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**YEAHKA LIMITED**

**移卡有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9923)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of YEAHKA LIMITED (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2021 (the “**Reporting Period**”) together with the comparative figures for the year ended December 31, 2020.

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

### **KEY OPERATING DATA**

	For the year ended December 31,		Change (%)
	2021	2020	
<b>One-stop payment services</b>			
Total gross payment volume (“ <b>GPV</b> ”) ( <i>RMB billion</i> )	<b>2,124.2</b>	1,459.6	45.5
Number of active payment service merchants <sup>(1)</sup> ( <i>thousand</i> )	<b>7,308</b>	5,516	32.5
<b>Merchant solutions<sup>(2)</sup></b>			
Number of active merchant solutions merchants ( <i>thousand</i> )	<b>1,382</b>	902	53.3
<b>In-store e-commerce services</b>			
Total gross merchandise value (“ <b>GMV</b> ”) ( <i>RMB million</i> )	<b>398</b>	N/A	N/A
Number of paying consumers ( <i>million</i> )	<b>5.2</b>	N/A	N/A

*Notes:*

- (1) We define active payment service merchants as merchants who use our services for an aggregated transaction amount of over RMB1,000 for the past 12 months.
- (2) We have reclassified our technology-enabled business services to merchant solutions, which includes SaaS digital solutions, precision marketing services and fintech services.

## KEY FINANCIAL DATA

	For the year ended December 31,		Year on year change (%)
	2021 RMB'000	2020 RMB'000	
Revenue	<b>3,058,632</b>	2,292,903	33.4
— One-stop payment services	<b>2,268,266</b>	1,829,409	24.0
— App-based payment services	<b>1,573,066</b>	1,293,171	21.6
— Traditional payment services	<b>695,200</b>	536,238	29.6
— Merchant solutions <sup>(1)</sup>	<b>642,156</b>	463,494	38.5
— In-store e-commerce services	<b>148,210</b>	—	N/A
Gross profit	<b>814,620</b>	743,679	9.5
Gross margin	<b>26.6%</b>	32.4%	(5.8) <sup>(2)</sup>
Profit attributable to equity holders of the Company	<b>420,934</b>	438,907	(4.1)
Non-IFRS measure: adjusted net profit <sup>(3)</sup>	<b>434,808</b>	360,597	20.6
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
— Basic	<b>1.00</b>	1.45	
— Diluted	<b>0.97</b>	0.87	

### Notes:

- (1) We have reclassified our technology-enabled business services to merchant solutions, which includes SaaS digital solutions, precision marketing services and fintech services.
- (2) Percentage points.
- (3) We define non-IFRS adjusted net profit as profit for the year adjusted by adding (i) fair value changes of convertible redeemable preferred shares, (ii) share-based compensation expenses and (iii) listing expenses.

Our revenue increased by 33.4% from RMB2,292.9 million to RMB3,058.6 million. Our adjusted net profit for the year increased by 20.6% from RMB360.6 million for the year ended December 31, 2020 to RMB434.8 million for the year ended December 31, 2021.

Revenue from our one-stop payment services increased by 24.0% from RMB1,829.4 million for the year ended December 31, 2020 to RMB2,268.3 million for the year ended December 31, 2021, primarily due to the increase in the total GPV we processed by 45.5% from RMB1,459.6 billion for the year ended December 31, 2020 to RMB2,124.2 billion for the year ended December 31, 2021. The GPV growth was primarily attributable to our effective marketing and channel strategy, which increased the number of active payment service merchants from 5.5 million for the year ended December 31, 2020 to 7.3 million for the year ended December 31, 2021 following our resilient recovery from the coronavirus disease-19 (COVID-19) (the “**Pandemic**”).

Revenue from our merchant solutions increased by 38.5% from RMB463.5 million for the year ended December 31, 2020 to RMB642.2 million for the year ended December 31, 2021 primarily due to the increase in the number of payment service merchants becoming our active merchant solution customers. The number of active merchant solutions customers increased by 53.3% from 0.90 million for the year ended December 31, 2020 to 1.38 million for the year ended December 31, 2021.

For the year ended December 31, 2021, we served approximately 945 million consumers via our one-stop payment services. To continue to expand our consumer ecosystem, reach and serve consumers, we commenced to provide in-store e-commerce services in December 2020. For the year ended December 31, 2021, we provided in-store e-commerce services to an aggregate of 5.2 million paying consumers and the total GMV amounted to RMB398 million. Revenue from our in-store e-commerce services amounted to RMB148.2 million for the year ended December 31, 2021.

## **BUSINESS REVIEW AND OUTLOOK**

### **About Yeahka**

Yeahka is a leading payment-based technology platform. Our goal is to build an independent and scalable commercial digitalized ecosystem. We seamlessly connect merchants and consumers through payment services of different kinds, including QR code and traditional bank card payment. And on this basis, we provide merchant solutions including SaaS digital solutions, precision marketing services, and fintech services to help merchants better manage and drive business growth. In addition, we also launched in-store e-commerce services in December 2020, providing consumers with one-stop local lifestyle services of great value.

### **Business Overview**

We have been expanding our business ecosystem over the past ten years. We have enriched our product matrix to empower merchants with comprehensive digital solutions including SaaS, precision marketing and fintech. On consumer end, we also expanded our business initiative to simultaneously provide value for money local lifestyle service packages to consumers. To better reflect our strategic plans and the way how management evaluates business performance, we have reclassified our business lines from (1) one-stop payment services, and (2) technology-enabled business services, to (1) one-stop payment services, (2) merchant solutions, and (3) in-store e-commerce services.

### **Share Purchase**

During the Reporting Period, the trustee of the restricted share unit scheme has utilized an aggregate of approximately HKD470.1 million to purchase 17,686,800 shares of the Company on market at a consideration ranging from HKD23.05 to HKD29.95 per share. The shares purchased during the Reporting Period represent 3.9% of our issued shares as of the date of this announcement. On March 31, 2022, the Company announced that it would pay an amount of no more than US\$50 million to the trustee of the RSU Scheme to purchase shares of the Company on market from time to time. The share purchase plan was based on the Company's operational growth outlook, capital market conditions, macroeconomic performance indicators and the Company's continuous intention to retain and motivate key employees.

## Environmental, Social and Governance (“ESG”)

Apart from driving rapid business growth, we are committed to our responsibilities as a corporate citizen, continuously and thoroughly evaluating the environmental and social impacts brought by our development. We consolidated expectations from our stakeholders and developed our ESG philosophy and strategies under the guidance of the United Nations Sustainable Development Goals to enhance ESG management.

On the environmental front, we have been promoting green governance and have adopted green office policies. We invested millions of RMB to gradually replace high energy-consuming data centres with low energy-consumption green data centres, reducing PUE value to 1.56. Meanwhile, our proprietary private cloud technology is expected to reduce the amount of physical equipment by about 30%, which is estimated to save 798 megawatt hours of electricity per year. Moreover, we are accelerating the formulation of our carbon footprint reduction targets and action plans to meet the demands in the low-carbon era.

On the social front, we continued to upgrade trading system functions, strengthening transaction risk management, made more than 10 billion risk decisions, and conducted risk processing on over 3 million at-risk transactions. We emphasized staff development and strengthened employee training by setting up flexible internal transfer and promotion mechanisms. In addition, we have also been actively combating the Pandemic, setting up benchmarks for rural revitalization pilot projects and promoting community common prosperity through the establishment of Yeahka Charity Foundation.

Regarding governance, we enhanced ESG governance structure and consolidated internal risk management. We conducted compliance training 6 times throughout the year with 100% attendance, covering company policies, as well as laws and regulations in relation to anti-fraud, anti-corruption, anti-money laundering, etc.

On March 31, 2022, we established an ESG committee comprised of Mr. Liu Yingqi, chairman of the Board and chief executive officer, Mr. Yao Zhijian, executive Director and chief financial officer and Mr. Yao Wei, independent non-executive Director and chairman of the audit committee of the Board. Mr. Liu Yingqi has been appointed as the chairman of the ESG committee. Please refer to the Company’s announcement dated March 31, 2022 for more details.

### One-Stop Payment Services

In 2021, business environment in China has gradually recovered from the impact of the Pandemic. According to the National Bureau of Statistics, in 2021, the total retail sales of consumer goods increased by 12.5% year-on-year, of which food and beverage sales increased by 18.6% year-on-year. The operating pressure of many small and medium merchants<sup>(1)</sup> has been gradually relieved. According to the *Report on Financing Development of Micro, Small and Medium Enterprises in China* (《中國中小微企業融資發展報告》) published by iResearch in 2021, the net increase in the number of merchants<sup>(2)</sup> was 16 million in 2021, representing 99.7% of the net increase of all types of market participants nationwide. In addition, we believe that many small and medium merchants who use personal codes for fund-receiving can switch to integrated merchant codes to enjoy professional payment services. These developments have brought new opportunities and challenges to our business development.

Notes:

- (1) Small and medium merchants refer to the group of merchants whose annual payment volume is typically less than RMB3 million.
- (2) Merchants referred to in iResearch’s report include small enterprises, micro-enterprises, family workshop-type enterprises and privately or individually-owned business.

One-stop payment services is the entry point for merchant traffic, which is the basis for building our commercial digitalized ecosystem, providing an important pivotal point for our merchant solutions and in-store e-commerce businesses. Despite the impact from the Pandemic in certain areas and the maturing regulatory environment during the year, our GPV and revenue from payment services recorded strong growth given our effective marketing and channel strategies. During the Reporting Period, GPV increased significantly by 45.5% year-on-year to RMB2.12 trillion, among which, GPV of app-based payment services increased by 59.0% year-on-year, accounting for 60.5% of total GPV for the year ended December 31, 2021, up from 55.4% for the year ended December 31, 2020.

Revenue from one-stop payment services increased by 24.0% year-on-year to RMB2,268.3 million. Meanwhile, the number of active payment service merchants and consumers reached via one-stop payment services both recorded historical highs of approximately 7.3 million and 945 million, up by 32.5% and 46.5% year-on-year, respectively. The significant increase in transaction volume, number of merchants and consumers reflected our stable system processing capabilities and effective expansion strategies. According to the *Thematic analysis on industrial payment in China in 2021* (《中國產業支付專題分析2021》) published by Analysys, Yeahka ranked first in China's non-bank independent integrated QR code payment service market, in terms of its comprehensive capabilities including transaction volume and number of merchants served. In addition, according to iResearch, the size of the third-party mobile payment market in China will reach RMB456.2 trillion in 2025, with a compound annual growth rate of 12.9% from 2020 to 2025. We believe that, going forward, the market will maintain a relatively rapid growth rate and the market potential of lower-tier markets (下沉市場) will continue to grow.

As of December 31, 2021, we have established a channel network covering 30 provinces and 324 cities in China, with nearly 15,000 independent sales agents and partners. Our cloud payment platform, through open application programming interface (API), has established partnership with over 2,000 partners, which include SaaS, independent software vendor (ISV), fourth-party payment, and financial institutions, from vertical industries such as food and beverage, retail, parking, refueling, bike-sharing, internet cafes, tourist attractions, hotels, and vending machines. Our scalable and highly compatible payment infrastructure platform can significantly lower research and development cost and increase payment connection efficiency by allowing our partners to customize solutions such as account splitting, bill payment, payment custody, etc. Additionally, as of December 31, 2021, we have shared merchant resources with 95 banks, including joint-stock banks, and urban and rural commercial banks. The banking system has a nationwide network and massive merchant resources, so we co-develop merchant payment service systems and jointly provide bank card acquiring services and merchant acquiring services with banks, helping merchants activate their bank accounts, establish merchant payment channels and provide merchant solutions for merchants to drive diversified development of our payment business. The partnership with banks allows us to further reduce our customer acquisition costs and increase our merchant retention rates.

We believe the development of digital currency electronic payment (DC/EP) will further facilitate in-depth cooperation between commercial banks and third-party payment institutions. We proactively participate in the planning and design of digital currency electronic payment technology standards and have completed the relevant deployment of our software and hardware capabilities. During the Reporting Period, we jointly promoted the implementation of digital currency electronic payment in cities including Shenzhen, Beijing, and Shanghai with a number of leading commercial banks in China. We believe digital currency electronic payment will enable us to develop a diversified merchant base, capitalize on our robust growing sales network, offer additional innovative payment solutions and at the same time, provide strong support for commercial banks to fully implement digital currency electronic payment through our comprehensive penetration of offline merchant scenarios.

## Merchant Solutions

We have been working in the payment industry for over ten years, and accumulated a massive and loyal merchant base, which became the broad customer source for our merchant solutions. Due to the Pandemic, certain consumption habits such as contactless self-ordering have gradually become popular, and demands from small and medium merchants for technological upgrades have been increasing. As of December 31, 2021, we have developed over 100 proprietary function modules and 15 ecosystem partner function modules, including scan-to-order, cashier management, invoicing management, customer acquisition and retention, employee management, financial management, online store and delivery, customer relation management, service tracking, credit evaluation, etc. We use scalable API ports to develop a partner ecosystem so that merchants can seamlessly connect to other technology vendors through our merchant solutions platform. For instance, merchants can apply for operating loans from partnering financial institutions on our platform. Compared with traditional non-digital merchant services, our enterprise-standard digital merchant solutions give us competitive advantages in a highly-fragmented market. Our merchant solutions can be readily accessed from our payment mini-programs, Apps/mobile applications, and hardware terminals, to guide merchants in proactively adopting more digital modules based on their operational needs in a one-stop manner to realize a seamless “payment +” digital operation experience. Also, our product interface is simple and user-friendly. The intuitive user experience allows small and medium merchants to use our merchant solutions with little guidance, further reducing our marginal customer acquisition cost, and increasing merchant adoption and retention rate.

We uphold the pursuit of technological innovation and maintain speedy product launches and upgrades. Our product specialists and customer success teams have developed strong relationships with merchants through our payment business, and have a deep understanding of local merchants and consumer preferences. Through unique insights of our product specialists and customer success teams into local markets, we can provide more advanced analytical tools to merchants, and timely market intelligence to our product development team. Compared with traditional software services providers, the merchant solutions we developed focus on satisfying unique operational needs for merchants of different types. For instance, when some of our merchants faced poor in-store operating results during the Pandemic and were on the brink of closing down, we rapidly launched the “integrated food delivery” service, intelligently matching delivery resources of different platforms for merchants. The increased delivery capabilities and lowered delivery costs allow small and medium merchants to operate in omnichannel capacity and reduce operating loss brought by the Pandemic. Our modules are designed to address workflows and operations in different industries. For instance, highly customized ordering, and check-splitting for the food and beverage industry; and product identification and smart weighing solutions for the retail industry, which helped retailers reduce checkout time by over 30%.

During the Reporting Period, the revenue from merchant solutions grew by 38.5% to RMB642.2 million. As of December 31, 2021, the number of active merchant solution customers increased to 1.38 million, up 53.3% year-on-year.

Besides smart operations, small and medium merchants need more efficient ways to acquire and engage customers. We have developed precision marketing modules for merchants from a broad traffic source base. Through our data management platform (“DMP”) “Juliang” (“聚量”), advertisements are placed on transaction completion pages, and our DMP generates multi-dimensional tags based on consumption habits and purchasing scenarios. The platform allows us to build predictive models to automatically recommend merchant brand names and performance-based advertisements using real-time bidding algorithm, which enables us to optimize the precise placement performance of advertisements while

elevating our profitability. Further, our strong content creation capabilities allow us to offer high-quality graphic and text content, creative designs, and video shooting services for merchants. We integrate traffic from different scenarios to connect with leading traffic platforms such as WeChat, Kuaishou, and Toutiao to help merchants reach consumers on different channels and dimensions based on high-quality content. During the Reporting Period, we have shot and produced nearly 50,000 short videos. On top of basic subscription fees for merchant solutions, the average short video production cost for each merchant ranged from RMB500 to RMB2,000, allowing us to empower merchants with high value-added service. We are currently providing full business chain closed-loop services of Internet big data analytics, marketing strategy formulation, creative content production, media advertising and marketing effect monitoring and optimization. During the Reporting Period, we have launched live streaming service to boost our capabilities in content marketing services.

To satisfy the working capital needs of merchants, we partner with licensed financial institutions to provide a cash advance program called “Yeahka Capital” (移卡金融) under prudent loan policies for qualified merchants to access credit facilities of up to RMB300,000 to purchase inventory, invest in customer acquisition, and manage cash flow. Based on one-stop payment services and merchant solutions, we perform big data analytics and risk assessment on merchants’ operating conditions. During the Reporting Period, our fintech services M1+ delinquency rate by vintage (over 30 days overdue) remained below 3.29%, fully reflecting our strong data analysis and risk management capabilities based on our ecosystem. Also, we launched targeted insurance products, satisfying merchants’ demand for insurance in different scenarios, including account security insurance, employer’s liability insurance, Pandemic insurance, etc.

Moreover, we are actively exploring the integration of commercial digitalized ecosystem and metaverse. Utilizing augmented reality and blockchain technologies, we launched several leisure games to help merchants better acquire customers and stimulate repeat purchases. For instance, we partner with Pagoda (百果园), a large-scale fruit industry chain enterprise, to develop the game “Shuiguo Hehehe” (水果合合合), which is incorporated into Pagoda’s mini-program. Our game has helped Pagoda reduce customer acquisition costs by 80% and contributed to 24.1% of its new customers in 18 days after launch.

Going forward, our priority is to continue nurturing the habits of adopting digital solutions among small and medium merchants. Currently, the annual fee for the basic version of our merchant solutions starts from RMB100, and the annual fee for the premium version can be as high as ten times of the annual fee for the basic version. The premium version of merchant solutions provides enhanced tools and services for merchants. For instance, in premium version, merchants can activate the e-commerce module and, through the guidance of our local product specialists, formulate promotion packages that are most suitable for the local consumer habits and the merchants’ business conditions. These purposely designed promotion packages are launched on our e-commerce platform and are distributed to targeted consumers both online and offline. We believe this tiered pricing structure lowers the entry barrier for small and medium merchants to embrace digital operation, and provides us with the opportunity to offer premium merchant solutions with more powerful functions and promote the vigorous development of merchants across their development stages.

### **In-store E-commerce Services**

The local lifestyle services market in China has huge growth potential. According to iResearch’s estimates published in 2020, the market size of the local lifestyle services market in China is expected to reach RMB35 trillion by 2025, implying a compounded annualized growth rate of 12.6% from 2020 to 2025, and the online penetration rate is expected to reach 30.8% in 2025.

With the core belief to establish a commercial digitalized ecosystem, we officially launched in-store e-commerce services in December 2020 to connect merchants and consumers in this two-sided market to facilitate their interaction. Our goal is to foster a vibrant commerce community, let consumers discover fun and exclusive percipience of great value, and enable local lifestyle to thrive.

We leverage the existing resources and capabilities in our ecosystem to launch in-store e-commerce services to grasp the opportunities in the fast-growing local lifestyle services market in China. On the consumer front, we provide them with an abundant selection of local lifestyle experiences at affordable prices. On the merchant front, we help them gain a deeper understanding of market trends and customer behavior, and help them reach hundreds of millions of consumers in China and overseas. With over ten years of experience working with merchants, as of December 31, 2021, we have accumulated approximately 7.3 million active payment service merchants of different nature including restaurants, retail outlets, tourist destinations, hotels, and other local hot spots. Merchants can readily upgrade their merchant solutions package to add in the in-store e-commerce module to design and list attractive, exclusive and discounted packages on our platform. As of December 31, 2021, we reached approximately 945 million consumers through payment services in offline scenarios. Such consumer base significantly lowers the customer acquisition costs for our platform and merchants. Particularly, consumers can use our App, Leshangquan (樂商圈), to discover and purchase a wide range of local lifestyle experience packages at affordable price and access other member-exclusive features and benefits.

We primarily promote through our members on their social networks and private domains. Our platform continuously adds diverse, novel, and value-for-money local lifestyle packages, and through operating strategies such as group purchase and reward points, members will proactively recommend more consumers (such as their family, friends and neighbors) to register as our users. They have common interests or similar lifestyles, and can increase the livelihood of our ecosystem through their interactions. Most of our members promote merchant packages via their social networks, and some of them have become influential key opinion leaders (“**KOLs**”) within their social networks, influencing the consumption choices of many others in their social circles. As of December 31, 2021, we have accumulated more than 3 million KOLs to promote merchants’ packages by sharing their own local lifestyle experiences. Our members are rewarded with cash incentives for each purchase referral, which further motivates them to promote merchants’ packages on their social networks.

One of our core competencies of our in-store e-commerce services is the ability to utilize existing capabilities of our precision marketing services such as content creation and promotion on mainstream media, which include graphics design, text drafting, promotional short video shooting, live-streaming and advertisement optimization. Through our offerings, even the smallest merchants have the opportunity to take advantage of these services which were previously only available to large advertisers paying an average of RMB151,000, so as to promote their brands and merchant packages. Our KOLs can utilize these ready-to-use promotional materials such as pamphlets or posters to share short videos of themselves visiting the store, or live-stream on various social platforms which are seamlessly connected to our platform. These promotional methods based on KOLs provide a more interactive and immersive shopping experience on our platform and enable spreading of our discounted packages at lower costs.

To better help merchants design popular packages, we have a dedicated team of over 2,000 in-market product specialists with extensive knowledge of local consumer preferences and competitive landscapes. We work closely with the merchants to design the best packages. We list the best products on the most appropriate customer acquisition channels to bring explosive sales



outcomes. For example, we designed a super product (爆品套餐产品) for a well-known roast duck restaurant brand in Shenzhen and achieved GMV of nearly RMB600,000 in the first week of launch, an equivalent of 60% of the restaurant's monthly revenue before using our service.

In terms of pricing, our performance-based services do not charge upfront advertising fees. Instead, merchants can save the fees that they may have to pay on other platforms to provide products at the most competitive pricing. Our packages are usually 30% to 50% cheaper than those on other mainstream platforms that offer standardized advertisement services. We believe this pricing model aligns our interests with that of the merchants and offers pure performance-based services.

Thanks to the differentiated advantages mentioned above, our in-store e-commerce business has recorded tremendous growth. As of December 31, 2021, our in-store e-commerce services had covered approximately 300 cities across China. For the year ended December 31, 2021, the total GMV, the revenue, the number of paying customers, and the stock keep units of our in-store e-commerce services amounted to RMB398 million, RMB148.2 million, 5.2 million, and 159,000, respectively.

Below are screenshots of store visiting videos promoted by our KOLs:



The in-store e-commerce business demonstrates our highly scalable digitalized ecosystem, effectively utilizing our resources including consumers of our payment services, sales agents, marketing solutions and product specialists. Going forward, we will strive to provide consumers with enriching lifestyle experiences that are value for money and empower merchants to reach hundreds of millions of consumers conveniently. We expect growth in in-store e-commerce business by continuously enhancing product categories, expanding operating channels, and improving operating efficiency.

## **Guidance**

We expect the total GMV of in-store e-commerce services to be ranging from RMB2.8 billion to RMB3.5 billion for the year ended December 31, 2022.

## **Prospects**

We envision our commercial digitalized ecosystem to benefit all parties involved, in which synergies among the products and services we provide can be leveraged to realize cross-selling, and gradually enabling us to create a close-looped ecosystem that has strong self-reinforcing network effects.

Going forward, we will continue to capitalize on the data and traffic in our ecosystem, invest in research and development, enrich our product mix, increase diversified revenue streams, extend business boundaries, and create sustainable long-term value for shareholders, employees, and the society.

As our ecosystem continues to evolve, we plan to expand our business into East Asian and Southeast Asian markets, including Japan and Singapore, to seek for further growth opportunities and to promote the development of the digital economy in China and beyond.

# RESULTS OF PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2021

	For the year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	<b>3,058,632</b>	2,292,903
Cost of revenue	<b>(2,244,012)</b>	(1,549,224)
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<b>Gross profit</b>	<b>814,620</b>	743,679
Selling expenses	<b>(259,212)</b>	(73,691)
Administrative expenses	<b>(269,185)</b>	(181,273)
Research and development expenses	<b>(240,434)</b>	(127,778)
Impairment losses on financial assets	<b>(60,357)</b>	(50,189)
Other income	<b>21,521</b>	13,482
Gain on disposal of equity interest in former subsidiaries	<b>332,172</b>	—
Fair value changes of financial assets or financial liabilities at fair value through profit or loss	<b>156,398</b>	9,831
Other gains/(losses) — net	<b>(13,087)</b>	18,365
	<hr/>	<hr/>
<b>Operating profit</b>	<b>482,436</b>	352,426
Finance costs	<b>(17,157)</b>	(9,822)
Share of losses of investments accounted for using the equity method	<b>(18,844)</b>	(13,964)
Fair value changes of convertible redeemable preferred shares	<b>—</b>	125,822
	<hr/>	<hr/>
<b>Profit before income tax</b>	<b>446,435</b>	454,462
Income tax expenses	<b>(62,976)</b>	(13,682)
	<hr/>	<hr/>
<b>Profit for the year</b>	<b>383,459</b>	440,780
	<hr/> <hr/>	<hr/> <hr/>
<b>Profit for the year attributable to:</b>		
Equity holders of the Company	<b>420,934</b>	438,907
Non-controlling interests	<b>(37,475)</b>	1,873
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## Revenue

We generate revenue primarily through our three main types of business, namely (i) one-stop payment services; (ii) merchant solutions; and (iii) in-store e-commerce services. Our revenue increased by 33.4% from RMB2,292.9 million for the year ended December 31, 2020 to RMB3,058.6 million for the year ended December 31, 2021, primarily due to the resilient recovery of our one-stop payment service from the impact of the Pandemic as well as the rapid growth in all three lines of business.

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

	For the year ended December 31,			
	2021		2020	
	RMB'000	%	RMB'000	%
<b>Revenue from one-stop payment services</b>	<b>2,268,266</b>	<b>74.2</b>	1,829,409	79.8
<b>Revenue from merchant solutions<sup>(1)</sup></b>	<b>642,156</b>	<b>21.0</b>	463,494	20.2
<b>Revenue from in-store e-commerce services</b>	<b>148,210</b>	<b>4.8</b>	—	N/A
<b>Total</b>	<b>3,058,632</b>	<b>100.0</b>	<b>2,292,903</b>	<b>100.0</b>

*Note:*

- (1) We have reclassified our technology-enabled business services to merchant solutions, which includes SaaS digital solutions, precision marketing services and fintech services.

### *One-stop payment services*

Revenue from our one-stop payment services increased by 24.0% from RMB1,829.4 million for the year ended December 31, 2020 to RMB2,268.3 million for the year ended December 31, 2021, primarily due to the increase in the total GPV we processed, our effective marketing and channel strategy and the increase in the number of active payment service merchants.

### *Merchant solutions*

We have reclassified our technology-enabled business services to merchant solutions, which includes SaaS digital solutions, precision marketing services and fintech services. Revenue from our merchant solutions increased by 38.5% from RMB463.5 million for the year ended December 31, 2020 to RMB642.2 million for the year ended December 31, 2021 as a result of the rapid growth in revenue from all types of our merchant solutions, which was driven by the increasing number of one-stop payment services customers that adopt our merchant solutions.

### *In-store e-commerce services*

We commenced to provide in-store e-commerce services in December 2020, and it has since grown rapidly. Revenue from in-store e-commerce services amounted to RMB148.2 million for the year ended December 31, 2021 due to the increase in the total GMV and the number of paying consumers brought by the synergy effect with other business lines and effective promotion.

### **Cost of Revenue**

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

	<b>For the year ended December 31,</b>			
	<b>2021</b>		<b>2020</b>	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Commissions and marketing costs	<b>2,060,310</b>	<b>91.8</b>	1,433,606	92.5
Amortization of non-current assets	<b>36,521</b>	<b>1.6</b>	57,366	3.7
Raw materials and consumables	<b>107,277</b>	<b>4.8</b>	28,352	1.8
Others	<b>39,904</b>	<b>1.8</b>	29,900	2.0
<b>Total</b>	<b><u>2,244,012</u></b>	<b><u>100.0</u></b>	<b><u>1,549,224</u></b>	<b><u>100.0</u></b>

Our cost of revenue increased by 44.8% from RMB1,549.2 million for the year ended December 31, 2020, to RMB2,244.0 million for the year ended December 31, 2021, primarily due to (i) the increase in commission paid to payment distribution channels following the increase in the total GPV we processed; (ii) the increase in commission paid to marketing distribution channels and partners resulting from the rapid expansion of our in-store e-commerce services; and (iii) the increase in raw materials and consumables in relation to merchant solutions services.

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

	<b>For the year ended December 31,</b>			
	<b>2021</b>		<b>2020</b>	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
One-stop payment services	<b>1,888,730</b>	<b>84.2</b>	1,346,076	86.9
Merchant solutions <sup>(1)</sup>	<b>260,252</b>	<b>11.6</b>	203,148	13.1
In-store e-commerce services	<b>95,030</b>	<b>4.2</b>	—	—
<b>Total</b>	<b><u>2,244,012</u></b>	<b><u>100.0</u></b>	<b><u>1,549,224</u></b>	<b><u>100.0</u></b>

*Note:*

(1) We have reclassified our technology-enabled business services to merchant solutions, which includes SaaS digital solutions, precision marketing services and fintech services.

## Gross Profit and Gross Profit Margin

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

	For the year ended December 31,			
	2021		2020	
	Gross profit	Gross profit	Gross profit	Gross profit
	<i>RMB'000</i>	margin %	<i>RMB'000</i>	margin %
One-stop payment services	379,536	16.7	483,333	26.4
Merchant solutions <sup>(1)</sup>	381,904	59.5	260,346	56.2
In-store e-commerce services	53,180	35.9	—	—
<b>Total</b>	<b>814,620</b>	<b>26.6</b>	<b>743,679</b>	<b>32.4</b>

*Note:*

(1) We have reclassified our technology-enabled business services to merchant solutions.

Our gross profit increased by 9.5% from RMB743.7 million for the year ended December 31, 2020 to RMB814.6 million for the year ended December 31, 2021.

Our gross profit margin decreased from 32.4% for the year ended December 31, 2020 to 26.6% for the year ended December 31, 2021 as a result of the decrease in gross profit margin of our one-stop payment services.

Gross profit margin of our one-stop payment services decreased from 26.4% for the year ended December 31, 2020 to 16.7% for the year ended December 31, 2021, primarily due to the increase in commission paid to sales agents and distributors.

Gross profit margin of merchant solutions increased from 56.2% for the year ended December 31, 2020 to 59.5% for the year ended December 31, 2021.

Gross profit margin of in-store e-commerce services amounted to 35.9% for the year ended December 31, 2021.

## **Selling Expenses**

Our selling expenses increased by 251.8% from RMB73.7 million for the year ended December 31, 2020 to RMB259.2 million for the year ended December 31, 2021, primarily due to (i) the increase in employee benefits as a result of the increase in headcounts of product specialists following the acquisition of Shenzhen Leshua Shangquan Technology Co., Ltd., and Beijing Chuangxinzhong Technology Co., Ltd. (北京創信眾科技有限公司) in November 2020, and the acquisition of Dingding Cultural Tourism (Chengdu) Co., Ltd. (鼎鼎文化旅遊(成都)有限公司) (“**Dingding Cultural Tourism**”) in October 2021; and (ii) the increase in advertising and promotion expense as a result of promotion for our in-store e-commerce services. Please refer to the Company’s 2020 annual report for details of the acquisition of Shenzhen Leshua Shangquan Technology Co., Ltd., the Company’s announcements dated November 9, 2020 and November 30, 2020, and circular dated January 29, 2021 for details of the acquisition of Beijing Chuangxinzhong Technology Co., Ltd. (北京創信眾科技有限公司), and the Company’s announcement dated November 8, 2021 for details of the acquisition of Dingding Cultural Tourism.

## **Administrative Expenses**

Our administrative expenses increased by 48.5% from RMB181.3 million for the year ended December 31, 2020 to RMB269.2 million for the year ended December 31, 2021, primarily due to (i) the increase in our employee benefits and our office and other administrative expenses as a result of the increase in our headcounts; and (ii) the increase in depreciation and amortization expense following an increase in long-term assets and leasehold property, partially offset by (iii) the decrease in listing expense.

## **Research and Development Expenses**

Our research and development expenses increased by 88.2% from RMB127.8 million for the year ended December 31, 2020 to RMB240.4 million for the year ended December 31, 2021, primarily due to the increase in our commitment to new business and product development and the increase in headcount, partially offset by the decrease in system development, consulting and data validation cost.

## **Impairment Losses on Financial and Other Assets**

Our impairment losses on financial and other assets increased by 20.3% from RMB50.2 million for the year ended December 31, 2020 to RMB60.4 million for the year ended December 31, 2021 because we prudently provided impairment based on the credit risk rates and receivable balance.

## **Other Income**

Our other income increased by 59.6% from RMB13.5 million for the year ended December 31, 2020 to RMB21.5 million for the year ended December 31, 2021, primarily due to the increase in additional deduction on input value-added tax.

## **Gain on Disposal of Equity Interest in Former Subsidiaries**

For the year ended December 31, 2021, we recorded a gain of RMB332.2 million on the disposal of 60% equity interests in Shenzhen Zhizhangui Cloud Service Co., Ltd. (“**Zhizhangui**”).

## **Fair Value Changes of Financial Assets or Financial Liabilities at Fair Value Through Profit or Loss**

We recorded fair value changes of financial assets or financial liabilities at fair value through profit or loss of RMB9.8 million for the year ended December 31, 2020 and RMB156.4 million for the year ended December 31, 2021 respectively, primarily due to the fair value gains from the investments in preferred shares and related financial instruments of an investment company, Fushi Technology (Shenzhen) Co., Ltd (深圳市富匙科技有限公司).

## **Other Gains/(Losses) — Net**

We recorded other gains — net of RMB18.4 million for the year ended December 31, 2020, primarily due to gains on our deemed disposal of an associate of RMB20.0 million. We recorded other losses — net of RMB13.1 million for the year ended December 31, 2021, primarily due to exchange rate losses.

## **Operating Profit**

As a result of the foregoing, we recorded operating profit of RMB352.4 million for the year ended December 31, 2020 and RMB482.4 million for the year ended December 31, 2021.

## **Finance Costs**

Our finance costs increased by 74.7% from RMB9.8 million for the year ended December 31, 2020 to RMB17.2 million for the year ended December 31, 2021, primarily due to an increase in interest expenses on our borrowings.

## **Share of Losses of Investments Accounted for Using the Equity Method**

Our share of losses of investments accounted for using the equity method increased by 34.9% from RMB14.0 million for the year ended December 31, 2020 to RMB18.8 million for the year ended December 31, 2021, primarily due to certain of our associates incurring loss in 2021.

## **Fair Value Changes of Convertible Redeemable Preferred Shares**

We recognized gains from fair value changes of the convertible redeemable preferred shares of RMB125.8 million for the year ended December 31, 2020 primarily due to the difference between the fair value of the convertible redeemable preferred shares as of December 31, 2020, which was based on independent valuer’s best estimate and that as of June 1, 2020, the date on which the preferred shares were converted into ordinary shares upon the listing of our shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). No gains from fair value changes of the convertible redeemable preferred shares were recorded for the year ended December 31, 2021.



## **Profit Before Income Tax**

As a result of the foregoing, our profit before income tax decreased by 1.8% from RMB454.5 million for the year ended December 31, 2020 to RMB446.4 million for the year ended December 31, 2021.

## **Income Tax Expenses**

Our income tax expenses increased by 360.3% from RMB13.7 million for the year ended December 31, 2020 to RMB63.0 million for the year ended December 31, 2021. Our effective tax rate was 14.1% for the year ended December 31, 2021, primarily due to (i) the enterprise income tax levied on two of our profitable entities being qualified as “High and New Technology Enterprise”; and (ii) the corporate income tax exempted or deducted on three of our profitable entities being qualified as “Software Enterprise”. The effective tax rate for the year ended December 31, 2020 was 3.0%, primarily because gains from fair value changes of the preferred shares which was not subject to income taxes.

## **Profit for the Year**

As a result of the foregoing, our profit decreased by 13.0% from RMB440.8 million for the year ended December 31, 2020 to RMB383.5 million for the year ended December 31, 2021.

## **Non-IFRS Measures**

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

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

	<b>Unaudited</b>	
	<b>For the year</b>	
	<b>ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the year</b>	<b>383,459</b>	440,780
Add:		
Fair value changes of convertible redeemable preferred shares	—	(125,822)
Share-based compensation expenses	<b>51,349</b>	18,143
Listing expenses	—	27,496
	<hr/>	<hr/>
<b>Adjusted net profit</b>	<b>434,808</b>	<b>360,597</b>
	<hr/> <hr/>	<hr/> <hr/>

Our adjusted net profit for the year increased by 20.6% from RMB360.6 million for the year ended December 31, 2020 to RMB434.8 million for the year ended December 31, 2021. This was primarily attributable to (i) the increase in the number of active payment service merchants from 5.5 million for the year ended December 31, 2020 to 7.3 million for the year ended December 31, 2021 following the resilient recovery of our one-stop payment service business from the Pandemic; and (ii) the growth of our merchant solutions, which had a higher profit margin as compared to one-stop payment services.

### **Capital Structure**

Our total assets increased from RMB5,623.4 million as of December 31, 2020 to RMB6,755.8 million as of December 31, 2021. Our total liabilities increased from RMB2,456.5 million as of December 31, 2020 to RMB3,555.1 million as of December 31, 2021. Liabilities-to-assets ratio increased from 43.7% as of December 31, 2020 to 52.6% as of December 31, 2021.

Our current ratio, being current assets divided by current liabilities as of the respective date, decreased from 2.16 as of December 31, 2020 to 1.65 as of December 31, 2021.

### **Liquidity, Capital Resources and Gearing**

The Group has adopted a prudent approach in financial resources management. For the year ended December 31, 2021, we financed our operations primarily through cash generated from business operations, bank borrowings and capital contributions from Shareholders. Our cash and cash equivalents decreased by 19.1% from RMB2,542.3 million as of December 31, 2020 to RMB2,057.9 million as of December 31, 2021, primarily attributable to (i) the payment to the trustee of the restricted share unit scheme to purchase shares of the Company on market and

(ii) the cash used in operating activities for expanding in-store e-commerce services business. As of December 31, 2021, the cash and cash equivalents of the Group were mainly denominated in RMB and HKD.

Our gearing ratio, being borrowings divided by total equity and multiplied by 100%, increased from 6.7% as of December 31, 2020 to 15.9% as of December 31, 2021, primarily attributable to the increased balance of borrowings as of December 31, 2021.

### Capital Expenditures

Our capital expenditures primarily consist of payments for purchasing property, plant and equipment, intangible assets and payment terminals. Our total capital expenditures increased by 208.8% from RMB38.7 million for the year December 31, 2020 to RMB119.6 million for the year ended December 31, 2021.

### Indebtedness

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

	<b>As of December 31,</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
<b>Non-current</b>		
Lease liabilities	<u>18,967</u>	<u>31,723</u>
<b>Current</b>		
Borrowings	509,500	211,000
Lease liabilities	22,787	23,845
Other payables — payable to creditors	<u>—</u>	<u>6,582</u>
<b>Total</b>	<u><u>551,254</u></u>	<u><u>273,150</u></u>

### Contingent Liabilities

As of December 31, 2021, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that was likely to have a material and adverse effect on our business, financial condition or results of operations.

### Pledge of Assets

As of December 31, 2021, we pledged account receivables of about RMB3.5 million to a bank to obtain a bank loan of RMB3.5 million.

## **Foreign Exchange Risk and Hedging**

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

## **Material Acquisitions or Disposals and Future Plans for Major Investments**

### ***Acquisition of the Entire Issued Share Capital in CHUANGXINZHONG LTD***

On December 24, 2020, the Company as the purchaser, Source Winner Limited, Bright Usening Limited, Better One Limited, Nice Globe Limited and Summer.A Limited (collectively, the “**Vendors**”), and certain other parties thereto entered into a share purchase agreement, pursuant to which the Company agreed to purchase, and the Vendors agreed to sell sale shares representing the entire issued share capital of the CHUANGXINZHONG LTD, at a total consideration of RMB170,000,000. Completion took place on April 23, 2021 in accordance with the terms and conditions as set out in the share purchase agreement. The consideration was settled by (i) payment of RMB15,000,000 in cash; and (ii) the allotment and issue of 4,902,718 shares of the Company to the Vendors at the issue price of HKD37.50 per share. For further details, please refer to the Company's announcements dated December 24, 2020, December 28, 2020, April 26, 2021 and circular dated January 29, 2021. As of December 31, 2021, the performance undertaking for the period from December 1, 2020 to November 30, 2021 provided by Mr. Qin Lingjin, Mr. Zhang Guoxian, Mr. Pei Xiao, Mr. Zhan Yang and the Vendors had been met.

### ***Disposal of equity interests of ZHIZHANGGUI and cessation of ZHIZHANGGUI as a subsidiary of the Company***

On June 28, 2021, Shenzhen Leshou Cloud Technology Co., Ltd (深圳市樂售雲科技有限公司) as the vendor and Zhizhanggui, both being indirect wholly-owned subsidiaries of the Company, entered into a sale and purchase agreement with Fushi Technology (Shenzhen) Co., Ltd (深圳市富匙科技有限公司), as the purchaser, an associated company of the Company, in relation to a disposal of Zhizhanggui's 60% equity interests by the vendor to the purchaser. Completion took place on June 29, 2021 in accordance with the terms and conditions as set out in the sale and purchase agreement. The consideration was settled by (i) payment of RMB100,000,000 in cash; and (ii) the issue of shares in the said purchaser representing registered share capital of RMB2,292,986 to the vendor. After the disposal, Zhizhanggui ceases to be a subsidiary of the Company. For further details, please refer to the Company's announcements dated May 10, 2021 and June 28, 2021.

## ***Acquisition of Dingding Cultural Tourism (Chengdu) Co., Ltd.***

In late October 2021, Shenzhen Leshou Cloud Technology Co., Ltd (深圳市樂售雲科技有限公司) (“**Shenzhen Leshou**”), an indirect wholly owned subsidiary of the Company, as the investor, Dingding Cultural Tourism and certain other parties entered into an investment agreement pursuant to which, among others, Shenzhen Leshou agreed to contribute RMB100,000,000 to the registered capital and capital reserves of Dingding Cultural Tourism. After the investment, Shenzhen Leshou holds 60% of the enlarged share capital of Dingding Cultural Tourism. Completion took place on October 29, 2021 in accordance with the terms and conditions as set out in the investment agreement. Accordingly, Dingding Cultural Tourism becomes a subsidiary of the Group. For further details, please refer to the Company’s announcement dated November 8, 2021.

Save as disclosed above, we did not conduct any material investments, acquisitions or disposals during the year ended December 31, 2021. In addition, save for the expansion plans as disclosed in (i) the sections headed “Business” and “Future Plans and Use of Proceeds” in the prospectus of the Company dated May 20, 2020; and (ii) the section headed “Use of Proceeds” in the Company’s announcement dated December 4, 2020, we have no specific plan for major investment or acquisition for major capital assets or other businesses. However, we will continue to identify new opportunities for business development.

## **Significant Events After the Reporting Period**

Save as disclosed in note 24 to the consolidated financial statements, there were no material events subsequent to December 31, 2021 which could have a material impact on our operating and financial performance as of the date of this announcement.

## **Final Dividend**

The Board did not recommend the payment of a final dividend for the year ended December 31, 2021.

## **Annual General Meeting**

The annual general meeting of the Company (the “**AGM**”) will be held on Friday, June 24, 2022. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

## **Closure of Register of Members**

For the purpose of ascertaining the members’ eligibility to attend and vote at the AGM, the Company’s register of members will be closed from Tuesday, June 21, 2022 to Friday, June 24, 2022, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, June 20, 2022.

## **Company Information**

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

## **Employees**

As of December 31, 2021, we had a total of 1,439 employees, substantially all of whom were based in China.

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

## **RSU SCHEME**

A restricted share unit scheme (the “**RSU Scheme**”) was adopted by the Company on August 1, 2019. The RSU Scheme will be valid and effective for a period of ten years, commencing from the date of the first grant of the restricted share units (the “**RSUs**”), being August 1, 2019. Further details of the RSU Scheme are set out in “Statutory and General Information — D. Share Incentive Schemes — 2. RSU Scheme” in Appendix IV of the prospectus of the Company dated May 20, 2020.

Details of the RSUs granted under the RSU Scheme and the movements in the RSUs during the year ended December 31, 2021 are set out below:

Name of RSU grantee	Position held with the Group	Number of Shares represented by RSUs as at January 1, 2021	Granted during the year	Date of grant	Vested during the year	Cancelled during the year	Lapsed during the year	Number of Shares represented by RSUs as at December 31, 2021
<b>Directors of the Company</b>								
Luo Xiaohui	Executive director of the Company, and chief architect of the Company and Shenzhen Yeahka	1,000,000	—	January 1, 2018	500,000	—	—	500,000
<b>Other connected person of the Group</b>								
Ren Yangbin	Executive director of Shenzhen Feiquan	60,000	—	August 1, 2019	30,000	—	—	30,000
<b>Other employees of the Group</b>								
44 other employees of the Group		3,083,000	—	January 1, 2018 and August 1, 2019	1,119,000	6,000	—	1,964,000
Six other employees of the Group		—	390,000	January 7, 2021	97,500	—	—	292,500
<b>Total</b>		<b>4,143,000</b>	<b>390,000</b>		<b>1,746,500</b>	<b>6,000</b>	<b>—</b>	<b>2,786,500</b>

Details of movements in the RSUs under the RSU Scheme are also set out in note 21 to the consolidated financial statements.

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

On January 21, 2022, the Company granted a total of 1,500,000 RSUs pursuant to the RSU Scheme to a total of 65 RSU grantees. For further details, please refer to the Company's announcement dated January 24, 2022.

Save as disclosed above, for the year ended December 31, 2021 and up to the date of this announcement, no further RSUs have been or would be granted by the Company pursuant to the RSU Scheme.

## SHARE OPTION SCHEME

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

The table below sets out the movements of the share options of our Company during the year from January 1, 2021 to December 31, 2021 granted under the Share Option Scheme:

Name of grantee	Outstanding as at January 1, 2021	Granted during the year	Date of grant <sup>(3)</sup>	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at December 31, 2021	Exercise price (HKD per share)	Vesting period	Exercise period
<b>Directors of the Company</b>										
Yao Zhijian	—	300,000	January 7, 2021	—	—	—	300,000	44.20 <sup>(1)</sup>	July 1, 2021– July 1, 2024	January 7, 2021– January 6, 2031
Luo Xiaohui	—	100,000	January 7, 2021	—	—	—	100,000	44.20 <sup>(1)</sup>	July 1, 2021– July 1, 2024	January 7, 2021– January 6, 2031
<b>Other employees of the Group</b>										
Other employees of the Group	—	4,186,000	January 7, 2021	—	—	630,000	3,556,000	44.20 <sup>(1)</sup>	July 1, 2021– July 1, 2024	January 7, 2021– January 6, 2031
Other employees of the Group	—	2,000,000	May 12, 2021	—	—	828,000	1,172,000	58.60 <sup>(2)</sup>	May 12, 2022– May 12, 2025	May 12, 2021– May 11, 2031
<b>Total</b>	<b>—</b>	<b>6,586,000</b>		<b>—</b>	<b>—</b>	<b>1,458,000</b>	<b>5,128,000</b>			

### Notes:

- (1) Being the highest of (i) HKD44.20 per share of the Company, the closing price of the share of the Company on the date of grant as stated in the daily quotation sheet issued by the Stock Exchange, (ii) HKD39.45 per share of the Company, the closing price of the share of the Company immediately before the date on which the options were granted, and (iii) US\$0.000025 per share of the Company, the nominal value. The closing price of the share of the Company immediately before the date on which the options were granted was HKD43.55.
- (2) Being the highest of (i) HKD52.75 per share of the Company, the closing price of the share of the Company on the date of grant as stated in the daily quotation sheet issued by the Stock Exchange, (ii) HKD58.60 per share of the Company, the closing price of the share of the Company immediately before the date on which the options were granted, and (iii) US\$0.000025 per share of the Company, the nominal value. The closing price of the share of the Company immediately before the date on which the options were granted was HKD53.6.
- (3) Further details of the grants were set out in the Company’s announcements dated January 7, 2021 and May 12, 2021.



As of December 31, 2021, the number of Shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 5,128,000, representing 1.13% of the shares of the Company in issue as of that date. The total number of Shares available for issue under the Share Option Scheme was 37,492,507, representing 8.30% of the total number of Shares in issue as of the date of this announcement.

Further information of the Share Option Scheme and the value of share options granted are set out in note 21 to the consolidated financial statements.

On January 21, 2022, a total of 1,000,000 share options were granted to 210 option grantees in accordance with the Share Option Scheme to subscribe for a total of 1,000,000 shares of the Company, at the exercise price of HKD25.56 per share. For further details, please refer to the Company's announcement dated January 24, 2022.

Save as disclosed above, for the year ended December 31, 2021 and up to the date of this announcement, no further options have been or would be granted by the Company pursuant to the Share Option Scheme.

## USE OF PROCEEDS FROM THE LISTING

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

<b>Intended use of proceeds</b>	<b>Percentage of intended use of proceeds (%)</b>	<b>Intended use of proceeds from the initial public offering<sup>(1)</sup> (In HKD millions)</b>	<b>Actual usage for the year ended December 31, 2021<sup>(1)</sup> (In HKD millions)</b>	<b>Actual usage up to December 31, 2021<sup>(1)</sup> (In HKD millions)</b>	<b>Unutilized net proceeds as of December 31, 2021<sup>(1)</sup> (In HKD millions)</b>	<b>Expected timeline for utilizing the remaining net proceeds</b>
Implementing sales and marketing initiatives in China and overseas markets	20.0	339.7	174.1	241.3	98.4	By the first half of 2022
Expanding our merchant solutions offerings <sup>(2)</sup>	35.0	594.6	275.1	594.6	—	—
Enhancing our research and technology capabilities	35.0	594.6	265.2	361.1	233.5	By the second half of 2022
Working capital and general corporate purposes	10.0	169.9	94.5	169.9	—	—
<b>Total</b>	<b>100.0</b>	<b>1,698.8</b>	<b>808.9</b>	<b>1,366.9</b>	<b>331.9</b>	

Notes:

- (1) The figures in the table are approximate figures.
- (2) We have reclassified our technology-enabled business services to merchant solutions, which includes SaaS digital solutions, precision marketing services and fintech services.

## USE OF PROCEEDS FROM THE PLACING

Reference is made to the Company's announcements dated December 3, 2020, December 4, 2020, December 10, 2020 and December 17, 2020. The Group successfully raised total net proceeds (after deducting all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses) of approximately HKD778.0 million through the top-up placing of 20,795,052 shares of the Company to not less than six professional, institutional and/or individual investors at the placing price of HKD37.88 per share on December 17, 2020. The following table sets forth the status of the use of net proceeds from the placing up to December 31, 2021:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the placing <sup>(1)</sup> (In HKD millions)	Actual usage for the year ended December 31, 2021 <sup>(1)</sup> (In HKD millions)	Actual usage up to December 31, 2021 <sup>(1)</sup> (In HKD millions)	Unutilized net proceeds as of December 31, 2021 <sup>(1)</sup> (In HKD millions)	Expected timeline for utilizing the remaining net proceeds
Developing and enhancing precision marketing services of the Company	25.0	194.5	194.5	194.5	0	—
Investing in new initiatives which are highly complementary to the current businesses of the Company	25.0	194.5	194.5	194.5	0	—
Recruiting business specialists and product managers in merchant solutions <sup>(2)</sup>	15.0	116.7	55.3	55.3	61.4	By end of 2022
Strategic alliances with, investment in or acquisitions of highly complementary business service providers, including advertising platforms and SaaS developers	15.0	116.7	60.4	60.4	56.3	By end of 2022
Working capital and general corporate purposes	20.0	155.6	80.5	80.5	75.1	By end of 2022
<b>Total</b>	<b>100.0</b>	<b>778.0</b>	<b>585.2</b>	<b>585.2</b>	<b>192.8</b>	

Notes:

- (1) The figures in the table are approximate figures.
- (2) We have reclassified our technology-enabled business services to merchant solutions, which includes SaaS digital solutions, precision marketing services and fintech services.

## **ROUNDING**

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2021 RMB'000	2020 RMB'000
Revenue	4	3,058,632	2,292,903
Cost of revenue	7	(2,244,012)	(1,549,224)
<b>Gross profit</b>		<b>814,620</b>	743,679
Selling expenses	7	(259,212)	(73,691)
Administrative expenses	7	(269,185)	(181,273)
Research and development expenses	7	(240,434)	(127,778)
Impairment losses on financial and other assets	3.1(a), 14(b)	(60,357)	(50,189)
Other income	5	21,521	13,482
Gain on disposal of equity interest in former subsidiaries	22	332,172	—
Fair value changes of financial assets or financial liabilities at fair value through profit or loss — net	12,20(a)	156,398	9,831
Other (losses)/gains — net	6	(13,087)	18,365
<b>Operating profit</b>		<b>482,436</b>	352,426
Finance costs		(17,157)	(9,822)
Share of losses of investments accounted for using the equity method	10	(18,844)	(13,964)
Fair value changes of convertible redeemable preferred shares	20(b)	—	125,822
<b>Profit before income tax</b>		<b>446,435</b>	454,462
Income tax expenses	8	(62,976)	(13,682)
<b>Profit for the year</b>		<b>383,459</b>	440,780
<b>Attributable to:</b>			
Equity holders of the Company		420,934	438,907
Non-controlling interests		(37,475)	1,873
		<b>383,459</b>	440,780

	<i>Note</i>	<b>Year ended 31 December</b>	
		<b>2021</b>	<b>2020</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Other comprehensive loss:</b>			
Items that will not be subsequently reclassified to profit or loss			
Currency translation differences		<b>(40,574)</b>	(170,208)
Items that may be subsequently reclassified to profit or loss			
Fair value changes of financial assets or liabilities at fair value through other comprehensive income held by associate			
		<b>432</b>	—
Currency translation differences		<b>1,526</b>	13,588
		<b>1,958</b>	13,588
<b>Other comprehensive loss for the year, net of tax</b>		<b>(38,616)</b>	(156,620)
<b>Total comprehensive income for the year</b>		<b>344,843</b>	284,160
<b>Attributable to:</b>			
Equity holders of the Company		<b>382,318</b>	282,287
Non-controlling interests		<b>(37,475)</b>	1,873
		<b>344,843</b>	284,160
<b>Earnings per share attributable to equity holders of the Company</b> (expressed in RMB per share)			
— Basic	9	<b>1.00</b>	1.45
— Diluted	9	<b>0.97</b>	0.87

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Note	2021	2020
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		74,257	65,285
Intangible assets	11	519,474	367,056
Investments accounted for using the equity method	10	125,243	24,865
Prepayments and other receivables	14(a)	337	15,375
Financial assets at fair value through profit or loss	12	351,085	84,895
Other non-current assets		21,674	36,847
Deferred tax assets		35,921	15,082
		<u>1,127,991</u>	<u>609,405</u>
<b>Current assets</b>			
Other current assets		15,780	9,600
Inventories		9,864	16,220
Trade receivables	13	380,904	332,741
Prepayments and other receivables	14(b)	1,879,004	1,718,595
Loan receivables	15	545,703	380,380
Financial assets at fair value through profit or loss	12	36,112	14,133
Restricted cash		702,546	—
Cash and cash equivalents		2,057,872	2,542,316
		<u>5,627,785</u>	<u>5,013,985</u>
<b>Total assets</b>		<u><u>6,755,776</u></u>	<u><u>5,623,390</u></u>
<b>EQUITY</b>			
Share capital		72	73
Reserves		2,487,831	2,759,130
Retained earnings		771,347	360,584
		<u>3,259,250</u>	<u>3,119,787</u>
<b>Equity attributable to equity holders of the Company</b>		<u>3,259,250</u>	<u>3,119,787</u>
<b>Non-controlling interests</b>		<u>(58,579)</u>	<u>47,068</u>
<b>Total equity</b>		<u><u>3,200,671</u></u>	<u><u>3,166,855</u></u>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b>RMB'000</b>	<b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other payables	<i>18(a)</i>	<b>361</b>	11,785
Lease liabilities		<b>18,967</b>	31,723
Financial liabilities at fair value through profit or loss	<i>20</i>	<b>81,036</b>	77,243
Deferred tax liabilities		<b>42,638</b>	11,295
		<u><b>143,002</b></u>	<u>132,046</u>
<b>Current liabilities</b>			
Trade and other payables	<i>18(b)</i>	<b>2,758,988</b>	2,035,399
Contract liabilities	<i>17</i>	<b>33,114</b>	26,508
Current tax liabilities		<b>87,714</b>	27,737
Lease liabilities		<b>22,787</b>	23,845
Borrowings	<i>19</i>	<b>509,500</b>	211,000
		<u><b>3,412,103</b></u>	<u>2,324,489</u>
<b>Total liabilities</b>		<u><b>3,555,105</b></u>	<u>2,456,535</u>
<b>Total equity and liabilities</b>		<u><b>6,755,776</b></u>	<u>5,623,390</u>



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders of the Company					
Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings/ accumulated losses) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
	<b>73</b>	<b>2,856,695</b>	<b>(97,565)</b>	<b>360,584</b>	<b>3,119,787</b>	<b>47,068</b>	<b>3,166,855</b>
<b>Balance at 1 January 2021</b>							
Profit for the year	—	—	—	420,934	420,934	(37,475)	383,459
Other comprehensive loss	—	—	(38,616)	—	(38,616)	—	(38,616)
<b>Total comprehensive income</b>	—	—	(38,616)	420,934	382,318	(37,475)	344,843
<b>Transactions with equity holders</b>							
Issuance of ordinary shares	1	152,854	—	—	152,855	—	152,855
Purchase of own shares	(3)	(387,982)	—	—	(387,985)	—	(387,985)
Acquisition of additional equity interests in non-wholly owned subsidiaries	—	—	(140,146)	—	(140,146)	(41,683)	(181,829)
Non-controlling interests arising from business combination	—	—	—	—	—	(28,689)	(28,689)
Non-controlling interests arising from business establishment	—	—	—	—	—	2,200	2,200
Share award schemes:							
— value of employee services	—	12,141	—	—	12,141	—	12,141
— transfer shares to awardees upon vesting	1	81,071	—	—	81,072	—	81,072
Share option schemes:							
— value of employee services	—	39,208	—	—	39,208	—	39,208
Profit appropriations to statutory reserves	—	—	10,171	(10,171)	—	—	—
	(1)	(102,708)	(129,975)	(10,171)	(242,855)	(68,172)	(311,027)
<b>Balance at 31 December 2021</b>	<b>72</b>	<b>2,753,987</b>	<b>(266,156)</b>	<b>771,347</b>	<b>3,259,250</b>	<b>(58,579)</b>	<b>3,200,671</b>

		Attributable to equity holders of the Company						
		Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings/ (accumulated losses) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
	<i>Note</i>							
<b>Balance at 1 January 2020</b>		31	324,899	(64,554)	(815,872)	(555,496)	—	(555,496)
Profit for the year		—	—	—	438,907	438,907	1,873	440,780
Other comprehensive loss		—	—	(156,620)	—	(156,620)	—	(156,620)
<b>Total comprehensive income</b>		—	—	(156,620)	438,907	282,287	1,873	284,160
<b>Transactions with owners</b>								
Issuance of ordinary shares relating to an initial public offering, net of share issuance costs		20	1,617,727	—	—	1,617,747	—	1,617,747
Issuance of ordinary shares relating to placement, net of share issuance costs		4	655,596	—	—	655,600	—	655,600
Conversion of convertible redeemable preferred shares to ordinary shares		14	1,276,395	—	—	1,276,409	—	1,276,409
Share premium set off the accumulated losses and other reserves		—	(861,158)	87,235	773,923	—	—	—
Transfer shares to awardees of employee share scheme upon vesting		4	(174,907)	—	—	(174,903)	—	(174,903)
Non-controlling interests arising from business combinations	23	—	—	—	—	—	45,195	45,195
Employee share schemes value of employee services	21	—	18,143	—	—	18,143	—	18,143
Profit appropriations to statutory reserves		—	—	36,374	(36,374)	—	—	—
		42	2,531,796	123,609	737,549	3,392,996	45,195	3,438,191
<b>Balance at 31 December 2020</b>		73	2,856,695	(97,565)	360,584	3,119,787	47,068	3,166,855

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

### 1.1 General information

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

The Company is an investment holding company. The Company and its subsidiaries, (the “Group”), are principally engaged in the provision of payment services and merchant solutions services (previously called as “technology-enabled business services”) to retail merchants and consumers in the People’s Republic of China (the “PRC”).

Mr. Liu Yingqi (“Mr. Liu”), is the ultimate controlling shareholder of the Company.

The financial statements for the year ended 31 December 2021 are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated. The financial statements for the year ended 31 December 2021 have been approved for issue by the Company’s board of directors (the “Board”) on 31 March 2022.

## 2. BASIS OF PREPARATION

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

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

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

### (a) Amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- Covid-19 related rent concessions — Amendment to IFRS 16
- Interest Rate Benchmark Reform — Phase 2 — Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Extension of the Temporary Exemption from Applying IFRS 9 — Amendments to IFRS 4

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

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

Standards and amendments that have been issued but not yet effective at 1 January 2021 and not been early adopted by the Group during the year are as follows:

		<b>Effective for annual periods beginning on or after</b>
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual improvements	Annual Improvements to IFRS Standards 2018–2020 cycle	1 January 2022
Amendments to IAS 1, Practice Statement 2 and IAS 8	Disclosure of Accounting Policies	1 January 2023
Amendment to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to International Accounting Standards (“IAS”) 1	Presentation of financial statements’, on classification of liabilities	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk), credit risk and liquidity risk. The Group’s overall risk management Programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance. Risk management is carried out by the senior management of the Group.

#### (a) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, trade receivables, loan receivables and other receivables. The carrying amounts of each class of the above financial assets represent the Group’s maximum exposure to credit risk in relation to financial assets. The Group is also exposed to credit risk in relation to its financial guarantee contracts.

##### (1) Risk management

To manage risk arising from cash and cash equivalents and restricted cash, the Group places deposits in state-owned financial institutions in the PRC or reputable banks, financial institutions having high-credit-quality in the PRC and Cayman Island. There has been no recent history of default in relation to these financial institutions. The identified credit losses are immaterial.

To manage risk arising from trade receivables, the Group has policies in place to ensure that sale of service is made to customers with an appropriate credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

For other receivables and loan receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables and loan receivables based on historical settlement records and past experiences incorporating forward-looking information. Impairment on other receivables and loan receivables are measured as either 12-month expected credit loss or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

The carrying amounts of cash and cash equivalents, restricted cash, trade receivables, loan receivables and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets.

As at 31 December 2021, the maximum exposure arising from the provision of financial guarantee to certain loan facilitation parties amounted to approximately RMB150 million (31 December 2020: RMB68 million), being the principals and interests of the underlying loans which were granted by the Group's loan facilitation partners with terms ranging from 3 to 12 months. As at 31 December 2021, an immaterial portion of the underlying loans from these financial guarantees were overdue and underperforming. Based on the results of management's credit risk assessment, the corresponding expected credit loss provision was not material and therefore no financial guarantee liability had been recognized in the Group's consolidated statement of financial position as at 31 December 2021.

(2) *Maximum exposure to credit risk*

The following table contains an analysis of the credit risk exposure subject to impairment. The amount of financial assets below also represents the Group's maximum exposure to credit risk.

	As at 31 December 2021			As at 31 December 2020		
	Gross carrying amount RMB'000	Loss allowance RMB'000	Carrying amount RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000	Carrying amount RMB'000
Financial assets at amortised cost (IFRS9)						
Cash and cash equivalent	2,057,872	—	2,057,872	2,542,316	—	2,542,316
Restricted cash	702,546	—	702,546	—	—	—
Trade receivable (i)	401,346	(20,442)	380,904	332,741	—	332,741
Loan receivables (ii)						
— Stage 1	552,897	(12,316)	540,581	390,707	(12,542)	378,165
— Stage 2	10,313	(6,012)	4,301	3,336	(1,121)	2,215
— Stage 3	6,998	(6,177)	821	2,887	(2,887)	—
Other receivables (iii)	1,836,025	(34,641)	1,801,384	1,657,890	(21,504)	1,636,386

(i) The following table contains an analysis of allowance for trade receivables based on overdue aging:

31 December 2021	Current	Less than	90–180	180–270	More than	Total
		90 days past due	days past due	days past due	270 days past due	
Expected loss rate	0.75%	5.51%	23.91%	39.73%	100.00%	5.09%
Gross carrying amount	289,996	61,004	42,841	4,737	2,768	401,346
Loss allowance	2,188	3,359	10,245	1,882	2,768	20,442

The loss allowances for trade receivables as at 31 December 2021 reconcile to the opening loss allowances as follows:

	<b>As at 31 December 2021</b>
	<b>RMB'000</b>
At the beginning of the year	—
Provision for expected credit loss	<b>20,442</b>
	<hr/>
At the end of the year	<b>20,442</b>
	<hr/> <hr/>

- (ii) Movement on the provision for expected credit loss allowance of loan receivables are set out as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
At the beginning of the year	<b>16,550</b>	10,244
Provision for expected credit loss	<b>29,484</b>	38,189
Write off	<b>(27,022)</b>	(31,883)
Reversal	<b>5,493</b>	—
	<hr/>	<hr/>
At the end of the year	<b>24,505</b>	16,550
	<hr/> <hr/>	<hr/> <hr/>

- (iii) Movement on the provision for expected credit loss allowance of other receivables are set out as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
At the beginning of the year	<b>21,504</b>	9,504
Business combinations	<b>3,267</b>	—
Provision for expected credit loss	<b>9,870</b>	12,000
	<hr/>	<hr/>
<b>At the end of the year</b>	<b>34,641</b>	21,504
	<hr/> <hr/>	<hr/> <hr/>

During the year ended 31 December 2021, the directors of the Company had made an additional impairment provision of approximately RMB7,047,000 against the carrying amount of balance due from Chaomeng Financial Technology (Shenzhen) Co., Ltd (“Chao Meng”), which resulted in an aggregate amount of impairment provision of RMB28,551,000 against the carrying amount of balance due from Chao Meng as at 31 December 2021, based on result of an the assessment of the expected cashflows to be generated by Chao Meng in its future operations and the amounts that they would repay to the Group. The directors of the Company consider that the provision set up reflected the current best estimate on the recoverable amount of such balance up to the date of approval of the financial statements.

## 3.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2021 and 2020 by level of inputs adopted in the valuation techniques used for measuring fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2021.

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Assets</b>				
<b>Financial assets at FVPL</b>	<b>21,458</b>	—	<b>365,739</b>	<b>387,197</b>
<b>Liabilities</b>				
<b>Contingent consideration</b>	—	—	<b>81,036</b>	<b>81,036</b>

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2020.

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Assets</b>				
<b>Financial assets at FVPL</b>	<b>14,133</b>	—	<b>84,895</b>	<b>99,028</b>
<b>Liabilities</b>				
<b>Contingent consideration</b>	—	—	<b>77,243</b>	<b>77,243</b>

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Dealer quotes for similar instruments;

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for financial instruments.

During the years ended 31 December 2021 and 2020, there was no transfer between level 1 and 2 for recurring fair value measurements.

### ***Valuation processes of the Group (Level 3)***

A team in the finance department of the Group performs the valuations of financial instruments required for financial reporting purposes, including the Level 3 fair values. This team reports directly to the CFO. Discussions of valuation processes and results are held between the CFO and the valuation team at least once year.

At each financial year end the finance department:

- verifies all major inputs to the valuation report;
- assesses valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Changes in Level 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

The carrying amounts of the Group's financial assets and liabilities including cash and cash equivalents, restricted cash, trade and other receivables, loan receivables, trade payables, other payables and borrowings approximate to their fair values due to their short maturities.

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair Value		Significant Unobservable Input	Range of Input		Relationship of unobservable input to fair values
	As at 31 December			As at 31 December		
	2021	2020		2021	2020	
	RMB'000	RMB'000				
Current financial assets at FVPL	14,654	—	Risk-free rate	2.78%	N/A	the higher the risk-free rate, the higher the fair value
Non-current financial assets at FVPL	351,085	84,895	Expected Volatility	48.00%– 66.00%	65.60%	the higher the expected volatility, the lower the fair value
			Discounts for lack of marketability (“DLOM”)	30.00%– 31.00%	N/A	the higher the DLOM, the lower the fair value
			Risk-free rate	2.31%– 2.78%	2.82%– 3.14%	the higher the risk-free rate, the higher the fair value
Contingent consideration	81,036	77,243	Discount Rate	4.30%	4.30%	the higher the Discount Rate, the lower the fair value



#### 4. REVENUE

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
One-stop payment services	2,268,266	1,829,409
Merchant solutions services	642,156	463,494
In-store e-commerce services	148,210	—
	<hr/>	<hr/>
<b>Total revenue</b>	<b>3,058,632</b>	<b>2,292,903</b>
	<hr/> <hr/>	<hr/> <hr/>

For the years ended 31 December 2021 and 2020, interest income from entrusted loans and small-sized retail loans amounting to approximately RMB104,436,000 and approximately RMB47,850,000, respectively, are included in revenue derived from merchant solutions services. Except for interest income mentioned above, revenues of the Group are recognized at a point in time according to the provision prescribed under IFRS 15.

#### 5. OTHER INCOME

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	13,610	6,141
Interest income from loans to an associate	537	457
Interest income from bank deposits	7,374	6,884
	<hr/>	<hr/>
	21,521	13,482
	<hr/> <hr/>	<hr/> <hr/>

#### 6. OTHER (LOSSES)/GAINS, NET

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Gains on deemed disposal of an associate	—	20,000
Exchange losses	(7,745)	(2,152)
Losses on disposal of property, plant and equipment	308	—
Net losses on disposal of financial assets and liabilities through profits or losses	(4,311)	—
Others	(1,339)	517
	<hr/>	<hr/>
	(13,087)	18,365
	<hr/> <hr/>	<hr/> <hr/>

## 7. EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Commissions and marketing costs	2,060,310	1,433,606
Employee benefit expenses	419,417	197,743
Advertising and promotion expenses	68,761	35,073
Amortization of non-current assets	36,521	57,366
Raw materials and consumables	107,277	28,352
System development, consulting and data validation	37,807	22,661
Outsourcing service fees	89,002	22,167
Depreciation of property, plant and equipment	36,654	19,462
Office expenses	29,290	16,328
Amortization of intangible assets	23,832	12,309
Rental expense relating to short-term leases	16,057	10,125
Professional service fees	16,092	8,895
Merchants validation fee	5,882	5,073
Auditor's remuneration	6,150	4,914
Travel and transportation	9,209	4,027
Levies and surcharges	8,447	2,549
Impairment of investment in an associate (Note 10)	—	4,000
Processing fees to payment networks	—	14
Listing expenses	—	27,496
Others	42,135	19,806
	<u>3,012,843</u>	<u>1,931,966</u>

## 8. INCOME TAX EXPENSES

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax	61,722	23,042
Deferred income tax	1,254	(9,360)
	<u>62,976</u>	<u>13,682</u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended 31 December 2021 and 2020, being the standard income rate in the PRC. The differences are analyzed as follows:

	<b>Year ended 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Profit before income tax:	<b>446,435</b>	454,462
Tax calculated at tax rate of 25%	<b>111,609</b>	113,616
Tax effects of:		
— Different income tax rates applicable to subsidiaries	<b>(43,712)</b>	(59,795)
— Research and development super deduction	<b>(24,781)</b>	(12,988)
— Income not taxable	<b>(16,701)</b>	(38,913)
— Expenses not deductible for tax purpose	<b>206</b>	15,760
— Utilization of previously unrecognized tax losses	<b>(3,805)</b>	(1,328)
— Deferred tax benefits not recognized	<b>36,083</b>	7,765
— Losses attributable to associates	<b>4,077</b>	2,344
— Recognition of previously unrecognized in relation to tax losses and allowance for impairment of loan receivables	<b>—</b>	(12,779)
	<b>62,976</b>	13,682

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

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

### **(b) Hong Kong profits tax**

Hong Kong profits tax has been provided for at the rate of 8.25% on the estimated assessable profits up to HKD2,000,000; and 16.5% on any part of the estimated assessable profits over HKD2,000,000 for the years ended 31 December 2021 and 2020.

### **(c) PRC Current Income Tax (“CIT”)**

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the years ended 31 December 2021 (2020: 25%).

Shenzhen Yeahka Technology Co., Ltd. (“Shenzhen Yeahka”) had applied to the relevant tax bureau and was granted the qualification as “High and New Technology Enterprise” (“HNTE”) in October 2018 and renewed in December 2021. As a result, it is subject to a preferential CIT rate of 15% for a 3-year period from 2021 to 2023.

Leshua Technology Co., Ltd. (“Leshua”) had applied to the relevant tax bureau and was granted the qualification as HNTE in October 2017 and renewed in December 2020, as a result, it is subject to a preferential CIT rate of 15% for a 3-year period from 2020 to 2022.

Shenzhen Feiquan Cloud Data Service Co., Ltd. (“Feiquan Cloud”) had applied to the relevant tax bureau and was granted as qualifications as HNTE in December 2021. As a result, it is subject to a preferential CIT rate of 15% for a 3-year period from 2021 to 2023.

Shenzhen Letuobao Technology Co., Ltd. (“Shenzhen Letuobao”) had obtained the relevant approval from relevant tax bureau as “Software Enterprise” in November 2020. Therefore, Letuobao was exempt from CIT for two years, followed by a 50% reduction in the applicable tax rates (i.e.12.5%) for the following three years, commencing from the first year of profitable operation after offsetting tax losses generating from prior years. Its first profit making year was 2019, thus the tax exemption period for Letuobao was from 1 January 2019 to 31 December 2020 and the tax rate reduction period was from 1 January 2021 to 31 December 2023.

Shenzhen Lejuquan Technology Co., Ltd. (“Lejuquan”) had obtained the relevant approval from relevant tax bureau as “Software Enterprise” in November 2021. Therefore, Lejuquan was exempt from CIT for two years, followed by a 50% reduction in the applicable tax rates (i.e.12.5%) for the following three years, commencing from the first year of profitable operation after offsetting tax losses generating from prior years. Its first profit making year was 2021, thus the tax exemption period for Letuobao was from 1 January 2021 to 31 December 2022.

Beijing Chuangxinzhong Technology Co., Ltd. (“Chuangxinzhong”) had obtained the relevant approval from relevant tax bureau as “Software Enterprise” in April 2020. Therefore, Chuangxinzhong was exempt from CIT for two years, followed by a 50% reduction in the applicable tax rates (i.e.12.5%) for the following three years, commencing from the first year of profitable operation after offsetting tax losses generating from prior years. Its first profit making year was 2019, thus the tax exemption period for Chuangxinzhong was from 1 January 2019 to 31 December 2020 and the tax rate reduction period was from 1 January 2021 to 31 December 2023.

#### (d) Research and development super deduction

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

#### (e) PRC Withholding Tax

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

## 9. EARNINGS PER SHARE

#### (a) Basic earnings per share

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

	Year ended 31 December	
	2021	2020
Profit attributable to equity holders of the Company (in RMB thousands)	<b>420,934</b>	438,907
Weighted average number of ordinary shares in issue (in thousands) <sup>(i)</sup>	<b>422,584</b>	303,327
Basic earnings per share (expressed in RMB per share)	<u><u>1.00</u></u>	<u><u>1.45</u></u>

- (i) Weighted average number of ordinary shares in issue for the year ended 31 December 2021 has been determined based on the number of shares in issue, after 4,902,718 shares issued relating to acquisition of additional equity interests in non-wholly owned subsidiaries, 3,639,125 shares transfers from restricted share scheme units to the awardees upon vesting and 17,686,800 shares repurchased.

## (b) Diluted earnings per share

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

The Group has three categories of potential ordinary shares that may affect the calculation of diluted earnings per shares: convertible redeemable preferred shares, share options/restricted share issued to employees and returnable ordinary shares issued for the acquisition of Tuozhanbao Internet Financial Service (Shenzhen) Co., Ltd (“Tuozhanbao”) as mentioned in the 2020 annual report.

For the returnable ordinary shares issued in 2019 for the acquisition of Tuozhanbao as described in the 2020 annual report, only the portion of unreturnable shares was included in the calculation of diluted earnings per share as if 31 December 2021 were the ending of the contingency period.

For the year ended 31 December 2021, restricted share and options granted by the Group have potential anti-dilutive effect to the diluted earnings per share and for the year ended 31 December 2020, restricted share granted have potential dilutive effect.

For the year ended 31 December 2021, repurchased share have potential anti-dilutive effect to the diluted earnings per share.

After considering all of the above factors, for the year ended 31 December 2021, the diluted earnings per share is RMB0.97 per share; while for the year ended 31 December 2020, the diluted earnings per share is RMB0.87 per share.

	Year ended 31 December	
	2021	2020
Profit attributable to equity holders of the Company (in RMB thousands)	<b>420,934</b>	438,907
Adjustments for vested restricted share units in the year (in RMB thousands)	—	4,662
Adjustments for the convertible redeemable preferred shares (in RMB thousands)	—	(125,822)
Adjusted profit attributable to equity holders of the Company (in RMB thousands)	<b>420,934</b>	317,747
Weighted average number of ordinary shares in issue (in thousands)	<b>422,584</b>	303,327
Adjustments for returnable ordinary shares (in thousands)	<b>13,236</b>	7,689
Adjustments for unvested restricted share units and share options (in thousands)	—	17,562
Adjustments for the convertible redeemable preferred shares (in thousands)	—	34,630
Weighted average number of ordinary shares for the calculation of diluted earnings per share (in thousands)	<b>435,820</b>	363,208
Diluted earnings per share (expressed in RMB per share)	<b>0.97</b>	0.87

## 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
At the beginning of the year	24,865	31,067
Additions		
— Remeasurement of equity interest in Zhizhanggui (Note 22)	95,780	—
— Capital injection	23,010	11,762
Share of losses	(18,844)	(13,964)
Share of other changes in equity	432	—
Provision for impairment	—	(4,000)
	<u>24,865</u>	<u>31,067</u>
At the end of the year	<u>125,243</u>	<u>24,865</u>

In the Group entered into a sale and purchase agreement with Fushi Technology (Shenzhen) Co., Ltd (“Fushi”), an associate of the Group, pursuant to which the Group disposed 60% equity interest in Zhizhanggui, a then wholly owned subsidiary, for an aggregate consideration of RMB179,588,000. After the disposal, the Group retained 40% equity interest and significant influence over Zhizhanggui. Hence, such remaining equity interest was reclassified as investment in an associate and remeasured based on its fair value on the date of disposal (Note 22).

## 11. INTANGIBLE ASSETS

	Goodwill RMB'000	Customer relationship RMB'000	Software RMB'000	Platform RMB'000	Brand name RMB'000	Total RMB'000
<b>At 31 December 2019</b>						
Cost	151,364	29,800	1,698	—	—	182,862
Accumulated amortization and impairment	(5,524)	(5,794)	(868)	—	—	(12,186)
<b>Net book amount</b>	<u>145,840</u>	<u>24,006</u>	<u>830</u>	<u>—</u>	<u>—</u>	<u>170,676</u>
<b>Year ended 31 December 2020</b>						
Opening net book amount	145,840	24,006	830	—	—	170,676
Additions	—	—	1,145	—	—	1,145
Business combination (Note 23)	156,044	48,000	—	1,300	2,200	207,544
Amortization charge	—	(11,533)	(546)	(108)	(122)	(12,309)
<b>Closing net book amount</b>	<u>301,884</u>	<u>60,473</u>	<u>1,429</u>	<u>1,192</u>	<u>2,078</u>	<u>367,056</u>
<b>At 31 December 2020</b>						
Cost	307,408	77,800	2,843	1,300	2,200	391,551
Accumulated amortization and impairment	(5,524)	(17,327)	(1,414)	(108)	(122)	(24,495)
<b>Net book amount</b>	<u>301,884</u>	<u>60,473</u>	<u>1,429</u>	<u>1,192</u>	<u>2,078</u>	<u>367,056</u>

	Goodwill <i>RMB'000</i>	Customer relationship <i>RMB'000</i>	Software <i>RMB'000</i>	Platform <i>RMB'000</i>	Brand name <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 31 December 2021</b>						
Opening net book amount	301,884	60,473	1,429	1,192	2,078	367,056
Additions	—	—	2,017	—	—	2,017
Business combination (Note 23)	137,233	—	1,000	—	36,000	174,233
Amortization charge	—	(19,533)	(1,043)	(650)	(2,606)	(23,832)
<b>Closing net book amount</b>	<b>439,117</b>	<b>40,940</b>	<b>3,403</b>	<b>542</b>	<b>35,472</b>	<b>519,474</b>
<b>At 31 December 2021</b>						
Cost	444,641	77,800	5,860	1,300	38,200	567,801
Accumulated amortization and impairment	(5,524)	(36,860)	(2,457)	(758)	(2,728)	(48,327)
<b>Net book amount</b>	<b>439,117</b>	<b>40,940</b>	<b>3,403</b>	<b>542</b>	<b>35,472</b>	<b>519,474</b>

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

	Year ended 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of revenue	11,858	9,933
Administrative expenses	11,974	2,376
	<b>23,832</b>	<b>12,309</b>

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVPL”)

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current assets		
Investment in listed entities (a)	21,458	14,133
Contingent assets (c)	14,654	—
	<b>36,112</b>	<b>14,133</b>
Non-current assets		
Investment in unlisted entities (b)	347,929	42,000
Contingent assets (c)	3,156	42,895
	<b>351,085</b>	<b>84,895</b>
	<b>387,197</b>	<b>99,028</b>

The movement of the financial assets at FVPL is set out below:

	<b>Year ended 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	<i>RMB'000</i>
At the beginning of the year	<b>99,028</b>	41,046
Additions	<b>174,444</b>	48,535
Disposals	<b>(50,257)</b>	—
Changes in fair value through profit or loss	<b>164,671</b>	9,831
Currency translation differences	<b>(689)</b>	(384)
	<hr/>	<hr/>
At the end of the year	<b>387,197</b>	99,028
	<hr/> <hr/>	<hr/> <hr/>

- (a) In September 2020, the Group invested 0.25% interest in Joy Spreader Interactive Technology Ltd. (6988.HK), a company listed on the Hong Kong Main Board of The Stock Exchange of Hong Kong Limited, for a cash consideration of USD2 million and classified it as FVPL.

In 2021, the Group's invested in several listed securities and classified as FVPL.

- (b) The balance primarily comprised the Group's investments in preferred shares and financial instrument related to Fushi amounting to approximately RMB294,855,000 (2020: RMB22,000,000) and the remaining balance comprised the investments in other unlisted entities.
- (c) The balance mainly represented contingent consideration in relation to the acquisition of Tuozhanbao which occurred in June 2019.

The directors of the Company determined the fair value of the contingent assets as at 31 December 2021 by applying a probability weighted scenario analysis which was consistent with the methodology used in the valuation performed for the fair value of contingent assets as at 31 December 2020. During the year ended 31 December 2021, losses on change in fair value of the contingent assets amounting to approximately RMB28,240,000 had been recognized in the consolidated statement of comprehensive income. During the year ended 31 December 2020, gains on change in fair value of contingent assets amounting to RMB1,849,000 had been recognized in the consolidated statement of comprehensive income.

### 13. TRADE RECEIVABLES

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	<i>RMB'000</i>
Trade receivables	<b>401,346</b>	332,741
Less: Allowance for expected credit loss (Note 3.1)	<b>(20,442)</b>	—
	<hr/>	<hr/>
	<b>380,904</b>	332,741
	<hr/> <hr/>	<hr/> <hr/>

- (a) As at 31 December 2021, trade receivables of marketing commission and advertising fee amounted to approximately RMB331,996,000. (2020: RMB324,142,000).
- (b) The carrying amounts of the trade receivables balances were approximate to their fair value as at 31 December 2021 and 2020. All the trade receivables balances were denominated in RMB.
- (c) The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Information about the impairment of trade receivables and the Group's exposure to credit risk has been disclosed in Note 3.1.



- (d) The Group allows a credit period within 90 days to its customers. Aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Up to 3 months	289,996	322,795
3 to 6 months	61,004	8,447
6 to 12 months	47,578	456
Over 1 year	2,768	1,043
	<u>401,346</u>	<u>332,741</u>

## 14. PREPAYMENTS AND OTHER RECEIVABLES

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
<b>Prepayments for:</b>		
Leasehold improvement	—	8,250
Others	—	2,500
	<u>—</u>	<u>10,750</u>
<b>Sub-total</b>	<b>—</b>	<b>10,750</b>
<b>Other receivables</b>		
Lease deposits	1,318	4,625
Less: allowance for impairment of other receivables	(981)	—
	<u>337</u>	<u>4,625</u>
<b>Sub-total</b>	<b>337</b>	<b>4,625</b>
	<u>337</u>	<u>15,375</u>

### (b) Prepayments and other receivables in current assets

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
<b>Prepayments</b>		
Prepayments for software-as-a-service("SaaS") terminals	16,197	44,501
Prepayments to media publishers and advertising agents	24,365	29,503
Others (ii)	37,395	12,830
	<u>77,957</u>	<u>86,834</u>
<b>Sub-total</b>	<b>77,957</b>	<b>86,834</b>

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	<i>RMB'000</i>
<b>Other receivables</b>		
Amounts due from related parties	<b>174,157</b>	64,121
Receivables from payment networks (i)	<b>1,565,542</b>	1,465,109
Deposits	<b>42,172</b>	15,354
Payment network deposits	<b>1,390</b>	1,466
Deposits placed with financial institutions	<b>33,889</b>	83,643
Others	<b>17,557</b>	23,572
Less: allowance for amount due from Chao Meng (Note 3.1(a))	<b>(28,551)</b>	(21,504)
Less: allowance for impairment of other receivables (Note 3.1(a))	<b>(5,109)</b>	—
	<hr/>	<hr/>
Sub-total	<b>1,801,047</b>	1,631,761
	<hr/>	<hr/>
	<b>1,879,004</b>	1,718,595
	<hr/> <hr/>	<hr/> <hr/>

- (i) The amount represents funds processed by the Group during the course of providing its one-stop payment services to merchants, which had been received by the payment networks, and would be then transferred to the respective merchants through the Group in accordance with the terms of agreements entered into between the Group and the merchants.
- (ii) During the year ended 31 December 2021, management had made impairment RMB561,000 on prepayment.
- (iii) The carrying amounts of the other receivable's balances approximate their fair value as at 31 December 2021 and 2020. All the prepayments and other receivable balances were denominated in RMB.

## 15. LOAN RECEIVABLES

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	<i>RMB'000</i>
Loan receivables (i)	<b>570,208</b>	396,930
Less: allowance for impairment of loan receivables (Note 3.1)	<b>(24,505)</b>	(16,550)
	<hr/>	<hr/>
	<b>545,703</b>	380,380
	<hr/> <hr/>	<hr/> <hr/>

- (i) The loan receivables mainly comprise entrusted loans and small-sized loans to various borrowers provided by the Group or through various financial institutions. The loans bore interest rate from 8% to 36% per annum and with lending periods of less than one year.

## 16. DIVIDENDS

No dividends have been paid or declared by the Company for year ended 31 December 2021 (2020: Nil).

## 17. CONTRACT LIABILITIES

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
At the beginning of the year	26,508	25,910
Received from merchants	174,114	48,895
Received from advertising customers	167,470	108,121
Revenue recognized	(334,978)	(156,418)
	<u>33,114</u>	<u>26,508</u>
At the end of the year	<u>33,114</u>	<u>26,508</u>

As at 31 December 2021 and 2020, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of one year or less. Therefore, as permitted by the relevant practical expedient under IFRS 15, the transaction price allocated to these unsatisfied performance obligations was not disclosed.

## 18. TRADE AND OTHER PAYABLES

### (a) Other payables in non-current liabilities

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Entry fees received from distribution — channels (iv)	<u>361</u>	<u>11,785</u>

### (b) Trade and other payables in current liabilities

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
<b>Trade payables (i)</b>	<u>261,401</u>	<u>240,241</u>
<b>Other payables</b>		
Amounts due to related parties	18,208	90,000
Deposits from distribution channels (ii)	76,943	55,165
Payables to merchants (iii)	2,260,888	1,415,108
Employee benefit payables	72,199	44,281
Individual income tax payables	1,989	148,310
Other taxes payables	22,489	11,447
Payables to creditors (v)	—	6,582
Others	44,871	24,265
	<u>2,497,587</u>	<u>1,795,158</u>
	<u>2,758,988</u>	<u>2,035,399</u>

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

As at 31 December 2021 and 2020, the aging analysis of trade payables based on the invoice date was as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
Up to 3 months	<b>170,228</b>	160,610
3 to 6 months	<b>15,311</b>	50,547
Over 6 months	<b>75,862</b>	29,084
	<u><b>261,401</b></u>	<u>240,241</u>

- (ii) The amount represents refundable deposits placed by distribution channels with the Group when they signed up the distribution channel agreements with the Group. It would be refunded to the respective distribution channel upon expiration of the agreements.
- (iii) The balance represents funds processed by the Group for merchants, which are required to be settled with merchants upon the respective contractual settlement clearance dates.
- (iv) The amount represents one-off and upfront entry fees received from distribution channels, which is credited to profit or loss to off-set-commission paid and payable to the respective distribution channels using the straight-line method over the expected beneficial period of 3 years.
- (v) The balance represents fund raised from third party creditors in relation to the small-sized retail loans granted to customers since September 2019 through the Trusts. The balance bore interest at a rate of 8.0% to 9.0% per annum.
- (vi) As at 31 December 2021 and 2020, trade and other payables were all denominated in RMB and the fair values of these balances were approximated to their carrying amounts.

## 19. BORROWINGS

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current</b>		
Bank borrowings (a)		
— unsecured with guarantee	<b>456,000</b>	211,000
— secured with guarantee	<b>3,500</b>	—
Borrowing from other non-banking financial institution (b)		
— unsecured with guarantee	<b>50,000</b>	—
	<u><b>509,500</b></u>	<u>211,000</u>

- (a) For the years ended 31 December 2021 and 2020, bank borrowings with guarantee bore effective interest rate of 4.7% and 5.2% per annum, respectively. As at 31 December 2021 and 2020, all of the bank borrowings were repayable within one year.

As at 31 December 2021, bank borrowings of RMB243,000,000 of Shenzhen Yeahka was guaranteed by Leshua, Feiquan Cloud. and the Company.

As at 31 December 2021, bank borrowings of RMB204,000,000 of Leshua was guaranteed by Shenzhen Yeahka and the Company.

As at 31 December 2021, bank borrowings of RMB9,000,000 of Chuangxinzhong was guaranteed by Beijing Guohua Wenke Financing Guarantee Co., Ltd., Beijing Haidian Technology Enterprise Financing Guarantee Co., Ltd. Bank borrowings of RMB3,500,000 of Chuangxinzhong was secured by pledged of certain trade receivables and personal guaranteed by Mr.Qin lingjin (“Mr. Qin”).

As at 31 December 2020, bank borrowings of RMB107,000,000 of Shenzhen Yeahka was guaranteed by Leshua, Feiquan Cloud and the Company.

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

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

- (b) As at 31 December 2021, other borrowings of RMB50,000,000 of Feiquan Cloud bore effective interest rate of 8.6% per annum, and was guaranteed by Shenzhen Yeahka, Leshua and the Company.

## 20. FINANCIAL LIABILITIES AT FVPL

- (a) The movement of the financial liabilities at FVPL except for convertible redeemable preferred shares is set out below:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	<b>77,243</b>	—
Additions	—	77,243
Changes in fair value	<b>8,273</b>	—
Currency translation differences	<b>(4,480)</b>	—
	<hr/>	<hr/>
At the end of the year	<b>81,036</b>	77,243
	<hr/> <hr/>	<hr/> <hr/>

It mainly represented cash consideration payable which the ultimate payout is contingent upon the completion of certain annual profit guarantee set out in each of the three years ending 30 November 2021, 2022 and 2023.

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

	Year ended 31 December 2020 <i>RMB'000</i>
At the beginning of the year	1,373,447
Changes in fair value	(125,822)
Currency translation differences	28,784
Conversion to ordinary shares	(1,276,409)
	<hr/>
At the end of the year	—
	<hr/> <hr/>

## 21. SHARE-BASED PAYMENTS

### (a) Share option schemes

In September 2020, the board of the Company proposed to adopt the share option scheme to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. The proposal was approved by the general meeting of the Company in October 2020. The Company has granted two batches of share options to employees and directors, on 7 January 2021 and 12 May 2021, respectively. The granted share options are vested evenly within a 42 months and 4-year period from vesting commencement, respectively.

Details of share option scheme granted at 7 January 2021 is as follows:

<b>Exercise price of share option granted:</b>	HKD44.20 per share, representing the highest of the following: <ul style="list-style-type: none"> <li>(i) the closing price of the shares on the date of grant of HKD44.20 per share as stated in the daily quotation sheet issued by the Stock Exchange;</li> <li>(ii) the average closing price of the shares of HKD39.45 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and</li> <li>(iii) the nominal value of USD0.000025 per share</li> </ul>
<b>Number of share option granted:</b>	4,586,000
<b>Percentage of total issued share capital of the Company as at 31 December 2021:</b>	1.01%
<b>Expiration terms:</b>	10 years from date of grant

<b>Name of Option Grantee</b>	<b>Position held with the Group and relationship with the Group</b>	<b>Number of Share Options granted</b>	<b>Percentage of total issued share capital of the Company as at 31 December 2021</b>
Yao Zhijian	Executive director and chief financial officer of the Company	300,000	0.07%
Luo Xiaohui	Executive director and chief architect of the Company	100,000	0.02%
Other 119 employees of the Group	Employees of the Group	4,186,000	0.93%

Details of share option scheme granted at 12 May 2021 is as follows:

<b>Exercise price of share option granted:</b>	HKD58.60 per share, representing the highest of the following: <ul style="list-style-type: none"> <li>(i) the closing price of the shares on the date of grant of HKD52.75 per share as stated in the daily quotations sheet issued by the Stock Exchange;</li> <li>(ii) the average closing price of the shares of HKD58.60 per share as stated in the daily quotations sheets issued by the stock exchange for the five business days immediately preceding the date of grant; and</li> <li>(iii) the nominal value of USD0.000025 per share</li> </ul>
<b>Number of share option granted:</b>	2,000,000
<b>Percentage of total issued share capital of the Company as at 31 December 2021:</b>	0.44%
<b>Expiration terms:</b>	10 years from date of grant

Among the 2,000,000 share options granted to 68 employees of the Group, no share options were granted to a director, chief executive or substantial shareholder of the Company or any of their respective associates

- (i) Movements in the number of share options granted to employees outstanding and their related weighted average exercise prices are as follows:

	No. of options	Average exercise price per share option (HKD)
<b>Outstanding as at 1 January 2021</b>	—	—
Granted during the period	6,186,000	48.86
Forfeited during the period	(1,458,000)	52.38
	<hr/>	<hr/>
<b>Outstanding as at 31 December 2021</b>	<b>4,728,000</b>	<b>47.77</b>
— Exercisable as at 31 December 2021	<b>1,027,750</b>	<b>44.20</b>
	<hr/> <hr/>	<hr/> <hr/>

The weighted-average remaining life for outstanding share options was 9.11 years as at 31 December 2021.

- (ii) Movements in the number of share options granted to directors outstanding and their related weighted average exercise prices are as follows:

	No. of options	Average exercise price per share option (HKD)
<b>Outstanding as at 1 January 2021</b>	—	—
Granted during the period	400,000	44.20
	<hr/>	<hr/>
<b>Outstanding as at 31 December 2021</b>	<b>400,000</b>	<b>44.20</b>
— Exercisable as at 31 December 2021	<b>100,000</b>	<b>44.20</b>
	<hr/> <hr/>	<hr/> <hr/>

The weighted-average remaining life for outstanding share options was 9.02 years as at 31 December 2021.

- (iii) Fair value of options

The Group has used Binomial option-pricing model to determine the fair value of the share option as of the grant date.

Other than the exercise price mentioned above, significant judgment on parameters required to be made by the directors, such as risk free rate, dividend yield and expected volatility, in applying the Binomial Model, are summarized as below:

	As at 31 December 2021 RMB'000
Fair value per share	HKD18.40–HKD22.86
Exercise price	HKD 44.2 and HKD58.6
Risk-free interest rate	0.76%–1.14%
Dividend yield	—
Expected volatility	40.13%–40.18%
	<hr/> <hr/>

The weighted-average fair value of granted shares was HKD48.62 per share for the year ended 31 December 2021.

The share-based compensation expenses recognized in the consolidated income statements for share options granted under the above mentioned share option schemes amounted to RMB39,208,000 for the year ended 31 December 2021 (2020: nil).

## (b) Share award schemes

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

In August 2019, the board of directors of the Company passed a resolution, according to which all outstanding options representing 34,109,384 shares\* of the Company granted under the Share Option Plan were converted into 34,109,384 shares\* of Restricted Share Units (“RSU”) granted to the same option holders, who became eligible participants under such scheme. There was no modification of terms or conditions which had increased the fair value of the equity instruments granted and such arrangement was accounted for as the continuance of the original Share Option Plan. The Company granted additional 3,524,000 RSUs\* to other participants in August 2019.

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

Details of RSUs are as follows:

Grant date (yyyy/mm/dd)	Number of RSU after share subdivision	Vesting period	Exercise price	Expiration terms
2013/1/1	5,514,696	1 year	USD0.000025	15 years from date of grant
2016/2/1	20,194,688	11 months	USD0.000025	Same as above
2017/1/1	5,120,000	1 year	USD0.000025	Same as above
2018/1/1	3,280,000	To be vested evenly within a 4-year period from vesting commencement	USD1.06	Same as above
2019/8/1	3,524,000	To be vested evenly with in a 4-year period from vesting commencement	USD1.62	Same as above
2021/1/7	390,000	To be vested evenly with in a 42 months period from vesting commencement	HKD16.64	Same as above

The share-based compensation expenses recognized during the years ended 31 December 2021 and 2020 are summarized in the following table:

	Year ended 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Employee share schemes		
— value of employee services	<u>12,141</u>	<u>18,143</u>



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

	Average exercise price (RMB)	Number of RSUs
Outstanding balance as at 1 January 2021	9.49	4,143,000
Granted during the period	13.87	390,000
Vested during the period	9.10	(1,746,500)
Forfeited during the period	10.41	(6,000)
		<hr/>
Outstanding balance as at 31 December 2021	10.20	2,780,500
		<hr/> <hr/>
— Vested but not transferred as at 31 December 2021	15.18	839,000
Outstanding balance as at 1 January 2020	6.59	9,408,346
Effect of share subdivision	—	28,225,038
Vested during the year	0.62	(33,250,384)
Forfeited during the year	8.58	(240,000)
		<hr/>
Outstanding balance as at 31 December 2020	9.49	4,143,000
		<hr/> <hr/>

In January 2021, 810,000 shares in RSU were transferred to the awardees upon vesting.

In July 2021, 97,500 shares in RSU were transferred to the awardees upon vesting.

In August 2021, 839,000 shares in RSU were vested but have not been transferred.

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. The expected dividends during the vesting period have been taken into account when assessing the fair value of these awarded shares.

The weighted average fair value of awarded shares granted during the year ended 31 December 2021 was HKD27.56 per share (equivalent to approximately RMB22.97 per share) (2020: N/A).

## 22. DISPOSAL OF FORMER SUBSIDIARIES

In June 2021, the Group entered into a sale and purchase agreement with a related party, Fushi, pursuant to which the Group sold 60% equity interest of Shenzhen Zhizhanggui Cloud Service Co., Ltd.\* (“Zhizhanggui”), which is a SaaS service provider, to Fushi for an aggregate consideration of RMB179,588,000, which comprised cash consideration of RMB100,000,000 and Fushi's preferred shares amounting to RMB79,588,000.

The disposal did not constitute a discontinued operation as it did not represent a major line of business or geographical area of operation.

The disposal was completed on 29 June 2021. After the disposal, the Group retained significant influence in Zhizhanggui. Therefore, the Group's remaining 40% equity interest in Zhizhanggui were reclassified as an investment in an associate and it had been remeasured to its fair value on the date of disposal.

The following table summarises the consideration to be received by the Group for the aforementioned disposal, the carrying amount of the assets and liabilities disposed on the date of disposal:

	<b>As at 31 December 2021 RMB'000</b>
Consideration receivable:	
Cash received	<b>100,000</b>
Fair value of Fushi's preferred shares	<b>79,588</b>
	<hr/>
Total consideration for disposal	<b>179,588</b>
	<hr/>
Add: Carrying amount of net liabilities disposed, comprising:	
Cash and cash equivalents	<b>(13,558)</b>
Trade receivables	<b>(14,220)</b>
Prepayments and other receivables	<b>(45,015)</b>
Inventory	<b>(11,917)</b>
Other current assets	<b>(1,562)</b>
Trade and other payables	<b>137,978</b>
Current income tax liabilities	<b>67</b>
Contract liabilities	<b>5,031</b>
	<hr/>
	<b>56,804</b>
	<hr/>
Add: Remeasurement of the Group's remaining 40% equity interest in Zhizhanggui (Note 10)	<b>95,780</b>
	<hr/>
Gain on disposal	<b>332,172</b>
	<hr/> <hr/>

## **23. BUSINESS COMBINATIONS**

### **(a) Acquisition of Chuangxinzhong**

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

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

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

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

	<i>RMB'000</i>
Purchase consideration payables	85,000
Contingent consideration (Note 20)	77,243
	<hr/>
Total consideration payables by the Company	162,243
	<hr/> <hr/>

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

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

As set out in the share purchase agreement, the contingent consideration will be paid by the Company through three-year instalments which ultimately amounts are RMB28,390,000, RMB28,390,000 and RMB28,220,000, respectively. The company shall be entitled to adjust contingent consideration upon the completion of profit guarantee set out for each of the three years ending 30 November 2021, 2022 and 2023. The fair value of such contingent consideration has been accounted for as a financial liability at fair value through profit or loss. The fair value of the contingent consideration was determined based on a valuation performed by an independent valuer applying probability weighted scenario analysis. If the estimated probability of achieving net profit target of Chuanxinzhong had been 5% higher/lower, the fair value of the financial liability at FVPL as at 31 December 2021 would have been approximately 0.6% lower/higher (2020:2%).

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

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

(ii) Revenue and profit contribution

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

## (b) Acquisition of Shenzhen Leshua Shangquan Technology Co., Ltd. (“Leshua Shangquan”)

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

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

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

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

	<i>RMB’000</i>
Purchase consideration in cash	2,000
Fair value of previously held 50% interest classified as investment in associates prior to the business combination	20,000
	<hr/>
Total consideration paid by the Company	<b>22,000</b>
	<hr/> <hr/>

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

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

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

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

(ii) Revenue and profit contribution

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

### (c) Acquisition of Dingding Cultural Tourism (Chengdu) Co., Ltd. (Dingding Cultural)

In October 2021, Leshou, a wholly owned subsidiary of the Group, entered into an agreement to subscribe the newly increased registered capital of Dingding Cultural at a consideration of RMB 100,000,000 so as to obtain 60% equity interest in Dingding Cultural, which is mainly engaged in provision of online platform services to customers and merchants in the PRC.

Up to 29 October 2021, the Company had obtained 60% equity interest of Dingding Cultural and majority voting rights of board and shareholders of Dingding Cultural and started to control Dingding Cultural through board of directors representation. The Directors assessed that the acquisition of Dingding Cultural completed on 29 October 2021.

Goodwill of approximately RMB137,233,000 had been recognized for the acquisition of Dingding Cultural, which represents the excess of the purchase consideration over the fair value of the net identifiable liabilities assumed. None of the goodwill recognized is expected to be deductible for income tax purposes.

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

	<i>RMB'000</i>
Cash consideration paid	30,000
Contingent consideration	67,354
	<hr/>
Total consideration paid	<b>97,354</b>
	<hr/> <hr/>

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

	<b>Fair value</b>
	<i>RMB'000</i>
Cash and cash equivalents	20,285
Trade receivables	1,820
Prepayments and other receivables	83,880
Plant and equipment	11,394
Intangible assets-brandname and technology	37,000
Trade and other payables	(173,811)
Contract liabilities	(34,608)
Lease liabilities	(8,433)
Deferred tax liabilities	(9,250)
Contingent assets	3,155
Non-controlling interests	28,689
	<hr/>
<b>Total identifiable net liabilities</b>	<b>(39,879)</b>
	<hr/> <hr/>
<b>Goodwill</b>	<b>137,233</b>
	<hr/> <hr/>

As set out in the share purchase agreement, the contingent consideration will be paid by Leshou upon the completion of the financial guarantee, gross merchandise value guarantee and other prerequisites, which ultimately amounting to RMB70,000,000. The fair value of contingent asset arising from such guarantees has been accounted for as a financial asset at fair value through profit or loss. The fair value of the contingent asset was determined based on a valuation performed by an independent valuer applying probability weighted scenario analysis. If the estimated probability of achieving net profit target of Dingding Cultural had been 1% higher/lower, the fair value of the financial assets at FVPL as at 31 December 2021 would have been approximately 8% lower/higher.

(i) Analysis of cash flows in respect of the acquisition of Dingding Cultural in 2021 is as follows:

	<b><i>RMB'000</i></b>
Cash consideration	<b>(30,000)</b>
Cash and cash equivalents acquired	<b>20,285</b>
	<b>          </b>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<b><u><u>(9,715)</u></u></b>

(ii) Revenue and profit contribution

Had Dingding Cultural been consolidated from 1 January 2021, consolidated revenue and consolidated net profit of the Group for the year ended 31 December 2021 would have been RMB3,171,946.000 and RMB261,375,000 respectively.

## **24. EVENTS AFTER BALANCE SHEET DATE**

On 21 January 2022, the Company granted a total of 1,500,000 RSUs to a total of 65 grantees. The RSUs granted represent approximately 0.33% of the issued share capital of the Company on 31 December 2021.

On 21 January 2022, the Company granted a total of 1,000,000 share options to 210 option grantees in accordance with the Share Option Scheme to subscribe for a total of 1,000,000 shares of the Company, representing approximately 0.22% of the issued share capital of the Company on 31 December 2021.

## **OTHER INFORMATION**

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

On April 23, 2021, the allotment and issue of 4,902,718 consideration shares of the Company for the acquisition of the entire issued share capital of CHUANGXINZHONG LTD was completed. For further details, please refer to the Company's announcement dated April 26, 2021.

For the year ended December 31, 2021, the Company paid RMB388.0 million to the trustee of the RSU Scheme to purchase shares of the Company on market to satisfy the RSUs granted to any RSU selected persons upon exercise and the trustee of the RSU Scheme has utilized an aggregate of approximately HKD470.1 million to purchase 17,686,800 shares of the Company on market at a consideration ranging from HKD23.05 to HKD29.95 per share. For further details, please refer to the Company's announcements dated July 20, 2021 and September 23, 2021.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company for the year ended December 31, 2021.

On March 31, 2022, the Company announced that it would pay an amount of no more than US\$50 million to the trustee of the RSU Scheme to purchase shares of the Company on market from time to time. The shares purchased would be used as awards for the RSU participants. For details, please refer to the Company's announcement dated March 31, 2022.

### **Compliance with the Corporate Governance Code**

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operation are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company's corporate governance practices are based on the principles and code provisions prescribed in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. The Board is of the view that for the year ended December 31, 2021, the Company has complied with most of the code provisions as set out in the CG Code, except for the deviation from code provisions C.2.1 of Part 2 as explained below.

Code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual. The roles of chairman of the Board and chief executive officer of the Company are held by Mr. Liu Yingqi. In view of Mr. Liu's experience, personal profile and his roles in the Company, and the fact that Mr. Liu has assumed the role of chief executive officer of the Company since 2011, the Board considers it beneficial to the management and business development of our Group and will provide a strong and consistent leadership to our Group that Mr. Liu acts as the chairman of the Board and continues to act as the chief executive officer of the Company.

While this will constitute a deviation from code provision C.2.1 of Part 2 of the CG Code, the Board believes this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of our Directors; (ii) Mr. Liu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting operations of the Company.

### **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the Group’s code of conduct regarding the Directors’ securities transactions. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the Model Code for the year ended December 31, 2021.

The Board has also adopted written guidelines (the “**Employees Written Guidelines**”) no less exacting than the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of Part 2 of the CG Code. No incident of non-compliance with the Employees Written Guidelines by the Company’s relevant employees had been noted for the year ended December 31, 2021 and up to the date of this announcement after making reasonable enquiry.

### **Audit Committee and Review of Financial Information**

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

Members of the Audit Committee have reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the audited consolidated financial statements of the Company for the year ended December 31, 2021.

### **Change in Directors’ Biographical Details under Rules 13.51(2) and 13.51B(1) of the Listing Rules**

Ms. Zhou Lingli has resigned as an executive Director with effect from March 4, 2021.



Save as disclosed above, there is no other change in the Directors' biographical details which is required to be disclosed pursuant to rules 13.51(2) and 13.51B(1) of the Listing Rules for the year ended December 31, 2021.

### **Scope of Work of the Auditor**

The financial figures in respect of the Group's consolidated statement of financial position as at December 31, 2021, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out in this announcement and the amounts set out in the Group's audited consolidated financial statements for the year have been agreed by the Auditor and such amounts were found to be in agreement. The work performed by the Auditor in this respect does not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by the Auditor.

### **Publication of Annual Results Announcement and Annual Report**

This annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<https://www.yeahka.com/>). The annual report of the Company for the year ended December 31, 2021 containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the same websites in due course.

### **APPRECIATION**

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

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

Hong Kong, March 31, 2022

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