner cartridges and ink cartridges are replaced and collected by the printer supplier. In order to reduce environmental pollution caused by used batteries, we post environmental protection slogans on recycling used batteries in our offices to cultivate employees' environmental protection awareness. We also encourage employees to give priority to direct current when they can use direct current in order to reduce the use of batteries.

Key Performance Indicators	Unit	Usage/Emissions
Hazardous waste		
Total hazardous waste	ton	0.04
Hazardous waste intensity	ton/RMB1 million of revenue	0.00002
Non-hazardous waste		
Total non-hazardous waste	ton	147.78
Non-hazardous waste intensity	ton/RMB1 million of revenue	0.06

5.2 TECHNOLOGY FOR GOOD DEVOTING CHARITY POWER

5.2.1 Empowering "cooking smoke" economy

The epidemic cannot stop Yeahka's charity. We actively and proactively assume social responsibilities, encourage more employees of Yeahka to engage in social welfare undertakings, and give back to the society and convey love and warmth through employment stabilization, "Leshanxing" charity activity, etc. In respect of public welfare, Yeahka will never stop. We will rely on our own resources and innovative technologies to build an "Internet + public welfare" service platform, and "jointly" build a harmonious community through continuous cooperation with merchants and public welfare organizations, to integrate love and warmth into public life.

As the market entities with the largest number, small and micro merchants are the most direct service providers for people's lives, an important infrastructure for urban consumer market, and an important part of the national economy. As our main customer group, Yeahka is committed to using innovative, practical, and convenient products and services to work together with many small and micro merchants to enter a new consumption era of digital operation.

Meanwhile, we deeply feel that as the terminals of economy, small and micro merchants face business difficulties such as low risk resistance and great financial pressure. Therefore, we have fully leveraged the advantages of the tripartite cooperative institutions to initiate a financial support plan to help small and micro merchants by provision of comprehensive commission subsidies and loan support for small and micro merchants, to ease the cash flow pressure of merchants; and to proactively share store management methods and provide business training to improve the operating resilience of small and micro merchants and promote the advanced development of the digital economy of the PRC with refined and intelligent operating models.

In 2020, in order to reduce the impact of COVID-19 on the social economy, the government launched a variety of recovery measures, and the "Cooking Smoke Economy" returned to the streets as a result and was welcomed by the public. As a corporate citizen, Yeahka launched the "Small Store Power" program to increase support for small and micro merchants to help awaken the "Cooking Smoke Economy". Since the beginning of the epidemic, the program has successively provided a commission subsidy of RMB 20 million, benefiting small stores in many places. The specific measures include the preferential subsidies of major banks, provision of free epidemic insurance, loan support, business training, etc. for small store merchants. Products including "Haoshengyi" consumer funds and "Smart Shopkeeper" helped small and medium merchants build digital services and gain more consumer traffic.

With the resumption of work and production of small stores, the streets of many places have regained the taste of human life. The brand new stores and stalls in the streets showed a new look of integration and intelligence. We want to promote the government's economic recovery policy with our own technological innovation, continue to enable small and micro merchants through digital business tools, and move forward with the economic development of cities.



「Small Store Power program」

5.2.2 Ensuring employment stabilization



「Recruitment from the Hong Kong Garrison and in the campuses in Nanshan District」

In 2020, the spread of COVID-19 resulted in an increasingly fierce employment situation and brought about great challenges to job seekers, in particular fresh graduates. When the country proposed the policy of "secure employment", it was the 2020 recruitment season. We proactively cooperated with relevant government authorities to carry out relevant recruitment guarantee activities, and provide multiple positions including technology and product operation for fresh graduates, social applicants, and the Hong Kong Garrison, to help the majority of job-seekers to tide over the employment difficulties.

From June 8 to 14, 2020, in response to the guidance of the Employment Promotion Department of the Ministry of Human Resources and Social Security, Yeahka and a number of well-known enterprises which explored smart life jointly organized a special ecological recruitment, invited job applicants to become a "partner of the business with a value of RMB 1.2 billion". In particular, Yeahka has provided more than 200 jobs and job opportunities to help ensure employment.

Online job search channels greatly facilitated the majority of job seekers. In just one week, we received multiple job applications. The human resources department quickly processed and responded to the applications in accordance with the recruitment process, and contacted candidates who passed the preliminary screening to participate in the next online interview. While meeting the application demand, we also made contributions to public safety and health.

5.2.3 Addition of warmth to the community

Yeahka regards social responsibility as part of corporate responsibility, supports community construction, and is committed to improving the living environment of the community where it is located. It is actively engaged in social welfare undertakings, and cooperates with multiple parties to carry out a number of charitable assistance activities. It passes on love in action and adds warmth to the community.



「Care for children in orphanage&Visit the widowed elderly」

"Leshanxing" charitable activity

Yeahka has been carrying out "Leshanxing" charitable activity for a long time. It implements the charity concept of "helping others for fun and walking with kindness", and is proactively engaged in charity. As of the end of 2020, Yeahka has carried out many assistance activities themed by "Leshanxing", and helped many institutions and schools and assisted thousands of people.

Celebration on the arrival of the Mid-Autumn Festival with the widowed elderly in Xili Nursing Home in Nanshan District, communication with special children at Xinxingyuan Training Center in Bao'an District, care for orphans' growth in Shenzhen Social Welfare Institute, watching a movie with children from the Nanshan Special Children's Center to spend the World Autism Day, holding a charity auction in the Company, addition of a book corner of love for Wuhu Primary School in Dingnan County, Jiangxi Province.....The employees of the Company are passionately involved in all of these unforgettable moments and the concept of charity has penetrated into the Company and integrated into the Company's culture.

Meanwhile, "Leshanxing" charitable activity has also received support and recognition from all walks of life. In the future, Yeahka will continue to devote itself to charitable assistance activities, to assist more groups in need and convey love and warmth to the society.

Party Building Assistance Activities

The Company conscientiously studies and implements the spirit of the 19th National Congress of the Communist Party of China. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era, the Party Branch of Yeahka organized Party members, activists of Party application and the masses to carry out Party spirit education activities at the Baise Uprising History Red Education Base in Guangxi, to have an in-depth understanding of the difficulties of local poverty-stricken areas, participate in helping students in poverty, and subsidize students from poor families in the elementary and middle schools of Baise City, to help them complete their studies smoothly and repay the society with practical actions.



「Party building assistance activity site」



「99 Charity Day Event Poster」

99 Charity Day

On September 9, 2020, Yeahka, Tencent and other companies launched the "99 Charity Day" event, uniting a number of charity organizations, celebrities, and top creative communication agencies to use mobile payments, social scenes, and interesting interactions, to ignite the public's enthusiasm for public welfare and call on everyone to participate in the public welfare.

The event mobilized hundreds of millions of netizens who love public welfare across the country through small amount cash donations, step donations, voice donations, etc., to participate in public welfare in a convenient, lightweight and interesting way to create a national charity day. As a pioneer of smart life, Yeahka, together with other leading technology enterprises, used the digital capabilities of the Internet to give new vitality to the public welfare industry and promote the long-term development of the public welfare industry.

Liu Yingqi, the founder and CEO of Yeahka, also devoted himself to "endorsement" for charity in fundraising projects on the charity day, and called on everyone to "make good deeds together". A little bit of kindness can gather together to become a warm current of love.

Paying attention to public welfare, giving back to the society with heart, and filling every corner of the world with warmth is the sincere voice of every staff of Yeahka. With a heart full of love, the staff of Yeahka will use their excellent execution to proceed with every charity with their heart. However, the way to give back to the community is much more than that. The staff of Yeahka with innovative spirit will continue to make great strides on the road of charity.

APPENDIX I

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

ESG indicators		Disclosure	Corresponding chapter
A1 General Disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	5.1 Low-carbon Operation Protection of the Green Home
A1.1	The types of emissions and respective emissions data.	Disclosed	5.1 Low-carbon Operation Protection of the Green Home
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	5.1 Low-carbon Operation Protection of the Green Home
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	5.1 Low-carbon Operation Protection of the Green Home
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	5.1 Low-carbon Operation Protection of the Green Home
A1.5	Description of measures to mitigate emissions and results achieved.	Disclosed	5.1 Low-carbon Operation Protection of the Green Home
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Disclosed	5.1 Low-carbon Operation Protection of the Green Home
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	5.1 Low-carbon Operation Protection of the Green Home
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	5.1 Low-carbon Operation Protection of the Green Home
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	5.1 Low-carbon Operation Protection of the Green Home
A2.3	Description of energy use efficiency initiatives and results achieved.	Disclosed	5.1 Low-carbon Operation Protection of the Green Home

ESG indicators		Disclosure	Corresponding chapter
A 2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Disclosed	5.1 Low-carbon Operation Protection of the Green Home
A 2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable. Our principal businesses do not involve the use of packaging materials	—
A 3 General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Disclosed	5.1 Low-carbon Operation Protection of the Green Home
A 3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	5.1 Low-carbon Operation Protection of the Green Home
B 1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	4.2 People-oriented Building the First Productive Force of Enterprises
B 1.1	Total workforce by gender, employment type, age group and geographical region.	The Company is gathering relevant data and disclosure of total workforce by employment type, age group and geographical region will be made from next year onwards	4.2 People-oriented Building the First Productive Force of Enterprises
B 1.2	Employee turnover rate by gender, age group and geographical region.	The Company is gathering relevant data and disclosure will be made from next year onwards	—
B 2 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	4.2 People-oriented Building the First Productive Force of Enterprises
B 2.1	Number and rate of work-related fatalities.	Disclosed	4.2 People-oriented Building the First Productive Force of Enterprises
B 2.2	Lost days due to work injury.	Disclosed	4.2 People-oriented Building the First Productive Force of Enterprises
B 2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	4.2 People-oriented Building the First Productive Force of Enterprises

ESG indicators		Disclosure	Corresponding chapter
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	4.2 People-oriented Building the First Productive Force of Enterprises
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	The Company is gathering relevant data and disclosure will be made from next year onwards	—
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	4.2 People-oriented Building the First Productive Force of Enterprises
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	4.2 People-oriented Building the First Productive Force of Enterprises
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	4.2 People-oriented Building the First Productive Force of Enterprises
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	4.2 People-oriented Building the First Productive Force of Enterprises
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	4.3 Cooperation with Partners Promotion of the Rapid Development of the Industry
B5.1	Number of suppliers by geographical region.	According to the actual needs of current business management, we have not yet conducted supplier statistics in this aspect.	—
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Disclosed	4.3 Cooperation with Partners Promotion of the Rapid Development of the Industry
B6 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	3.1 Assistance of Customer Development with Technological Innovation 3.2 Guarantee Customer Satisfaction with Value Service 3.3 Strengthen information and data security barriers
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable. Our core business does not involve safety and health risks.	—

ESG indicators		Disclosure	Corresponding chapter
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	3.2 Guarantee Customer Satisfaction with Value Service
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	3.1 Assistance of Customer Development with Technological Innovation
B6.4	Description of quality assurance process and recall procedures.	Disclosed	3.1 Assistance of Customer Development with Technological Innovation 3.2 Guarantee Customer Satisfaction with Value Service
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	3.3 Strengthen information and data security barriers
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	4.1 Governance Ensuring Joint Building Standardized Commercial Environment
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	4.1 Governance Ensuring Joint Building Standardized Commercial Environment
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Disclosed	4.1 Governance Ensuring Joint Building Standardized Commercial Environment
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	5.2 Technology for Good Devoting Charity Power
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	5.2 Technology for Good Devoting Charity Power
B8.2	Resources contributed (e.g. money or time) to the focus areas.	Disclosed	5.2 Technology for Good Devoting Charity Power

CONTACT US

We are convinced that the valuable opinions of our stakeholders will help us continue to improve. If you have any valuable suggestions or questions about the content of this report or our sustainability, please contact the Company's Capital Market Department in the following ways:

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