Yeahka Limited

（Incorporated in the Cayman Islands with Limited Liability）

Environmental, Social and Governance Report

2021

ABOUT THIS REPORT

REPORTING INTRODUCTION

Yeahka Limited ("**Yeahka**", the "**Company**" or "**we**") is pleased to publish its second Environmental, Social and Governance Report (the "**Report**").

REPORTING SCOPE

The reporting period disclosed in this Report is from January 1, 2021 to December 31, 2021 (the "**Year**"), with some content slightly extended beyond the time frame. Unless otherwise stated, the content of the Report covers the Company's core businesses, including one-stop payment services, merchant solutions and in-store e-commerce services, to fully reflect the impacts on the environment and society.

REPORTING DATA SOURCE

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

FORMS OF PUBLICATION

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

REPORTING STANDARD

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

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

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CHAPTER I
COMPANY YEARBOOK FOR 2021

1.1
ABOUT US

As a leading payment-based technology platform, Yeahka focuses on creating value for our customers and consumers. In 2021, Yeahka's payment business was growing strongly, ranking first in China's non-bank independent QR code payment services market in terms of transaction size, number of merchants served and other comprehensive capabilities[1]. Based on one-stop payment services of the Company, we are committed to becoming the most trusted and leading technology company. On the merchant side, we provide digital solutions for merchants to help them reduce costs and improve operational efficiency; on the consumer side, we are expanding our in-store e-commerce services to bring consumers the aggregated and value-added local lifestyle experience, allowing people to enjoy a life with higher quality.

As the value of the payment and digital commerce ecosystem is realized, we leverage our existing online and offline channel capabilities, research and development capabilities and operational capabilities to enter the "local lifestyle" market that amounts to RMB 1 trillion during the Year and expand the business system of Yeahka. We are confident that with over 7.3 million active merchants of the Company that can reach approximately 945 million consumers as of December 31, 2021, a multi-dimensional product matrix that serves the entire lifecycle of merchants, and in-store e-commerce services, we will gradually build the independent and scalable commercial digitalized ecosystem. We insist on the value proposition of "Technology brings you a foreseeable future" by starting from the real problems faced by merchants and consumers, and using technology to solve practical problems in business and life, so that technology can really serve merchants and consumers, in order to gradually realize the brand philosophy and ultimate ideal of "embracing the future through innovation" set by Yeahka.

[1] Data Source: "The Analysis of China's Industrial Payment in 2021" published by Analysys

1.2
CORPORATE MILESTONES OF 2021

January
- Yeahka entered into strategic cooperation with Blockchain Technology Research Center from Shenzhen University

February–March
- Yeahka held π day in-house corporate cultural activities

April–June
- Yeahka took actions to offer assistance for pandemic prevention

July–August
- Yeahka figures' stories were circulated via the WeChat Official Account

September
- Yeahka was included on Shanghai-Hong Kong Stock Connect List
- Yeahka participated in the "Greater Bay Area Youth Program (大灣區青年計劃)"
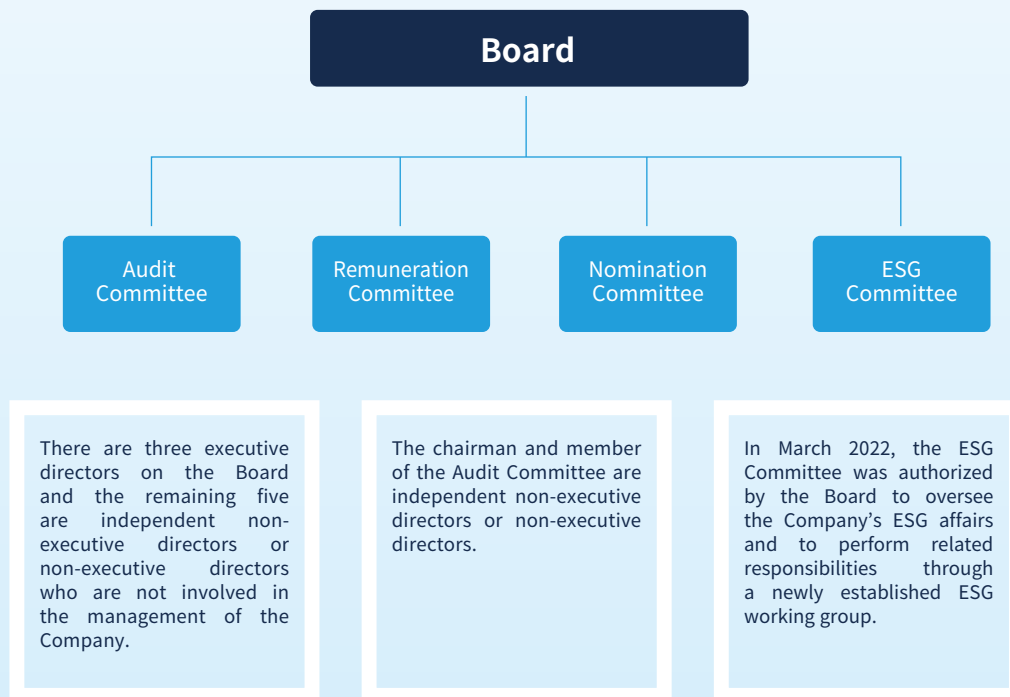
October–November
- Yeahka was connected with digital RMB platform
- Yeahka entered into strategic cooperation with Ningbo Bank
- Yeahka was awarded the annual "Excellence in Philanthropy" by The Community Chest of Hong Kong

1.3 CORPORATE GOVERNANCE STRUCTURE

Yeahka is deeply confident that good corporate governance is particularly critical to the long-term growth and sustainability of our business. We are committed to maintaining and implementing rigorous corporate governance to promote effective internal control and management practices, and upholding high ethical standards, transparency, accountability and integrity in all areas of our business, so as to continuously improve our corporate governance standards.

Our independent non-executive director makes up more than one-third of the board of directors of the Company (the "Board") (of the current eight directors, three are independent non-executive directors, two are non-executive directors and three are executive directors), providing full checks and balances to protect the interests of our shareholders and the Company. At the same time, we attach great importance to the diversity of our Board members and pay attention to a number of diversified factors including but not limited to professional experience, skills, gender, age, culture and educational background. The Board members have extensive industry experience and possess expertise in a variety of fields such as computers, economics, business administration, chemistry and civil engineering.

The Board has four board committees to oversee specific aspects of the Company's affairs, with the following composition[3]:

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                    ┌─────────────┐
                    │    Board    │
                    └─────────────┘
       ┌───────────┬─────────┴─────────┬───────────┐
 ┌──────────┐ ┌────────────┐ ┌──────────┐ ┌──────────┐
 │  Audit   │ │Remuneration│ │Nomination│ │   ESG    │
 │Committee │ │ Committee  │ │Committee │ │Committee │
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There are three executive directors on the Board and the remaining five are independent non-executive directors or non-executive directors who are not involved in the management of the Company.

The chairman and member of the Audit Committee are independent non-executive directors or non-executive directors.

In March 2022, the ESG Committee was authorized by the Board to oversee the Company's ESG affairs and to perform related responsibilities through a newly established ESG working group.

[3]   For more details on corporate governance, please refer to page 73 to page 85 of the "Corporate Governance Report" section in the 2021 Annual Report of Yeahka Limited.

1.4
DETAILS ABOUT YEAHKA

ECONOMIC PERFORMANCE

Total assets
RMB 6,755,776 thousand

Total equity
RMB 3,200,671 thousand

As of December 31, 2021

Total revenue
RMB 3,058,632 thousand

For the year ended December 31, 2021

OPERATIONAL PERFORMANCE

MERCHANT SOLUTIONS

Active merchants
> 1.38 Million
Year-on-Year ("YoY") growth
53%+

>100 proprietary function modules
and **15** ecosystem partner function modules

As of December 31, 2021

ONE-STOP PAYMENT SERVICES

Total Gross Payment Volume ("GPV")
~RMB2.12 Trillion
YoY growth **45.5%**

7.3 Million
active payment merchants
YoY growth **32.5%**

IN-STORE E-COMMERCE SERVICES

5.2 Million paying consumers

Total Gross Merchandise Value ("GMV")
~RMB398 Million

Cover **~300 cities across China**

ESG PERFORMANCE

Environmental (E)

- Self-developed investment amounts to millions of RMB, using green server room with low energy consumption to reduce the Power Usage Effectiveness (PUE)

value to **1.56**

- Self-built private cloud technology can reduce the number of

physical devices by about 30%, with

expected annual electricity savings of **798** MWh

Social (S)

- Strengthen transaction risk control, make

over **10** billion risk decisions, and conduct risk treatment

on over **3** million at-risk transactions

- Continue to carry out the "Power of Small Shops (小店力量)" program

and provided a total of **RMB22** million in financial support for small and medium-sized merchants in conjunction with third-party institutions

- In cooperation with Po Leung Kuk of Hong Kong, we donated

60,000 sets of novel coronavirus antigen test kit to support the fight against the COVID-19 pandemic in Hong Kong

Governance (G)

- **The ESG Committee** at the Board level was established to develop the Group's ESG vision, objectives, strategy and structure

- Established the overall risk management and internal control system consisting of Business Units — Risk Management Committee — Internal Audit and Internal Control Department

- Conducted **compliance training 6 times** throughout the year, with **100% of training coverage**

1.5
HONORS AND
AWARDS

1. With the concept and products of serving small and medium-sized merchants and practicing financial inclusion, Leshua Technology Co., Ltd., a subsidiary of Yeahka, was awarded the "2020 Outstanding Contribution to Mobile Payment Application Value Award" in the "2020 China Digital Financial Competitiveness Excellence List".

2. Leshua Technology Co., Ltd. was awarded Financial Technology Brand Influence by the 7th session of "Golden Pine Awards 2020", for its outstanding performance in the application of financial technology innovation.

3. In recognition of its positive contribution to Hong Kong's philanthropic activities over the past year, Yeahka was awarded the "Award of Excellence 2020/2021" at the annual ceremony held by The Community Chest of Hong Kong.

4. As a China's leading payment-based technology platform, Yeahka has long been committed to exploring cutting-edge technology to help small, medium and micro enterprises achieve digital intelligence, and has been awarded the "2021 Digital Enterprise Excellence Award" under the "2021 Analysys Star Annual Selection".

5. Yeahka was awarded the "2021 Golden Bridge Award for Most Valuable Technology Company of the Year" for its outstanding innovation and solid operational and financial performance.

6. Yeahka has been awarded the 5th session of "Best Capital Market Communication Award" under China IR Excellence Awards for two consecutive years.

1

2

3
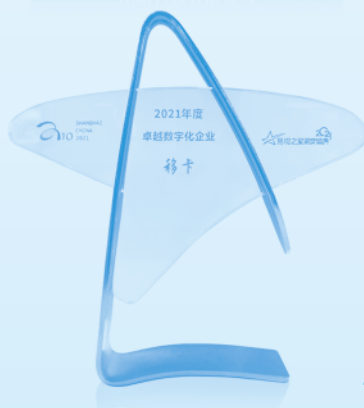
4

5

6

* FEATURE TOPICS FOR THE YEAR: TEN YEARS OF YEAHKA-PAVING THE WAY FOR MERCHANTS TO OPERATE INTELLIGENTLY

With a decade of experience in the payment industry, Yeahka has accumulated a large base of quality and loyal merchants. Relying on massive data accumulated by our payment services, we have built a digital business service closed loop around the whole life cycle of merchants, providing them with intelligent marketing, operation and management tools and services, and allowing them to enjoy convenient functional services while promoting their business improvement in multiple dimensions.

Start-up phase
Small and micro merchants

Business Pain Points

- Small volume, hands-on operator

Solutions by Yeahka

Provide one-stop payment services such as code payment and card payment for merchants, simplify payment docking and improve payment access efficiency

Access to the code ordering mini program to improve consumer ordering efficiency and save service costs for merchant

Build a lightweight SaaS platform for merchants to provide low-cost growth operation solutions to help small and micro merchants operate their communities

Launch in-store e-commerce services to offer attractive and exclusive discount packages

Gradual expansion
Medium-sized merchants

Business Pain Points

- Lack of transparent and digital management business system

Solutions by Yeahka

Dine-in

Connect lobby and kitchen with code ordering mini program to help merchants generate more revenue with higher efficiency

Food delivery

Launch "integrated food delivery" to intelligently match food delivery platforms for merchants to help them achieve omni-channel coverage

Operation

Expand in-store e-commerce services through mass marketing tools and membership management system to achieve store customer acquisition, activation and retention

Management

Provide industry-leading merchant full-link solutions to achieve efficient and stable store operations

Mature development
Large chain merchants

Business Pain Points

- The decline in sales performance caused by category consolidation and an increasing number of choices for consumers
- Traditional marketing requires prepaid advertising cost which is expensive
- Lack of a highly customized and integrated business management system

Solutions by Yeahka

Targeted marketing was achieved through a data management platform to provide traffic analysis, transaction analysis, user profiling and other services, so as to achieve omni-channel targeted directing

Develop a wider range of more comprehensive local lifestyle packages covering travel tickets, resort hotels, special brand restaurants, etc., and launch a variety of popular products to offer assistance for the increase in the sales volume

Produce nearly 50,000 short video clips, by combining multi-channel traffic, to promote through members in their social networks and private domains, influencing the consumption choices of many consumers

Based on augmented reality (AR) and blockchain, by combining digital ecology and Metaverse, a variety of casual interactive mini-games are launched to promote vitality and attract new customers, and to enhance the publicity effect

Assist merchants in filming and producing advertising campaigns for distribution and contact on various first-class traffic platforms to increase transaction success rates and conversion rates

Based on merchant needs, it is expected to develop and launch a highly customized SaaS service combining software with hardware in the future

CHAPTER II ENHANCE CORPORATE RESPONSIBILITY IN 2021

CHAPTER II
ENHANCE CORPORATE RESPONSIBILITY
IN 2021

2.1
ESG
GOVERNANCE

In 2021, we are committed to integrating environmental, social and governance-related elements into our operations and management to promote long-term corporate sustainability, in line with Yeahka's mission and vision of "Continuously Creating a Better Future".

Adhering to the concept of creating value for both merchants and consumers, Yeahka is committed to being the most trusted technology company. We seamlessly connect merchants with consumers through a variety of payment services, and in doing so, we continue to enrich and improve our customized services for both merchants and consumers.

Looking ahead, confronted with new opportunities and challenges in the global economic recovery, we will always adhere to the principle of value creation, continue to empower merchants' digital operations with leading technology, provide consumers with high-quality equity products, and create greater returns for shareholders, employees and society.

2.1.1 ESG STRATEGY

During the Year, we developed the ESG strategy for corporate development to examine and manage the impact of our business operation on the society, environment and economy, to address the opportunities and challenges confronting sustainable development with a risk management mindset, and to integrate social responsibility concepts into every aspect of our operations. The implementation of our ESG strategy can be summarized as follows:

Business Operation
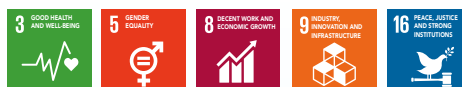
- The ESG Committee continuously monitors and evaluates sustainability-related risks and opportunities to ensure that business operations comply with industry-related laws and regulations;
- Adhere to business ethics and protect the rights and interests of all stakeholders;
- To create an inclusive, equal and humane working environment for employees, so as to create a diverse and relaxed working atmosphere.

Upstream And Downstream Partners

- Continuously improve the standardization and transparency of the procurement process, pay great attention to the social risks associated with the supply chain, and create a good business environment;
- Technology drives innovation in upstream and downstream industries, opening up new employment channels.

User

- Listening to users' feedback and opinions, safeguarding the security of their personal information, and protecting the original content of community leaders;
- By assisting merchants in continuously improving their operational efficiency, digital inclusive finance lowers the marketing threshold for small and medium-sized merchants and provides advanced merchant solutions with more powerful features.
- Bringing aggregated and value-added local lifestyle experiences to consumers, allowing people to enjoy a life with higher quality.

Community & Industry

- Increase public welfare and community investment to help farmers operate digitally, set a benchmark for rural revitalization, and promote common prosperity;
- Support the digital upgrade of industry and jointly build a digital transformation ecosystem with industry partners.

Environment

- Actively respond to the national call for energy conservation and emission reduction, reduce the environmental impact of our operations, and move towards the "30·60" carbon peak and neutrality goals;
- Integrate green concepts into our product design and actively promote low-carbon lifestyles to consumers;
- Strengthen the management of enterprises to cope with climate change and offer assistance for low-carbon transformation of our society.

2.1.2 ESG VISION AND GOALS

We have adopted our forward thinking approach, and are committed to continuous technological innovation to help our merchants and consumers operate and live better. At the same time, we understand the importance of sustainable development to long-term and benign business operations. Based on our current status of environmental and social responsibility management and the expectations of our stakeholders, we continue to optimize and improve our corporate ESG vision, and continually explore opportunities for sustainable development to create a better future, guided by the United Nations Sustainable Development Goals (SDGs).

Brand Mission And Vision	Brand Positioning	Value Proposition
Continuously creating a better future	A breakthrough practitioner in the future business	Technology brings you a foreseeable future

Our Focus on the United Nations Sustainable Development Goals	Area of Responsibility	Responsibility Initiatives
1 NO POVERTY No poverty To eradicate poverty in all its everywhere by the year 2030.	Business for good to create a better life together	• Rural Revitalization Bureau cooperates to offer assistance for farmers to digitize their businesses • "Small Shop Power (小店力量)" program to support small and micro merchants
3 GOOD HEALTH AND WELL-BEING Good health and well-being Ensure healthy lifestyle and promote the well-being of all people at all ages.	Paving the way to excellent talents based on people-focused principle Business for good to create a better life together	• Improve employee health and safety management system • Fight against the COVID-19 and donate aid materials
5 GENDER EQUALITY Gender equality Achieving gender equality and empowering rights to all women and girls.	Paving the way to excellent talents based on people-focused principle	• Protect the physical and mental health of female employees • Create an equal and caring working atmosphere
6 CLEAN WATER AND SANITATION Clean water and sanitation Water and environmental sanitation facilities are provided and sustainably managed for all.	Green operation to optimize environmental management	• Practice green office and operations
8 DECENT WORK AND ECONOMIC GROWTH Decent work and economic growth Promote inclusive and sustainable economic growth, employment and decent work for all.	Paving the way to excellent talents based on people-focused principle	• Perfect salary incentive system and promotion mechanism • Build a comprehensive talent cultivation platform • A diversified and inclusive work environment

Our Focus on the United Nations Sustainable Development Goals	Area of Responsibility	Responsibility Initiatives
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Industry, innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.	Research and development on superior products by putting emphasis on innovation Strengthen data security	• Continuously upgrade product development system and innovative services • Build a data and information security protection barrier
11 SUSTAINABLE CITIES AND COMMUNITIES Sustainable cities and communities Build inclusive, safe, risk-resilient and sustainable cities and settlements.	Business for good to create a better life together	• Create one-stop local lifestyle rights and interests for merchants and consumers • Commit to charity and Support community building
12 RESPONSIBLE CONSUMPTION AND PRODUCTION Responsible consumption and production Ensure sustainable consumption and production patterns.	Research and development on superior products by putting emphasis on innovation Establish order and build responsible supply chain together	• Focus on supply chain environmental and social risks • Improve supplier access and management mechanism
13 CLIMATE ACTION Climate action Take urgent action to address climate change and its impacts.	Environmental protection and carbon reduction to combat climate change Green operation to optimize environmental management	• Improve energy efficiency of data centre • Self-developed and self-built private cloud technology • Identify and respond to climate change risks and opportunities
16 PEACE, JUSTICE AND STRONG INSTITUTIONS Peace, justice and strong institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Corporate governance	• Improve internal supervision mechanism and integrity building system • Business ethics and anti-corruption training and advocacy • Smooth stakeholder communication mechanism
17 PARTNERSHIPS FOR THE GOALS Partnerships for the goals Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	Research and development on superior products by putting emphasis on innovation	• Join hands with partners to promote the industry ecosystem to achieve common development and prosperity

2.1.3 ESG GOVERNANCE STRUCTURE

In order to continuously monitor the Company's ESG management performance and steadily promote the implementation of the Company's sustainable development strategy, Yeahka announced the establishment of ESG Committee at the Board level in March 2022 to further strengthen the Company's ESG governance structure and fully upgrade its ESG governance authority and responsibilities.

Under the guidance of the Group's ESG Committee, the Company's senior management organizes Business Units and functional departments to form ESG working group, formulates ESG work plans and implementation plans each year in line with the Group's ESG objectives, and clarifies ESG governance responsibilities at each level to effectively enhance the Group's overall ESG risk control capability.

The Board

ESG Committee

Main responsibilities:

1. Develop and regularly review the Group's ESG vision, objectives, strategy and structure;

2. Analyze sustainable industry trends, identify relevant risks and opportunities, and regularly assess the adequacy and effectiveness of the Group's ESG governance structure;

3. Continuously pay attention to the views of internal and external stakeholders, regularly review the Group's ESG performance and goal progress, and report to the Board on ESG work;

4. Responsible for the approval of the Group's ESG Report.

Senior Management

Main responsibilities:

Organize Business Units and functional departments to form ESG working group, formulates ESG work plans and implementation plans each year in line with the Group's ESG objectives, and clarifies ESG governance responsibilities at each level to effectively enhance the Group's overall ESG risk control capability.

ESG Working Group

Business Units	Technology Center	User Experience Design Department
Internal Audit and Internal Control Department	Brand Public Relation Department	Policy Development Department
Human Resource Department	Purchase Department	Legal Department
Administration Department	Customer Service Center	Investor Relation Department (Coordination and Communication)

2.2 COMMUNICATION WITH STAKEHOLDERS

2.2.1 COMMUNICATION WITH ESG STAKEHOLDERS

Yeahka is deeply aware that understanding the expectations and needs of our stakeholders is an important way to help our Company grow. We take multiple measures to improve our connection with stakeholders, pay active attention to and respond to issues emphasized by stakeholders, and constantly improve our strategic planning and operational decision in order to improve our overall sustainability performance.

TYPE OF STAKEHOLDERS	DEMANDS AND EXPECTATIONS	COMMUNICATION AND RESPONSE
Users	• Information security and user privacy • Consumer right protection • Diversified products • Honest operation	• Fulfill user confidentiality agreements • Improve the quality of products and services • Improve user communication mechanism • User questionnaire survey
Merchants	• Industrial upgrading • Industry progress	• Offer assistance for digital transformation • Establish regular communication mechanism
Investors and shareholders	• Financial performance • Sustainable corporate profitability • Protection of rights and interests • Corporate transparency	• Improve profitability • Enhance communication with investors • Convene general meeting • Publish periodic reports
Internal Employees	• Employee right protection • Employee career development • Employee care	• Provide reasonable compensation and benefits system • Optimize promotion mechanism • Conduct employee activities

TYPE OF STAKEHOLDERS	DEMANDS AND EXPECTATIONS	COMMUNICATION AND RESPONSE
Government and regulatory agencies	• Compliance with national laws and regulations • Compliant operation and legal taxation • Employment promotion	• Implement national policy requirements • Accept research and supervision • Actively participate in job stabilization activities
Suppliers and partners	• Industry exchanges • Fair competition • Mutual benefit	• Collaborative innovation • Public bidding and procurement • Regular communication and exchange
Non-profit authorities/ organizations	• Community involvement • Charity	• Participate in community activities- • Carry out public welfare projects

2.2.2 MATERIALITY ASSESSMENT OF ESG ISSUES

In accordance with the requirements of the ESG Reporting Guide, the Company identifies and ranks the ESG issues for the Year through stakeholder questionnaire surveys, and enhances the disclosure of relevant information based on the results of the materiality issue assessment to assist the Company in setting the ESG management objectives for the next phase.

The materiality assessment issues for the Year mainly cover the following four steps:

01

Issue Identification
Through industry benchmarking, combined with the ESG Reporting Guide and the Company's existing business, the results of the previous year's materiality issue identification were supplemented, and two new issues of environmental and social risk management and climate change response in the supply chain were added during the Year.

02

Survey on the Issue
Internal and external stakeholders of the Company were invited to participate in a questionnaire survey to understand the concerns of stakeholders, covering senior management, internal employees, regulatory bodies, suppliers and public interest organizations.

03

Issue Ranking
Based on the results of the questionnaire survey, the issues were ranked in terms of importance to external stakeholders and significance to the business.

04

Issue Disclosure
Based on the results of the materiality issue analysis, we determine the disclosure focus of this Report and prepare the materiality matrix of issues during the Year.

THE MATRIX AND RANKING OF ESG MATERIALITY ISSUES FOR 2021 ARE AS FOLLOWS:

High

Materiality to stakeholders

Low

Low   Materiality to the business of the Company   High

○ Compliance operation

● Employment management

● Social contribution

● Environmental management
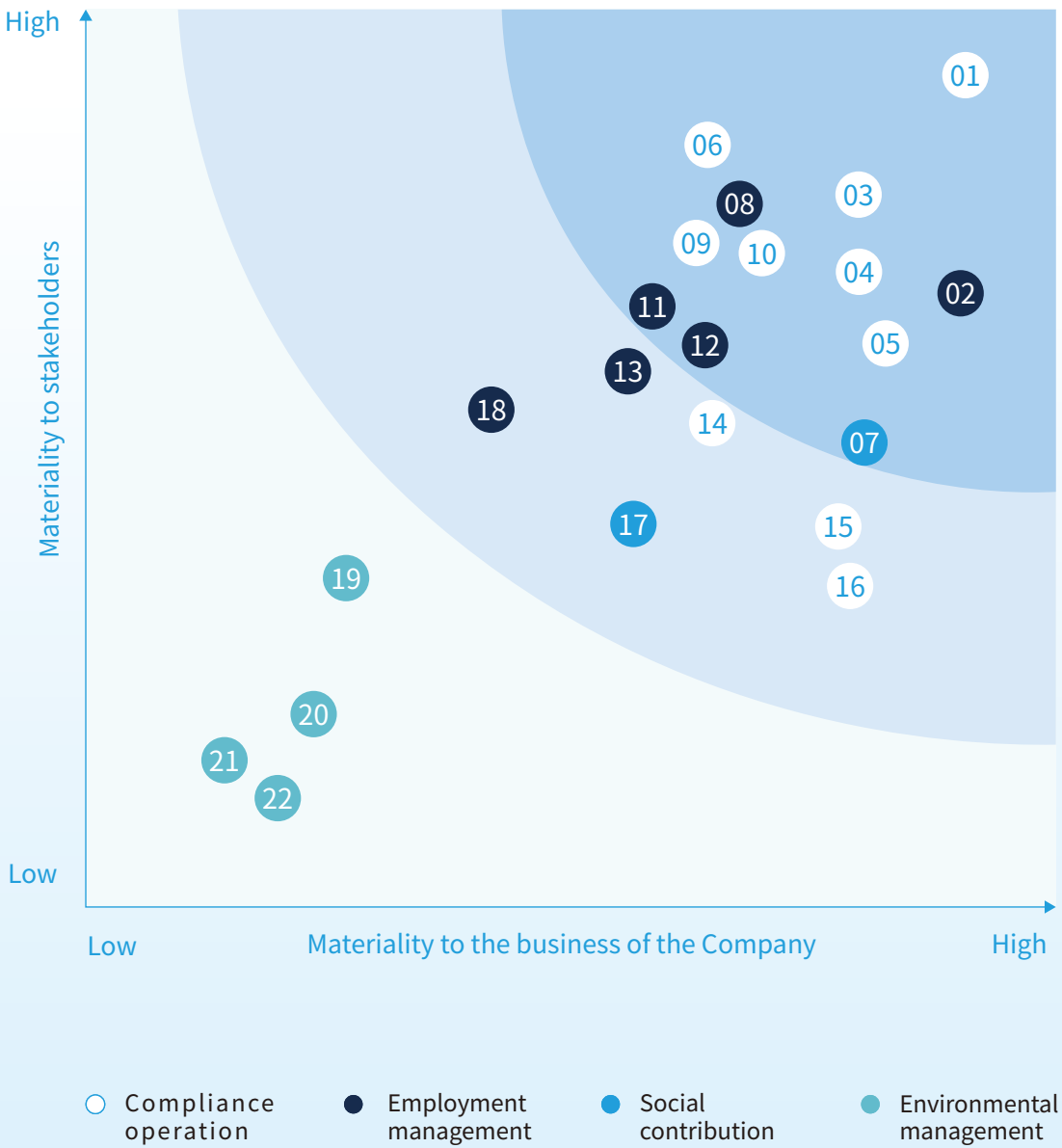
Importance of the Issue	Ranking and Corresponding numbers	Issues	Category
Very important	01	Anti-money laundering and compliance management	Anti-corruption
	02	Staff recruitment and team building	Employment
	03	Anti-corruption management and training	Anti-corruption
	04	Intellectual property management	Product liability
	05	Product development and innovation	Product liability
	06	User information and privacy protection	Product liability
	07	Driving the industry forward	Community investment
	08	Employee right protection	Employment
	09	Service response and processing efficiency	Product liability
	10	User communication and satisfaction	Product liability
	11	Healthy and safe working environment	Health and safety
	12	Employee training and development	Development and training
Important	13	Employee communication and care	Employment
	14	Product quality assurance	Product liability
	15	Supply chain environmental and social risk management	Supply chain management
	16	Purchase and Supplier Management	Supply chain management
	17	Charity and social service	Community investment
	18	Employee equality and diversity	Employment
Relevant	19	Energy saving and consumption reduction	Resource usage
	20	Waste management	Emission
	21	Greenhouse gas emission and management	Emission
	22	Climate change response	Climate change

As compared with 2020, internal and external stakeholders of the Company continue to place compliant operations as one of the most important dimensions of concern in 2021, with four issues, including anti-money laundering and compliant management, anti-corruption management and training, intellectual property management, and product development and innovation, securing important position. In addition, attention from stakeholders on employee recruitment and team building issues has increased significantly. The Company will focus on the interpretation of core issues in the subsequent sections to address the concerns of all stakeholders.

2.3 CORPORATE GOVERNANCE

The Company strictly complies with the Company Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on the Prohibition of Commercial Bribery and other laws and regulations, implements the internal control system for risk management, the internal control system for anti-money laundering and anti-terrorist financing and other internal systems, improves the construction of the compliance and risk management system, and continuously improves its ability to control bribery, cheat, corruption, money laundering, fraud and other risks. We will continue to carry out publicity and training related to anti-corruption, anti-money laundering and anti-terrorist financing to create a clean and upright working atmosphere, and promote the Company's compliance and orderly development. No concluded legal cases regarding corrupt practices brought against the Company and its employees were recorded during the Year.

2.3.1 IMPROVING COMPLIANCE MANAGEMENT

The Company attaches great importance to the construction of risk management and internal control systems, based on the internal control system for risk management and other internal risk control systems, to standardize the procedures for identification, assessment and presentation of material risks, and to strengthen the management, information communication and supervision of material risks in order to safeguard the safety of the Company's assets, legal and compliant operations, truthful and complete financial reports and related information, and to promote efficient and sustainable business operations.

To enhance the Company's risk management capabilities, Yeahka has established the risk management committee and built the risk management and internal control system within the authority of the Board and the audit committee. The risk management committee is the highest decision-making body in the Company, responsible for the formulation of risk management strategies and processes, as well as the coordination of risk management efforts across all departments, and reports regularly to the Board and the audit committee on the status of risk management.

The risk management and internal control system consists of three lines of defense. The management of the Company inspects the implementation of risk management and internal control through daily supervision and special supervision, and reports the inspection results to the Board in order to assist the Board in further improving the relevant systems and optimizing the construction of the system.
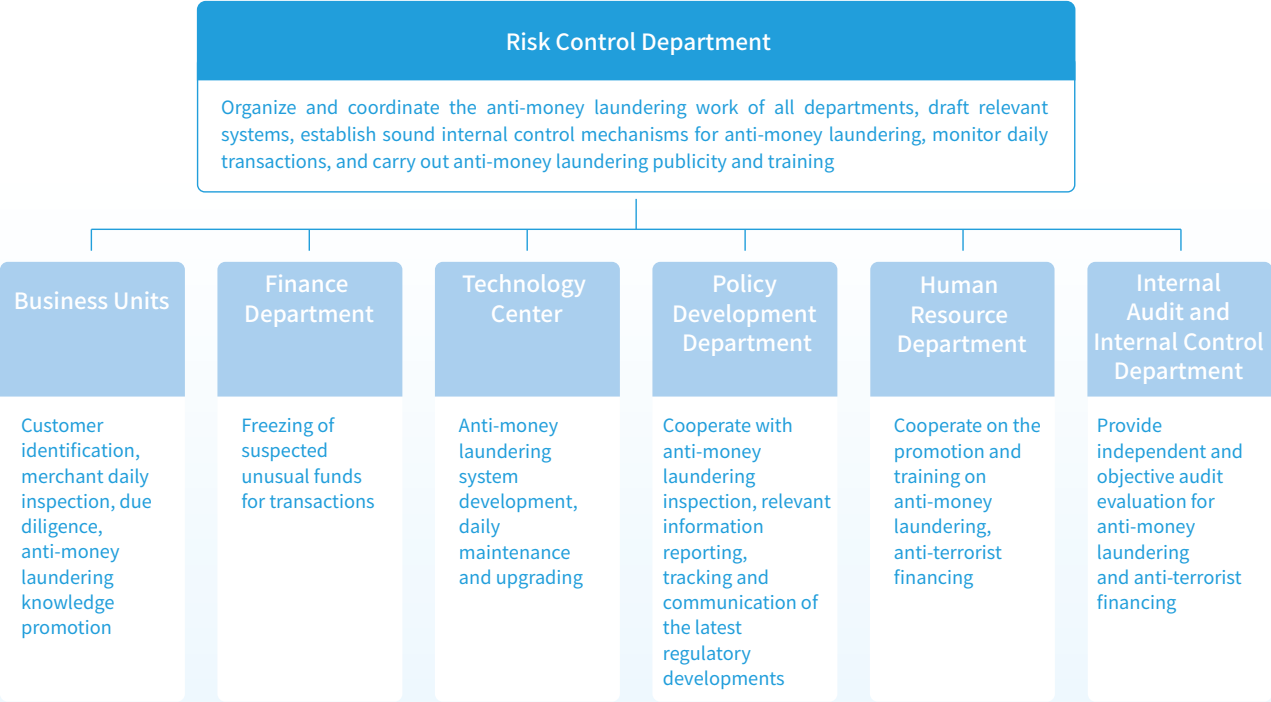
First line of defense	Second line of defense	Third line of defense
The Company's Core Business Units	**The Company's Support Functional Department**	**The Company's Internal Audit Team**
As the first responsible organization for risk management of the Company, it controls each risk in business processes by developing and implementing daily business operation process standards.	It consists of supporting functional department such as the Company's risk control department, policy development department and finance department, which are responsible for designing, implementing and monitoring management rules and regulations on risk control, legal compliance and finance, assisting the first line of defense in establishing and improving risk management and internal control systems, performing supervisory functions, and identifying, warning and tracking abnormal information in the daily supervision process in a timely manner.	Responsible for providing analysis and evaluation on the effectiveness of the Company's risk management and internal control system independent of the first line of defense and the second line of defense, penetrating into the front end of the business, making targeted improvement suggestions on the effectiveness of the Company's risk management and internal control system, and providing a strong guarantee for the sustainable development of the Company by further strengthening risk management.

Three lines of defense for risk management and internal control system

2.3.2 PREVENTING MONEY LAUNDERING RISKS

The Company strictly complies with the laws, regulations and regulatory requirements such as the Anti-Money Laundering Law of the People's Republic of China, the Measures for the Administration of Anti-Money Laundering and Anti-Terrorist Financing of Payment Institutions, the Notice of the People's Bank of China on Strengthening the Identification of Anti-Money Laundering Customers and further improves and optimizes the anti-money laundering management system based on the Company's anti-money laundering and anti-terrorist financing internal control system, the anti-money laundering internal reporting system and other relevant systems.

In order to comprehensively promote anti-money laundering related work, the Company has established the Anti-Money Laundering Leading Group, with the general manager as the leader, the head of the risk control department as the deputy team leader, and the heads of various business departments, technology center, policy development department, finance department, human resources department and internal audit and internal control department as team members. Each department has clear responsibilities to ensure the smooth operation of internal anti-money laundering management mechanism. The Anti-Money Laundering Working Group is established under the Anti-Money Laundering Leading Group to carry out the specific work of anti-money laundering and anti-terrorist financing.

Risk Control Department
Organize and coordinate the anti-money laundering work of all departments, draft relevant systems, establish sound internal control mechanisms for anti-money laundering, monitor daily transactions, and carry out anti-money laundering publicity and training

Business Units	Finance Department	Technology Center	Policy Development Department	Human Resource Department	Internal Audit and Internal Control Department
Customer identification, merchant daily inspection, due diligence, anti-money laundering knowledge promotion	Freezing of suspected unusual funds for transactions	Anti-money laundering system development, daily maintenance and upgrading	Cooperate with anti-money laundering inspection, relevant information reporting, tracking and communication of the latest regulatory developments	Cooperate on the promotion and training on anti-money laundering, anti-terrorist financing	Provide independent and objective audit evaluation for anti-money laundering and anti-terrorist financing

Division of responsibilities of the Anti-Money Laundering Working Group

The Company has adopted a series of innovative technical measures to manage the transaction process from four aspects, including merchant entry audit, risk level classification, transaction risk monitoring and suspicious transaction reporting to strictly control money laundering risks. In 2021, the Company did not have any money laundering related violations.

Merchant entry audit

The Company uses the newly launched "intelligent entry (智能進件)" audit system to carry out initial identification and verification of merchants. The audit system adopts Optical Character Recognition (OCR) technology featuring face recognition and image recognition technology, combined with industrial and commercial authentication and three or four elements of authentication results, to ensure the authenticity of merchant identity information; and through information retrieval in the Company's black and gray list database, we can ensure that the business license number, corporate identity number, settlement account number, cell phone number and other information of the entry merchants are not included in the black and gray list database. The new system realizes the dual audit mode of "machine + manual", which improves the audit efficiency and reduces errors. During the period of business cooperation, the Company will continue to identify and re-identify customers' identity information and strictly manage the entry customers.

Merchant risk classification

The Company follows the basic principles of objectivity, prudence, continuity and confidentiality, and based on the merchant risk classification model, classifies merchant risks from low to high into five levels: low risk, medium-low risk, medium risk, medium-high risk and high risk, and takes different management measures for merchants with different risk levels, combined with the characteristics of customers in terms of geography, industry and business. For high-risk merchants, the Company will implement stricter identity identification and transaction detection procedures to prevent money laundering risks.

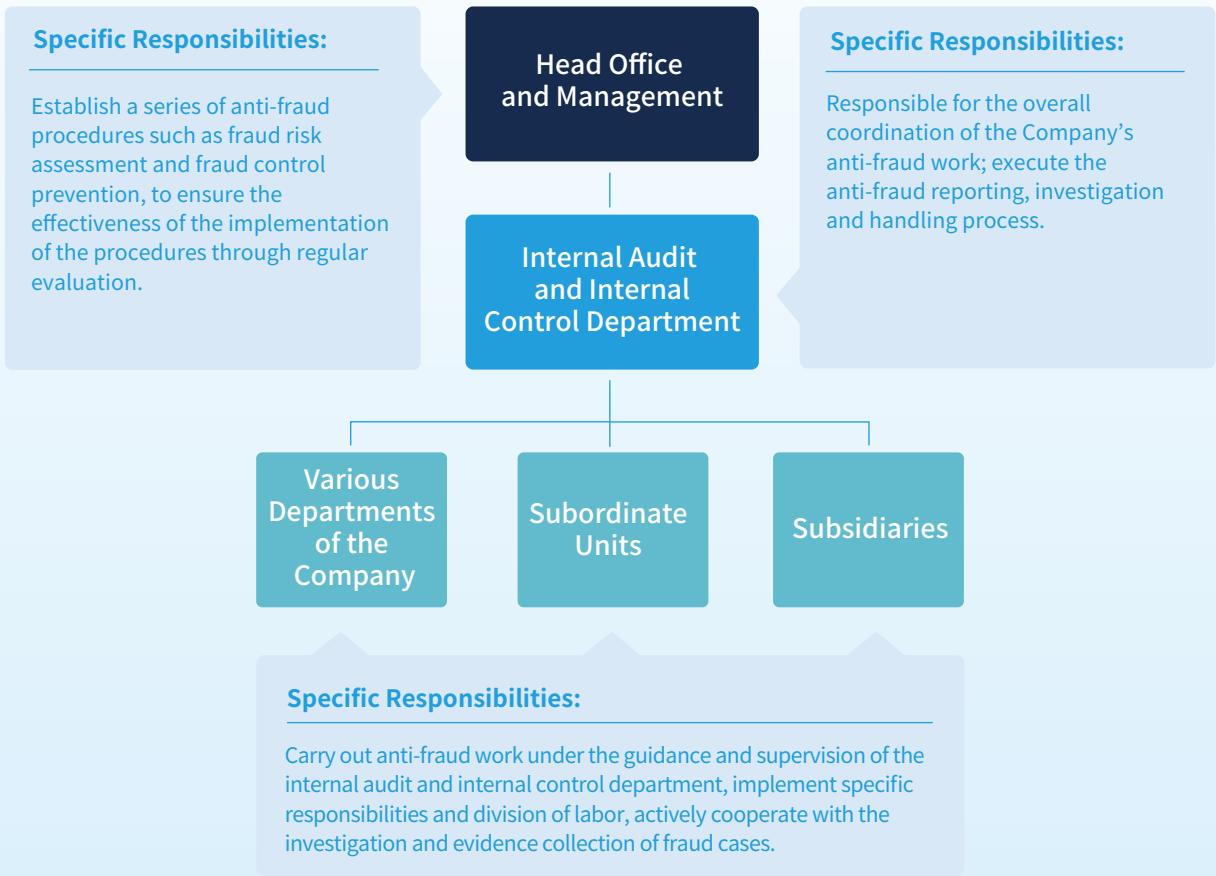## Transaction risk monitoring

In order to enhance the risk monitoring capability of merchant transactions, the Company has launched the "correlation mapping" model, which correlates data from the whole network according to rules and completes the network connection between "merchant and user", "merchant and merchant" and "merchant and agent" through deep information mining, to help our transaction monitoring team identify abnormal transactions such as suspected gambling and cash out. For the identified abnormal transactions, we will assign a dedicated person to further determine the risk level and promptly take compulsory control measures such as suspending transactions and delaying settlement.

Suspicious transaction report management

The Company comprehensively tracks large transactions and carries out monitoring and analysis of suspicious transactions in accordance with the large transaction and suspicious transaction reporting system; and generates suspicious transaction reports based on the analysis results and reports them to the Anti-Money Laundering Monitoring and Analysis Center of the People's Bank of China in a timely manner.

2.3.3 STRENGTHENING INTEGRITY MANAGEMENT

The Company always adheres to the basic principle of honest and compliant operation, strictly implements the anti-fraud system and other integrity management regulations, clarifies control measures for various internal violations, and resolutely combats all fraudulent acts such as corruption, bribery and misappropriation of duties. The Company has set up a top-to-bottom anti-fraud governance structure and internal control mechanism to promote synergy and cooperation among various departments, subordinate units and subsidiaries to create a clean business environment.

Specific Responsibilities:

Establish a series of anti-fraud procedures such as fraud risk assessment and fraud control prevention, to ensure the effectiveness of the implementation of the procedures through regular evaluation.

Head Office and Management

Specific Responsibilities:

Responsible for the overall coordination of the Company's anti-fraud work; execute the anti-fraud reporting, investigation and handling process.

Internal Audit and Internal Control Department

Various Departments of the Company

Subordinate Units

Subsidiaries

Specific Responsibilities:

Carry out anti-fraud work under the guidance and supervision of the internal audit and internal control department, implement specific responsibilities and division of labor, actively cooperate with the investigation and evidence collection of fraud cases.

Anti-Fraud Governance Framework

The Company establishes a comprehensive fraud reporting and handling mechanism to encourage internal employees and external stakeholders to report any suspected illegal, irregular and improper behavior through various channels such as telephone, e-mail and letters. After receiving a report, the Company's anti-fraud investigation team is responsible for registering, investigating and verifying the relevant information; if the violation is true, the anti-fraud investigation team will put forward the treatment responsibility determination and responsibility opinion, and transfer it to the relevant units for follow-up treatment. Any personnel with fraud records shall be subject to corresponding penalties in the Company, and those with serious circumstances shall be transferred to judicial department for treatment. For the Business Units where fraud cases occur, the Company will re-evaluate and review its risk management and internal control procedures, and continuously supervise its improvement and enhancement. In addition, in order to protect the legitimate rights and interests of whistleblowers, the Company strictly keeps the personal information of whistleblowers confidential and prohibits retaliation against them. For verified cases of retaliation, relevant persons will be held accountable by the Company.

In order to implement the Company's compliant concept, the Company conducted compliance training in the form of online meetings for management cadres, with a total of more than 100 participants during the Year. The training covered anti-fraud, anti-corruption, anti-money laundering, anti-fraud and other related laws and regulations and the Company's internal system, and the corresponding management measures were studied and discussed. In addition, the Company conducted 6 compliance training sessions for all new employees in 2021. The training was conducted through a combination of online and offline way, introducing the Company's compliance system and employee code of conduct and clarifying violations and penalties, in order to enhance the compliance awareness of all employees and establish good ethics and values.

In the future, the Company plans to continue to carry out business ethics and anti-corruption promotion and education activities, and offer compliance training to all employees through online class. In addition, the Company will develop its sunshine code of conduct to further improve the Company's integrity management and consolidate the integrity culture.

CHAPTER III CREATE A MORE CONVENIENT CONSUMPTION MODEL WITH TECHNOLOGY

Revolving around the needs of merchants and consumers, Yeahka provides them with quality products and excellent services for better operation and living, by leveraging independent commercial digitalized ecosystem and making continuous innovation in technology.

Key Points of the Chapter:

Product Quality Assurance
Product Development and Innovation
Intellectual Property Management
Service Response and Processing Efficiency
User Communication and Satisfaction
User Information and Privacy Protection

The United Nations Sustainable Development Goals (SDGs) Responded by this Chapter
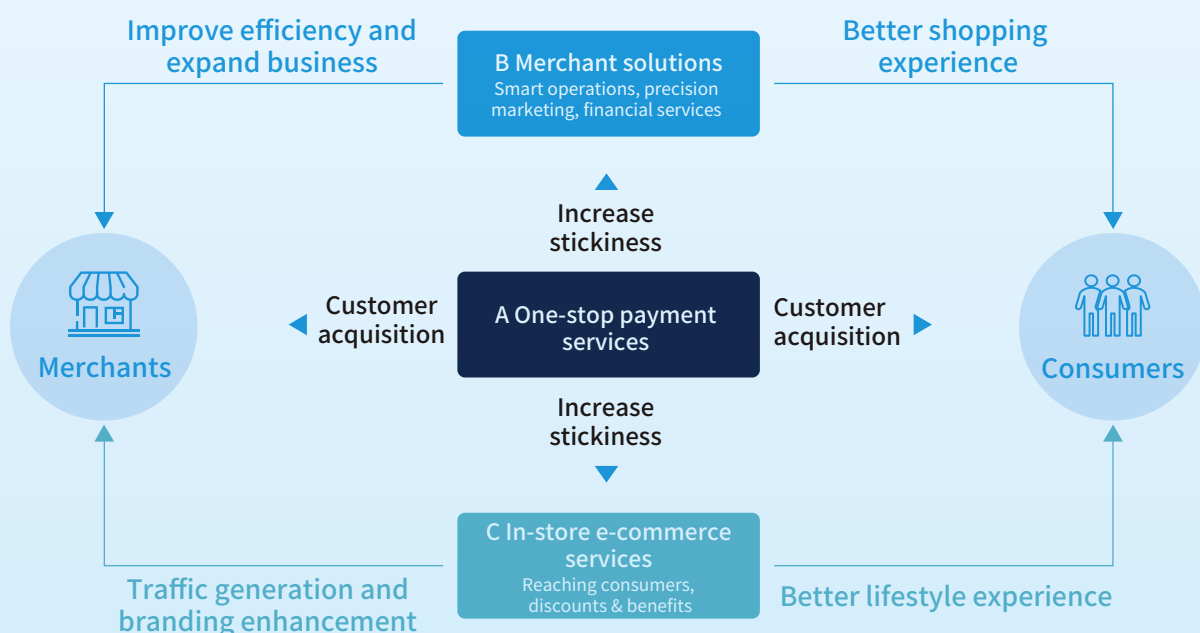
CHAPTER III
CREATE A MORE CONVENIENT CONSUMPTION MODEL WITH TECHNOLOGY

3.1
RESEARCH AND DEVELOPMENT ON SUPERIOR PRODUCTS BY PUTTING EMPHASIS ON INNOVATION

As the leading payment-based technology platform in China, Yeahka is committed to building an independent and scalable commercial digitalized ecosystem. We seamlessly connect merchants with consumers through our payment services, pursuant to which we provide a diverse range of merchant solutions, while bringing aggregated and value-added local lifestyle services to consumers through our in-store e-commerce services. We also focus on cultivating our research and development capabilities and continue to increase our investment in research and development. We continue to innovate around the needs of merchants and consumers to maintain the leading position in the technology and bring merchants and consumers more favorable, more convenient and better quality products and services.

3.1.1 SMART PRODUCTS AND SERVICES

We are committed to building an independent and scalable commercial digitalized ecosystem that maximizes the economic and social value of all participants and drives the growth and success of the digital economy. We use our payment business as an entry point to create a one-stop payment experience for users, while based on our own traffic and data accumulation, we have gradually expanded our merchant solutions around merchant needs, including SaaS digital solutions, precision marketing services and fintech services, to help our customers effectively reach their target markets and improve operational efficiency. In addition, we have launched in-store e-commerce services to provide aggregated and value-added local lifestyle services for consumers, deepen the connection between consumers and merchants, and create more social value.

Improve efficiency and expand business

Better shopping experience

B Merchant solutions
Smart operations, precision marketing, financial services

Increase stickiness

Customer acquisition

A One-stop payment services

Customer acquisition

Merchants

Consumers

Increase stickiness

C In-store e-commerce services
Reaching consumers, discounts & benefits

Traffic generation and branding enhancement

Better lifestyle experience

An independent and scalable commercial digitalized ecosystem

One-stop Payment Services

We continue to establish our presence in payment business, constantly tracking diversified and personalized consumer hotspots. We launch a variety of mobile payment products and bank card acquiring products for different customer segments with innovative technology, and continuously promoting the diversification of payment channels to provide merchants and consumers with seamless, convenient and reliable payment services. At the same time, we have developed an intelligent risk control platform to provide real-time, accurate and intelligent risk prevention and control protection for mobile payment business. Our one-stop payment service offerings include app-based payment services and traditional payment services:

App-based payment services

Yeahka

Traditional payment services

Enable our customers to accept payments using our mobile apps, or enable consumers to pay our merchant customers through third-party e-wallets

Enable customers to make non-application and non-cash payments through traditional payment methods, such as bank card payments using traditional payment terminals

We continue to improve the stability and reliability of product iterations, incubate more high-quality products and services to empower merchants and enhance brand influence. During the Year, we continued to optimize several brands, such as Shouyintong (收銀通) and Yishoufu (易收付), and created new brands, such as Leyunfu (樂雲付) and Shoufubei (收付貝), to export payment and settlement products for the medical and beauty industry and meet the demands of industry users for account management and value-added services. At the same time, we continue to promote the implementation of digital currency electronic payment in multiple service scenarios to expand payment boundaries and enhance business empowerment and efficiency. In addition, we continue to make efforts in financial technology, in-store e-commerce and other business segments to optimize the transaction structure, promote the proportion of scenario transactions, continuously promote the overlay of payment products and value-added services, build the business ecology of "intelligent business services + local lifestyle" multilateral transaction system, and ensure the long-term and healthy development of payment business.

We continue to upgrade the functions of our trading system and strengthen transaction risk control to provide stable and reliable payment services for our customers. During the Year, we physically expanded the trading system to create the industry-leading and efficient large-scale trading and settlement system. At the same time, based on the sustainable development strategy, we further improved the clearing and settlement capacity of the transaction system and continuously optimized and rehearsed the capacity of disaster recovery of the system to ensure the stability of the system throughout the year, significantly improve the collection speed and code scanning speed of merchants and end users, so as to enhance the payment experience of customers.

YEAHKA TRADING SYSTEM IN 2021

System availability up to

99.999%

Made over

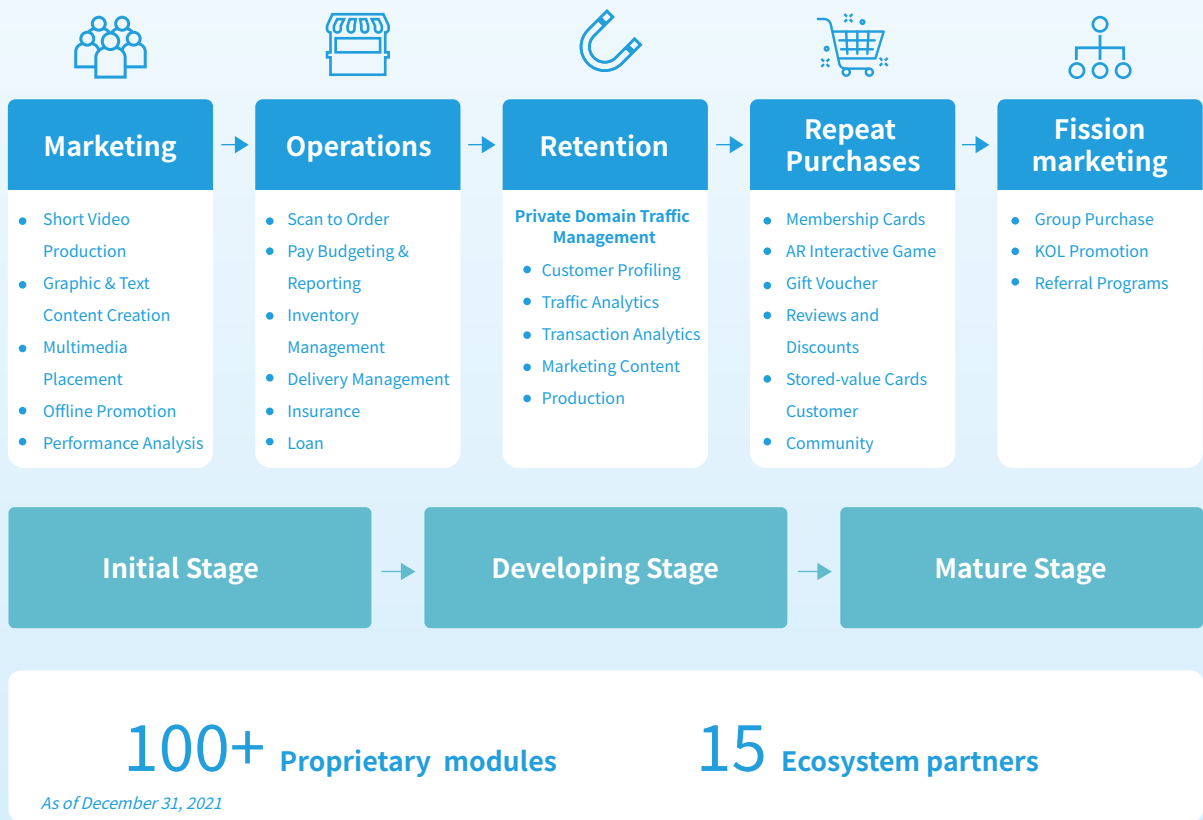**10 billion** risk decisions and conducted risk treatment on

over

3 million at-risk transactions, to effectively crack down on gambling, telecom network fraud and other illegal acts

Merchant Solutions

In the process of promoting the digital transformation of merchants, we provide comprehensive merchant solutions to meet the unique operational needs for merchants of different types based on their characteristics with our deep understanding and insight of merchants' needs.

Against the backdrop of frequent occurance of COVID-19, the demands from small and medium merchants for technological upgrades have been increasing. Adhering to our persistent pursuit of technological innovation, we continue to promote product launches and upgrades. At present, we have several proprietary function modules and ecosystem partner function modules to help merchants operate intelligently in all aspects. At the same time, our merchant solutions are laid out on top of payment mini-programs, App and hardware terminals, and merchants can proactively adopt more digital modules based on their operational needs to form a seamless "payment+" digital operation experience.

Marketing	Operations	Retention	Repeat Purchases	Fission marketing
• Short Video Production • Graphic & Text Content Creation • Multimedia Placement • Offline Promotion • Performance Analysis	• Scan to Order • Pay Budgeting & Reporting • Inventory Management • Delivery Management • Insurance • Loan	**Private Domain Traffic Management** • Customer Profiling • Traffic Analytics • Transaction Analytics • Marketing Content • Production	• Membership Cards • AR Interactive Game • Gift Voucher • Reviews and Discounts • Stored-value Cards Customer • Community	• Group Purchase • KOL Promotion • Referral Programs

Initial Stage → **Developing Stage** → **Mature Stage**

100+ Proprietary modules   **15** Ecosystem partners

As of December 31, 2021

Merchant solutions — Deep understanding of industry's pain points, serve full lifecycle of merchants

We develop precision marketing modules from a broad traffic source base to help merchants efficiently acquire customers and maintain continuous interaction with consumers. Based on our own payment traffic, we aggregate traffic from all scenarios, and cooperate with many leading traffic platforms such as WeChat, Toutiao and Kuaishou to launch in-depth resource cooperation, based on high-quality marketing content, intelligently match target customers, help merchants reach consumers on different channels and dimensions, and maximize the value of marketing services. 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.

Based on the demand for merchant finance, the Company continued to provide merchants with a cash advance program called "Yeahka Capital" (移卡金融) in a prudent manner to help qualified merchants obtain cash resources for inventory purchase, investment and customer acquisition, operation and management. During the Year, we further refined our customer experience, optimized our business processes and introduced the insurance service product and membership system to empower micro and small business owners to operate without worry. At the same time, we continued to strengthen technical capacity building, optimize credit risk approval and credit strategy systems, build a standardized operation system for risk operations, and combine litigation channels with technical tools such as artificial intelligence to significantly improve risk management.

We are also actively exploring the combination of commercial digitalized ecosystem and metaverse. Based on our AR and blockchain technologies, we have launched a number of leisure games in the form of "game experience + brand equity + creative marketing" to help merchants create a gamified interactive marketing space with consumers, which helps increase brand sales and enhance consumers' recognition of their brands. For example, we have developed a number of popular games during the Year, including "Shuiguo Hehehe" (水果合合合) and "Koudai AR" (口袋AR), and have reached strategic cooperation with a number of industry-leading brands to continually improve the total value of service brands in the life cycle.
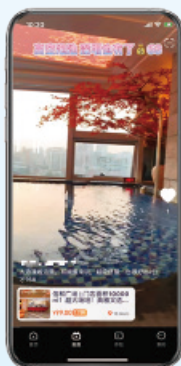
In-store E-commerce Services

With the core belief to establish a commercial digitalized ecosystem, we leveraged our existing resources to expand our in-store e-commerce services in 2021, to foster a vibrant commercial community that better connects merchants and consumers to facilitate their interaction.

We help merchants design value-added and unique experience packages through a dedicated team of in-market product specialists with extensive knowledge of local consumer preferences and competitive industry landscapes, and utilize existing capabilities of our precision marketing services such as content creation and promotion on mainstream media to help merchants achieve efficient and large-scale growth with lower advertising cost prepaid.

Video Recommendation

Graphic & Text Introduction
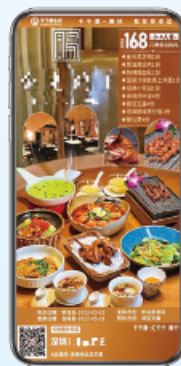
In-store e-commerce services — Content creation empowers social sharing

At the same time, we provide consumers with an abundant selection of local lifestyle experiences at affordable prices. Consumers can access the platform through various channels such as App, WeChat mini-programs, Tik Tok and WeChat official account to purchase coupons and exclusive packages covering local lifestyle experiences such as catering, wine and travel, beauty, leisure and entertainment to gain exclusive and cost-effective local lifestyle experiences.

App	WeChat Mini-programs	Tik Tok	WeChat Official Accounts	WeChat Key Opinion Leaders ("KOLs")
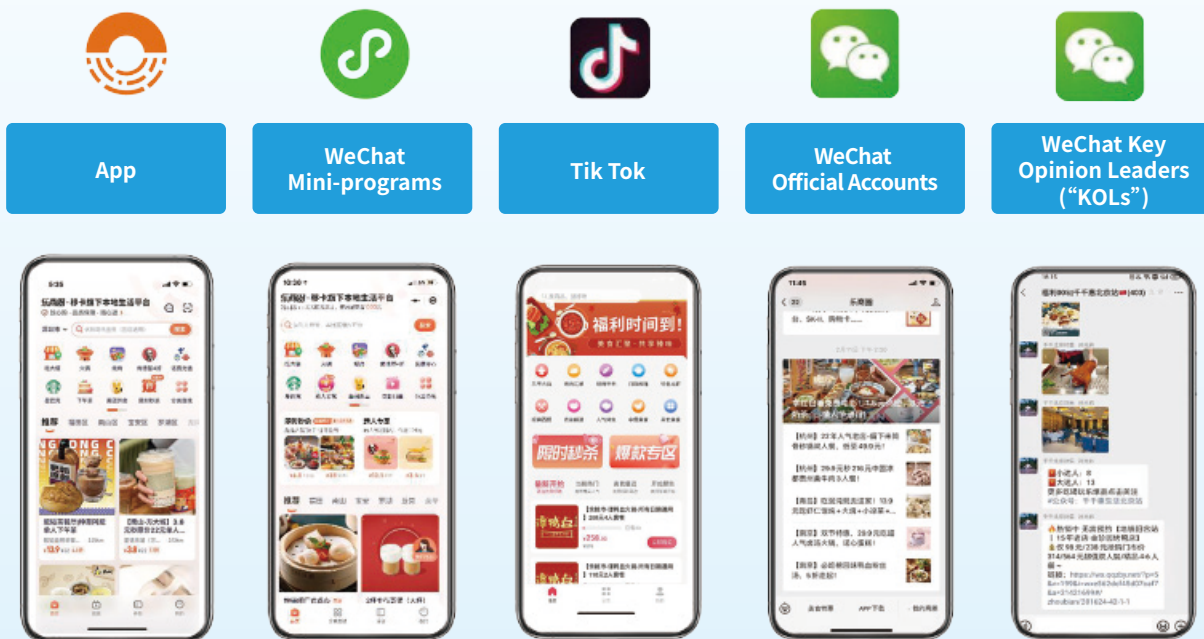
In-store e-commerce services — Reaching consumers by proprietary App+KOL private domain traffic

Our in-store e-commerce services demonstrate our highly scalable digitalized ecosystem, effectively connecting payment services consumers, sales agents, marketing solutions and exclusive product specialists. During the Year, we accelerated the development of our in-store e-commerce services by gaining access to over 3 million KOLs. Looking ahead, we will continue to provide consumers with a wealth of value-added consumption choices and help merchants efficiently reach hundreds of millions of consumers.

Preferential treatment

Merchant

Yeahka

Consumer

Omni-channel strategy

Interaction through online and offline marketing network
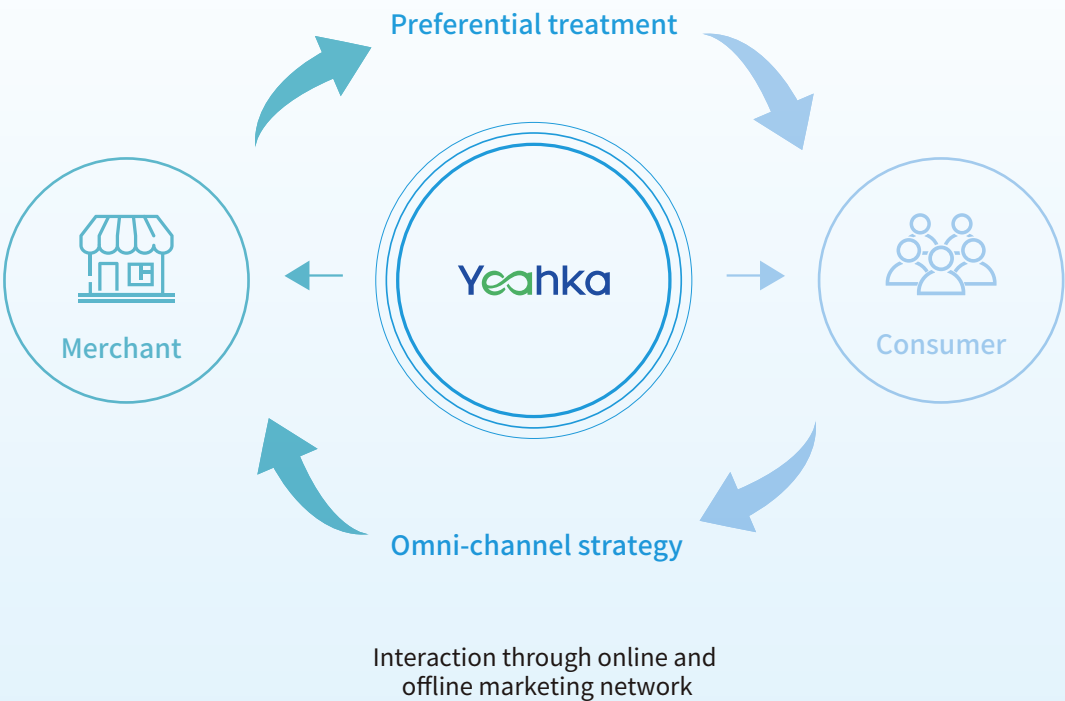
3.1.2 TECHNOLOGY INNOVATION

We always regard technology research and development and innovation as the source of enterprise development, and continuously strengthen our investment in technology research and development and innovation, using cloud computing, big data analysis, blockchain, artificial intelligence and other leading technologies to continuously launch smart service products to empower digital upgrade and transformation for our customer.

In terms of infrastructure construction, we upgraded the network architecture, increased the scale of the group network from 100 to 1,000 units, and conducted regular rehearsals and optimization of the equipment and lines of the Internet data center to achieve the goal of zero network interruption throughout the year. In terms of big data analysis, we further strengthened the platform construction and continuously enhanced the scale of data warehouse to lay the foundation for creating convenient and valuable data analysis and enquiry services. In terms of cloud construction work, we successfully built and put into operation the first large-scale private cloud, which significantly improved the efficiency of computing resource allocation and usage, and effectively supported the rapid iteration of business.

In addition, we have continued to make efforts in connecting scenes, further promoted OCR-based development, improved document recognition capability and recognition efficiency, increased the accuracy rate of automatic menu recognition and data entry to over 90% accuracy and promoted the application of recognition technology in merchant certification audit, which speeded up the audit and greatly enhanced the merchant experience. For the offline retail industry, we conduct detailed user population planning and behavior analysis to provide the best personalized services based on user preferences. At the same time, we provide basic cloud-based identification services for expanding users' knowledge on products, facilitating information communication between merchants and users, and optimizing merchants' operation management.

In terms of new payment, the Company continues to promote the commercial application of digital RMB in multiple scenarios, makes significant breakthroughs in key areas including mobile payment and terminal security such as transaction interface, wallet management, combined application of blockchain and digital RMB and digital RMB chip card, actively participates in the planning and design of digital RMB technology standards and completes the deployment of software and hardware capabilities. At present, we have completed the interconnection platform of digital RMB and promoted the implementation of digital RMB in multiple cities. Digital RMB will help us expand more diversified merchant resources, and we will continue to enhance the research and development application of digital RMB and complete its implementation in multiple scenarios in the future.

Application scenarios of digital currency electronic payment

Centering on scenario-based applications, we will provide different digital currency electronic payment solutions for merchants in different scenes, and focus on promoting its application in scenic spots.

Scenic spot	Mobility	School	Business zone	Port
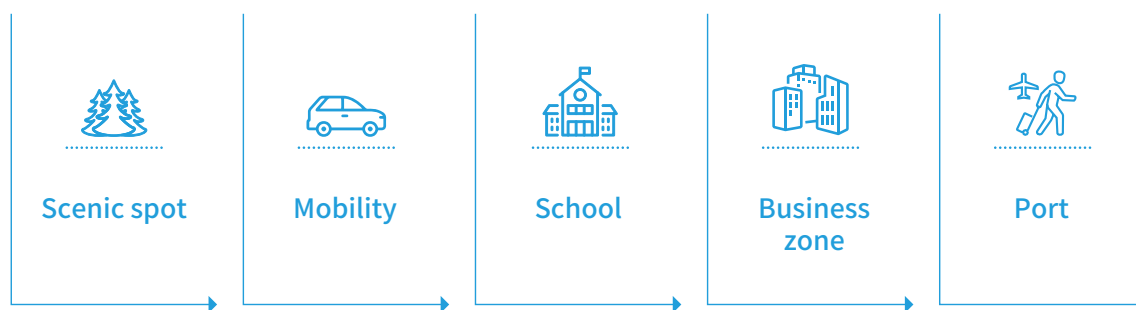
As the technical decision-making organization of the Company, the technical committee focuses on strengthening the technical direction decision-making, improving recruitment, training, appointment and incentive of technical personnel, and creating a first-class technical team and culture, with an aim to continuously explore the future technological trends, and constantly release new development momentum of the Company. In terms of technical personnel training and incentive, we regularly organize "Yeahka Lecture" to share technical knowledge, provide multi-dimensional technical procedures training for employees, and establish "Yeahka Wiki" to accumulate technical processes and project documents, so as to consolidate the technical foundation of employees and stimulate the innovation capacity of the enterprise.

Structure of the Technical Committee

CEO of Yeahka

Responsible for the daily business affairs and major operational issues of the Group, as well as the supervision of the Internet Business Units and the building of value-added service product systems for merchants and consumers.

Members of the Technical Committee

Secretary-general of the Technical Committee

Responsible for tracking and supervising the implementation of technical decisions of technical committee.

Responsible for the strategic planning and management of the technology development strategy and technology research direction, and the building of the future technology innovation system;
Responsible for the construction of the technology management system and the research and planning of the technology direction of the Internet technology products;
Responsible for the construction of the technology management system and the research and planning of the technology direction of the fintech products.

In addition, we attach great importance to the exchange and cooperation between industries, and strive to build long-term and stable friendly cooperative relations with industry partners, in order to enhance the technological innovation capacity of the Company, and promote win-win cooperation between the two sides by integrating the superior resources of both sides, and promote the integrated development of the high-tech industry chain, release more new momentum for the development of the Company, and promote the innovation and progress of the industry.

Strategic cooperation agreement entered into by Yeahka and Bank of Ningbo

During the Year, we signed a strategic cooperation agreement with the personal banking headquarter of the Bank of Ningbo to help them achieve win-win situation through cooperation and create a sustainable strategic partnership through the effective integration of their resource advantages. The cooperation will focus on payment solutions, local lifestyle services and financial technology. We will join hands with the Bank of Ningbo to jointly build a closed loop of services for small, medium and micro merchants by providing one-stop payment, SaaS merchant solutions, merchant precision marketing solutions and quality services from our offline business team, and help small, medium and micro enterprises achieve digital transformation. The cooperation will also introduce our in-store e-commerce business and export our local lifestyle benefit resources and technical system capabilities to bring one-stop local lifestyle benefits to users of the Bank of Ningbo.

Case study: In-depth cooperation between Yeahka and Huawei

During the year, we have reached in depth cooperation with Huawei in the field of information technology application and innovation. Based on The Kunpeng Cloud ecosystem of Huawei Cloud, we have broken through the ecological closed-loop of "production, research and application" through cooperation in product adaptation and ecological development of products, and created a series of innovative products of information technology application based on Kunpeng foundation.

In further collaboration with Huawei, Yeahka will continue to build an innovative demonstration project of information technology application in the digital field based on Kunpeng foundation with its years of technology and experience advantages in in-depth user insight, product innovation research and development, intelligent risk control and management, in order to build a Kunpeng computing industry ecosystem with leading technology and rich application scenarios.

3.1.3 PRODUCT QUALITY ASSURANCE

We have formulated and implemented the Product Planning Review System and other systems, developed standardized processes for product design, development, and testing, and established on-line product audit mechanism to ensure correct product development direction, dig out potential problems, fix defects, and improve product planning quality, so as to provide high-quality product and service experience for merchants and consumers.

In the stage of product design, we will collect product demands from the dimensions of market development, product research and technology upgrading, and analyze the rationality and priority of demands using tools such as demand classification and grading, so as to solve the problems of users not having access to the relevant functions in a timely manner. Based on the principles of optimizing requirements and eliminating functional barriers, we carry out internal audit of requirements design scheme to ensure reasonable and legal product logic design, and complete modification of interaction design according to technical framework, so as to protect users' rights and interests. In addition, we conduct a series of product tests, release product launch notices according to the acceptance results of product pre-release environment and production environment, and conduct product training according to project requirements. Meanwhile, we will timely review the products, and summarize problems in the process of product development, so as to improve the efficiency and quality of product development.

3.1.4 INTELLECTUAL PROPERTY PROTECTION

Intellectual property is the cornerstone of enterprise innovation and development. The Company attaches great importance to the protection of research and development achievements, and strictly complies with the Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China, Copyright Law of the People's Republic of China and other regulations and standard documents. We continuously improve the transformation efficiency of intellectual property, and apply for registration of the innovative achievements, core technologies, high-quality products and other knowledge products of the Company in a timely manner to ensure effective protection. In 2021, we submitted 25 patent applications and 29 software applications.

Intellectual property protection measures

Make timely application for registration and filing of product names and trademarks, and record similar graphics and names with similar meanings to avoid infringement incidents.	Sign confidentiality agreements with our employees and partners to protect the trade secrets of key technologies, and take corresponding confidentiality measures for key technologies by region, classification level and object.	In the process of software product development, register the software copyright of software products and program codes in a timely manner.	Make timely application for patent licensing for patterns, user interfaces and designs that are recognizable or related to brand image.

3.2
QUICK RESPONSE TO IMPROVE SERVICE EFFICIENCY

We insist on providing high quality products and excellent services based on the customer experience and needs. We constantly improve the customer service system by optimizing the complaint response mechanism, maintaining communication with customers through various channels, listening to customers' feedback on our products and services, and respecting and protecting the legitimate rights and interests of customers, with an aim to constantly improve the customer satisfaction.

3.2.1 MULTI-PRONGED APPROACH TO ENHANCE CUSTOMER SATISFACTION

We carefully manage customer relations by assigning special personnel to maintain customer relations, and carrying out regular communication activities. In addition, we collect feedbacks information from users through internal feedback channels, background statistics, in-depth user research and other ways to get an in-depth understanding of customers' real product needs. Moreover, we conduct in-depth research from the perspective of products and design, and complete product experience reports, so as to provide reasonable suggestions on improving the products and operations to enhance product value.

Case study: Constantly optimizing products with customer-oriented principle

Taking Leshangquan, the core product of the Company, as an example, driven by the double engine, we have constantly optimized and upgraded Leshangquan. From the exploration of Leshangquan V1.0 to the comprehensive upgrade of V2.0 and to the revision of V5.0, the product positioning of Leshangquan has been constantly upgraded to serve a clearer product target, and the product core has been constantly improved to meet the core demand of users.

1. Product upgrade to identify future product core	2. Replanning of the visual expression layer and the structural layer	3. Adding search functions
We upgraded products and models to reach consumers through operation models such as App, mini-programs and WeChat Official Account and omnichannels such as WeChat, Tik Tok, Kuaishou and WeiBo.	We upgraded the product content column planning and interaction framework layer, shifting the local store inventory unit (SKU) to the most important area.	We improved the basic search functions to achieve efficient order conversion.

Leshangquan V2.0

Leshangquan V5.0

To properly handle customer inquiry and complaints, we have formulated and strictly implemented the Customer Complaint Handling System for Call Center, Daily Work Specifications for Customer Service, Quality Inspection System and other internal systems and process specifications, in order to provide institutionalized and standardized guidance for customer complaint handling, clarify the responsibility and principle of complaint handling, and deal with relevant complaints promptly and efficiently through a sound user complaint handling mechanism.

We also pay attention to the internal customer service management, and have optimized and streamlined the processes for the customer service center business management, new staff training, staff management and other aspects. During the Year, in order to provide more professional customer complaint handling services, the customer service center set up service teams for each business department, and established a special complaint group and quality management group to deal with customer complaint problems in a targeted manner. We also built a new intelligent customer service platform to optimize the work efficiency of customer service staff and improve the quality of service. In addition, we established a sound internal customer complaint data communication mechanism, and formulated corresponding feedback and processing methods for routine data and abnormal data, so as to strengthen the exchange and sharing of internal information, detect problems in a timely manner and efficiently solve the problems.

In 2021,

We served over
720,000 people by telephone and over

1.2 million people online

We carried out a customer satisfaction survey, and a total of
2,241 questionnaires were collected, with a customer satisfaction rate of
96.22%

Regular summary and report for routine data:

Routine data of customer service shall be reported to each business department regularly (daily/weekly/monthly), such as the traffic volume, complaint volume, inquiry focus and other types of data.

Real-time feedback, optimization and closed-loop handling for abnormal data:

When the customer service center detects any abnormality in the customer inquiry, it will promptly collect the relevant information and provide feedback to each business department, communicate and confirm the relevant situation, carry out optimization and ensure implementation.

Early preparation, key observation and real-time feedback for new business or business change:

Focusing on new business or business change, we will carry out customer service training in advance to ensure that the business can provide customers with corresponding services after the launch, and improve the data synchronization frequency of all business departments, taking this as a key observation. For the unsatisfied customers, we will make a return visit after communication with the business department, and provide feedback on the return visit.

In addition, we pay attention to improving the professionalism and services provided by our customer service staff. We have optimized the training program for new employees of the customer service center, changed the training program from being based on business product lines to being based on the types of customer questions, and added real-life simulation training and other links to improve the qualification rate of new employees in the customer service center. We will analyze and sort out the common and individual problems of the staff of the customer service center found in the quality inspection process, in order to improve the promotion plan, and strengthen the staff's business ability.

3.2.2 COMPLIANT MARKETING TO PROTECT THE LEGITIMATE RIGHTS OF CUSTOMERS

Respecting and protecting the legitimate rights and interests of customers is the foundation of us to provide high-quality products and services. We have formulated the advertising and publicity regulations and other internal management systems, standardized the publicity and marketing of products, and effectively protect the legitimate rights and interests of customers in strict accordance with the Advertising Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of the Rights and Interests of Consumers and other laws and regulations.

We prohibit any form of false advertising, and have established a sensitive lexicon to regulate advertising terms. In order to ensure the legality, authenticity and accuracy of publicity materials, we have set up a publicity materials review mechanism. The publicity materials can be released only after passing the review. If there are violations in the marketing and publicity process, we will promptly verify the reasons for the violations, and discipline the violating departments or individuals according to the specific violations and the scope of impact caused. In addition, to ensure that our partners or agents meet the requirements of marketing and publicity, we have formulated the advertising and publicity regulations for outsourcing service organizations to provide compliance guidelines for marketing and publicity. If there is any violation, we will impose a fine on or terminate the cooperation with the partners who have illegal publicity according to the degree of impact.

**Case study:
Propaganda of
Advertising Law**

During the Year, the Company carried out systematic propaganda of advertising law for the marketing team in the form of online and offline meetings, and conducted compliance training for marketing and publicity from multiple dimensions such as interpretation of laws and regulations, case study, and practice analysis. In the future, we will adopt the marketing and publicity training as an annual regular training program.

3.3
STRENGTHEN DATA SECURITY

Upholding the concept of creating value for merchants and consumers, the Company attaches great importance to information security risk control and customer privacy data security. In strict accordance with the Cybersecurity Law, Personal Information Protection Law and other relevant laws and regulations, we have formulated and implemented the information security management measures, network security management measures, customer archive information confidentiality system and other normative documents, and strive to build data and information security protection barrier through a comprehensive security management system and security technology system.

We have established and continuously improved the information security management system, and discuss, decide and promote the relevant security work through regular information security meeting. We have set up a clear information security organizational structure, in which, the senior vice president serves as the information security leadership group leader, leading the heads of various departments to form the highest decision-making body of information security, which is responsible for the study of major issues related to information security, the implementation of information security policies and the formulation of the overall strategy. There is an information security team under the information security leadership group, which is composed of security engineers and other key personnel, and responsible for the implementation of the information security leadership group's resolution, coordination and standardization of the information security work, investigation of the incident related to information security, and the proposal of information security incident prevention measures.

In addition, we have established an in-depth defense system based on security technology, covering infrastructure security and data security. We are committed to building business continuity. On the basis of building a high-standard data center, we implemented fault drills throughout the Year, covering networks, systems, and business applications, through which we detected and fixed hidden problems within the system, thus greatly improving the reliability of the system, and providing a stable and efficient trading environment for merchants.

Our security technology-based defense system is as follows:

Infrastructure security

Basic environment security

Main equipment room and disaster recovery equipment room shall be set up, and the power supply, fire protection and other hardware conditions of the equipment rooms shall meet industry standards. The access to the equipment room shall be strictly controlled. Application should be submitted for the access, and the access should be accompanied by equipment room staff.

Network security

Firewalls shall be used to isolate different service function systems, and the inter-zone access shall be controlled based on the principle of minimizing access. Any abnormal network activities and links shall be monitored through the intrusion prevention system. Communication with external organizations shall be carried out through dedicated network to ensure communication security.

Host security

The system administrators are required to make system security configuration according to standard operation documents. Security engineer shall be assigned to conduct quarterly system security scanning and repair any flaws, and install security patches in a timely manner. Remote maintenance shall be carried out through bastion host and other means, and two-factor authentication shall be implemented.

Data security

Data availability

We arrange full-time staff to carry out regular data backup, including offline data backup and remote disaster backup, and require at least two data disaster recovery drills every year to ensure data integrity and zero loss.

Data acquisition

We use the POS machines that have passed third-party security inspection and certification and the self-developed applications for data acquisition.

Data transmission

Data integrity shall be ensured through digital signature and HTTPS encryption channel, and data shall be encrypted through hardware encryptor.

Safe storage of data

Highly sensitive user information shall be encrypted using asymmetric algorithms and stored in the database. Decryption operations of encrypted data are strictly restricted to prevent data leakage.

Data use

Exporting data is subject to strict permission approval, and the use of the relevant data shall be tracked. Data shall only be accessed through bastion host. When assigning data usage rights, the principle of minimizing permission shall be observed. Sensitive information displayed by each service system shall be blurred and desensitized. Regular audit shall be conducted on the use of sensitive data to prevent improper use of data.

Data destruction

For the data stored in hardware media, such as hard disk, CD, etc., when the media is damaged and needs to be scrapped, the relevant media shall be permanently destroyed through strict scrapping procedures.

In order to further enhance the protection of customer privacy data security, we constantly track the update of national information security, privacy protection and other related policies, timely update the privacy policy for our products and services, and promote the interpretation of the new laws at the main business side. In addition, we respect and protect users' privacy, observe the user information collection principle of "no access without authorization, minimizing information collection and collecting only when necessary", provide separate authorization prompts in different scenarios such as user login and credit granting, collect, store and use customer information legally and based on the user authorization. When the customers use our products and services, we will clearly inform customers of our privacy policy, including the use of customers' personal information, protection measures for customers' personal information, feedback channels and other contents, to ensure that customers have enough right to know, and solve customers' questions in the protection of personal information security in a timely manner.

We have defined the employees' responsibility for the security protection of customer privacy data, set data access rights for different positions, and forbid employees to copy, copy or obtain customer information by other means without permission. In addition, we regularly carry out information security awareness training for all the employees, and irregularly carry out information security protection technology training for key technical employees, so as to enhance the employees' awareness of information security protection and ensure the security of our data assets.

In order to deal with customer information leakage and other emergencies, we have made the following emergency plans:

01 Pre-treatment

- Carry out emergency treatment first according to the emergency plan and the principle of minimizing customer losses;
- Report to the risk department in a timely, accurate and comprehensive manner in accordance with the requirements of emergency report system on leakage of individual customer information, and directly report to the Company's leading group in cases of major incidents.

02 Emergency treatment

- Establish a sound early warning mechanism for leakage of financial information of individual customers, and carry out regular risk assessment to achieve early detection, early report and early handling.

03 Post-treatment

- The internal audit and legal department of the Company is responsible for the treatment after information leakage, controlling the affected area, and avoiding further information leakage, to minimize customer losses;
- Summarize the causes, process, results, experience and lessons, and early warning measures of emergencies, and put forward rectification, handle opinions, and urge relevant units to improve regulatory measures and early risk warning mechanisms.

CHAPTER IV ASSIST RELATED PARTIES TO ACHIEVE SYNERGISTIC DEVELOPMENT WITH TECHNOLOGY

Yeahka attaches great importance to team building and is committed to promoting all-rounded development of employees through scientific and technological innovation. Focusing on the organic combination of scientific and technological innovation and industrial chain, we strive to lead and promote our partners to achieve common prosperity and progress with us.

Key Points of the Chapter:

Employee Recruitment and Team Building

Employee Equality and Diversity

Employee Communication and Care

Healthy and Safe Working Environment

Employee Training and Development

Protection of Employee Rights and Interests

Procurement and Supplier Management

The United Nations Sustainable Development Goals (SDGs) Responded by this Chapter:

CHAPTER IV
ASSIST RELATED PARTIES TO ACHIEVE SYNERGISTIC DEVELOPMENT WITH TECHNOLOGY

4.1
PAVING THE WAY TO EXCELLENT TALENTS BASED ON PEOPLE-FOCUSED PRINCIPLE

As a leading technology company, Yeahka always regards human capital as the key to continuously enhance competitiveness and achieve sustainable development. We are committed to building a diverse workforce according to the principle of equality and openness, and creating a diverse and inclusive working environment free of any discrimination. We have carefully established a comprehensive and multi-level talent training system to provide tailored training courses and development platform for every employee, accompany employees to grow, and support them to release their potential and realize their life pursuit and value.

4.1.1 EMPLOYEE HIRING AND MANAGEMENT

We strictly abide by the Labor Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Provisions on the Special Protection of Juvenile Workers and other relevant laws and regulations, and have formulated a number of management rules, including the employee handbook and the position and rank management manual, to clarify the stipulations for recruitment, promotion, working hours and welfare and effectively protect the legitimate rights and interests of employees. The company strictly prohibits child labour. We investigate the information and verify the identity of the applicant during the recruitment process. We also forbid any form of forced labour. If the applicant is found to use false identity information and conceal true age or if forced labour is found, we will take internal rectification measures after investigation. No illegal acts related to child and forced labour were recorded during the Year.

In 2021, thanks to its outstanding performance in talent growth, organization building and enterprise influence, Yeahka won the "2021 TOP Internet Employer and Best Partner in China" award by Lagou.com.
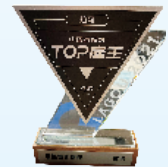
Equality and diversity

Upholding the people-oriented management philosophy, Yeahka attaches great importance to the diversity of staff, fully respects the freedom of association, and is committed to creating a friendly, inclusive and non-discriminatory working environment. We understand, appreciate and encourage differences and ensure that all the employees enjoy equal development opportunities. All the employees of Yeahka, regardless of region, age, gender, faith, identity, can realize personal value in our diversified platform.

Yeahka attaches great importance to the protection of rights and interests of all employees. We have established clear reporting channels and strict disciplinary mechanism, and held a zero tolerance attitude towards workplace discrimination and harassment.
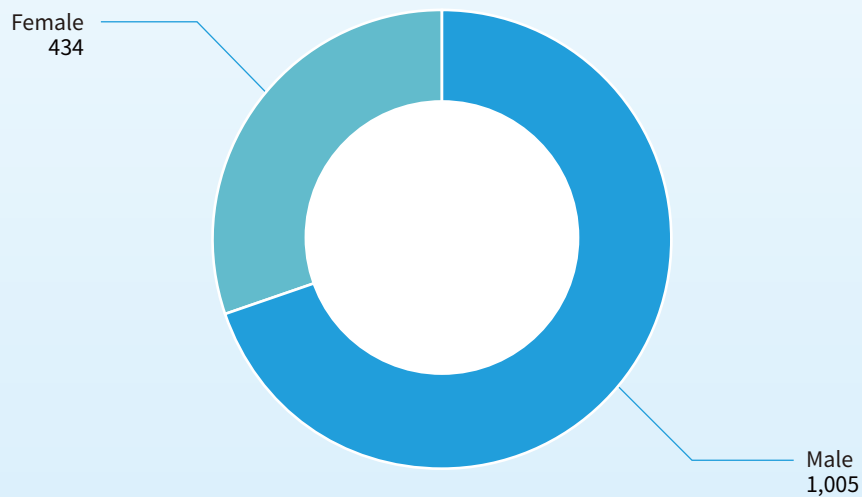
In 2021, in active response to the "Greater Bay Area Youth Program" of Hong Kong SAR government, we invited outstanding young talents in Hong Kong to join Yeahka. We provide broad development area for outstanding talents with diverse backgrounds, and help employees grow together with the enterprise.
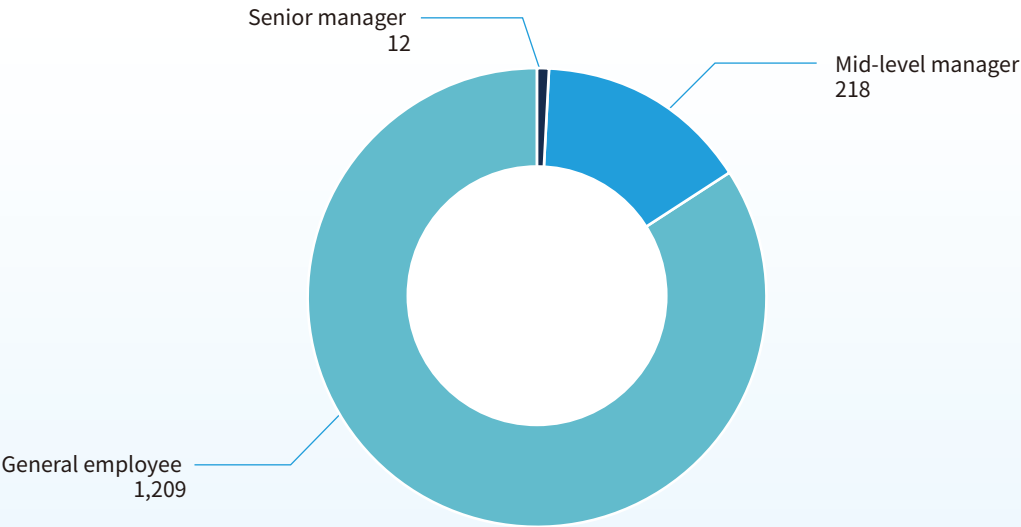
Employee recruitment and promotion

We have formulated and implemented the recruitment management system of Yeahka Group in strict accordance with the relevant laws and regulations. Upholding the recruitment principles of open recruitment, merit-based recruitment and focusing on both political integrity and ability, we seek talents with good morals and excellent professional skills through campus recruitment, online recruitment, talent market recruitment, internal referral and other channels, expecting to grow together with them to achieve breakthrough in their future business career. As for resignation management, we strictly abide by the stipulations and approval procedures for the termination of labor contracts laid down in the employee handbook. We carry out interviews to understand their reasons for resignation, in order to take targeted measures to promote the evaluation and optimization of employee management.
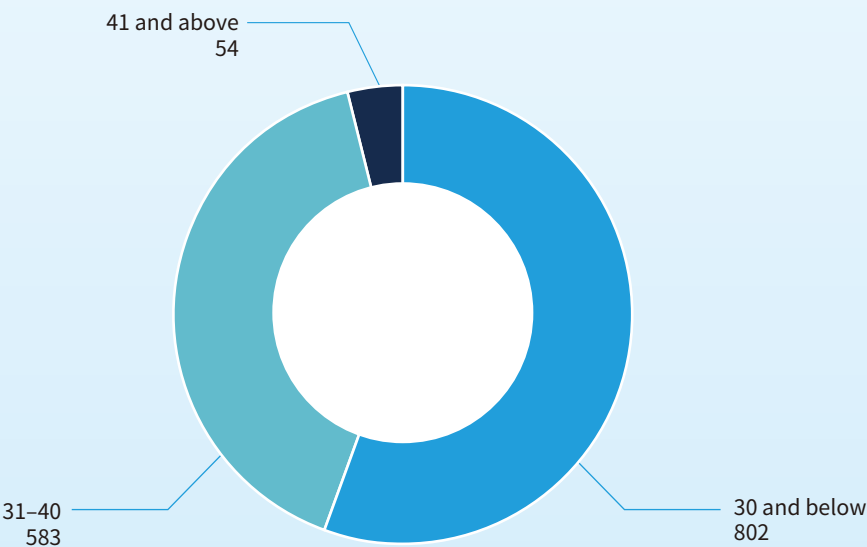
Number of employees by gender (Unit: People)

Female
434

Male
1,005

Number of employees by rank (Unit: People)

Senior manager
12

Mid-level manager
218

General employee
1,209

Number of employees by age group (Unit: People)

41 and above
54

30 and below
802

31–40
583

Campus recruitment

During the Year, taking "acting together with Yeahka to change the world" as the theme of campus recruitment roadshow, we invited senior executives to the scene to conduct in-depth one-to-one communication and exchange with the fresh graduates, and provided a detailed introduction of our corporate culture and industry development trends and other contents, enabling fresh graduates to fully understand the attractiveness of Yeahka.

From September to October 2021, we organized a series of campus recruitment roadshow in Changsha, Wuhan, Xi'an, Nanjing, Harbin and other cities across the country, which were well received by graduates seeking jobs.

NUMBER OF CITIES IN WHICH RECRUITMENT ROADSHOW WAS HELD: MORE THAN

13

NUMBER OF RECRUITMENT ROADSHOWS HELD: MORE THAN

32

NUMBER OF PARTICIPANTS:

2,000+

Social recruitment

NUMBER OF RESUMES RECEIVED DURING THE RECRUITMENT CAMPAIGN:

1,500+

To support the rapid development of new business, we also release recruitment information to the public through online platform, talent market and other channels to meet the Company's demand for technical product research and development personnel. In May 2021, we launched a one-month recruitment campaign, which attracted a lot of attention from applicants and received good responses.
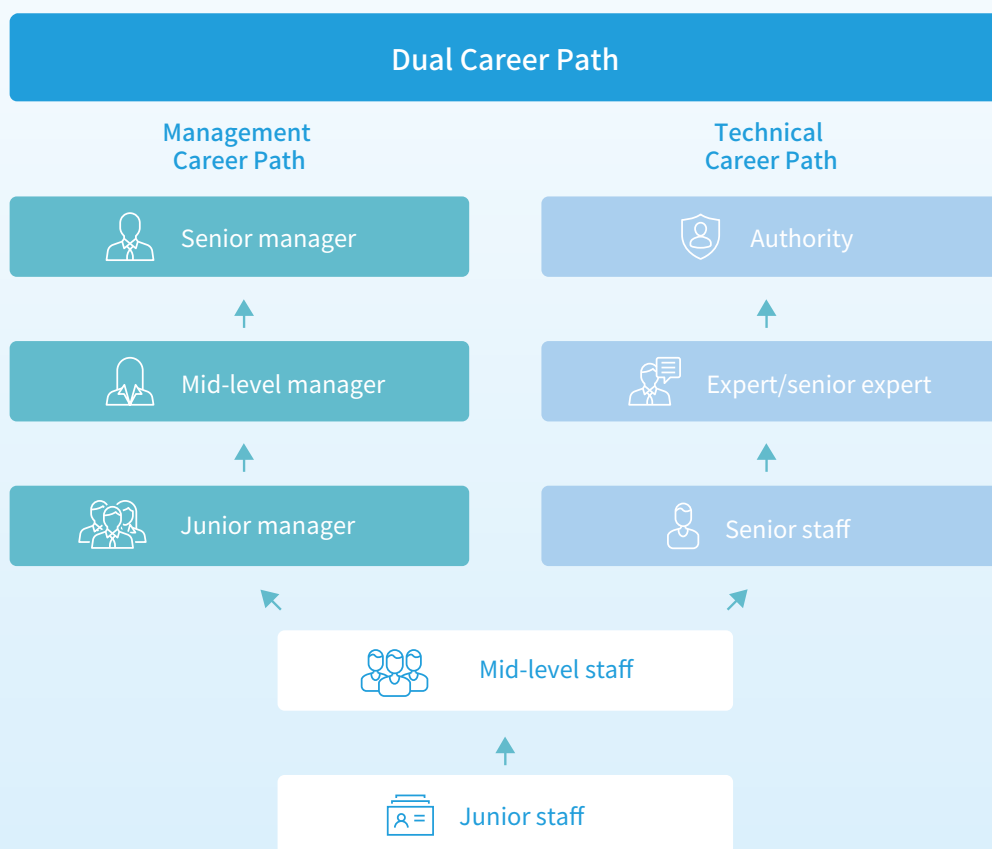
Internal referral

PERCENTAGE OF RECRUITMENTS THROUGH INTERNAL REFERRAL IN TOTAL NUMBER OF HIRES:

15%

To quickly attract talents and further expand the talent pool of the Company, in addition to recruiting through external channels, we also actively encourage employees to recommend candidates through internal referral.

In order to meet the needs of future business development and enterprise talent management, we have created and constantly improved the dual career path system of "management" and "technical". Based on the will of each employee, we are committed to assisting them in finding the career path suitable for their own development, so as to maximize their own advantages and give full play to their strengths.

In addition, we have established a smooth and active internal talent mobility mechanism to further stimulate staff vitality. In addition to a flexible job transfer system, which allows all the qualified employees to apply for a transfer. We have also developed a special promotion mechanism for fresh recruits, allowing those who have made outstanding contributions to the Company to achieve exceptional promotion across different levels, helping the Company to build a sustainable talent pool.

Dual Career Path

Management Career Path

Senior manager	
↑	
Mid-level manager	
↑	
Junior manager	

Technical Career Path

Authority	
↑	
Expert/senior expert	
↑	
Senior staff	

Mid-level staff

↑

Junior staff

Employee compensation and incentives

We uphold the principle of fair and just performance appraisal, follow the principle of equal pay for equal work, and carry out regular performance appraisal for all employees in strict accordance with the regulations to recognize and reward their hard work and excellent performance. In addition, in order to fully motivate employees, we will give rewards to employees and project teams who have made significant contributions to the Company and have outstanding overall performance based on multi-dimensional standards such as the Company's operating conditions, the employee assessment results and the employee's contributions to the Company.

In the Year, we further optimized the compensation and incentive system, implemented a salary adjustment mechanism integrating annual adjustment and quarterly special adjustment, combined the medium and long term incentive with short term incentive and realized immediate incentive to mobilize the subjective initiative of employees. In order to enhance the enthusiasm and creativity of research and development technicians, we have optimized and upgraded the incentive program of "monthly stars" evaluation, and enriched multiple evaluation dimensions, with an aim to encourage all the technical employees to forge ahead and constantly explore their personal potential.

In 2021,

87

employees were selected as "monthly stars"

Star of performance contribution

Star of value guardian

Star of improvement and innovation

We will, based on the employees' contributions in performance, value practice and management improvement, select three kinds of "monthly stars", namely "Star of performance contribution", "Star of value guardian" and "Star of improvement and innovation", and reward the employees who have outstanding performance in one of these aspects.

4.1.2 EMPLOYEE DEVELOPMENT AND TRAINING

Employees have abundant learning resources and broad development space in Yeahka. We actively invest in every step of employees' growth, deeply study the key abilities required by employees at each stage of career development, and develop relevant learning and training courses; carefully build a comprehensive and multi-level talent training system with diversified training modes to support employees to enhance their career competitiveness and systematically promote talent development and management.

New employee fostering

Yeahka Walkthrough

By introducing our products, business development, organizational culture, rules and regulations, employee benefits and other basic information to new employees, we help employees quickly adapt to the working environment and their positions.
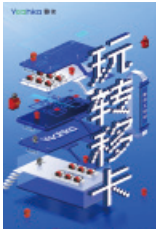
Leader training

To further improve the comprehensive efficiency of basic and middle management, we regularly invite external consultants to provide training on management thinking mode and teach efficient working methods and frameworks to all the managers.

Number of management training courses carried out during the Year:

26

On-the-job improvement

The Company selects internal trainers through internal selection, and regularly provides a variety of professional skills training for all the in-service employees. In addition, each Business Unit will also improve the professional ability of employees, help employees grow, and cultivate top talents in the industry through internal knowledge and experience sharings industry innovation case study courses and other means.

New elite summer training camp

Every new fresh graduate who joins Yeahka is our indispensable future strength. We prepared a 12-day training camp for these graduates, in order to help them better understand our business, adapt to workplace, and integrate into the team smoothly through a series of activities.

▶ Preparation stage	▶ Entry into the summer training camp	▶ During the stay in the camp	▶ Summary and report	▶ Graduation
Join the WeChat group of "Yeahka Freshman" to solve the basic necessities of life	The management introduces the development history of the Company; Excellent employees employed through campus recruitment share the growth experience in Yeahka	Take part in a number of company business lectures as well as weekend outdoor activities to absorb professional knowledge and enhance team cohesion	Meet with tutors and tailor training plans; Hold artistic performances to fully display brilliance	Become a Yeahka family member and embrace the endless possibilities of working life

To further optimize the Company's all-round and multi-level talent training system, we started to develop our internal online training platform, Yeahka School, at the end of 2021, in order to build a more advanced talent training platform. The training platform can not only improve the learning experience and efficiency of employees through streamlining online process, but also realize the storage and accumulation of internal knowledge through online integrated platform. While meeting the needs of the Company's talent team building, Yeahka School has also made comprehensive preparations for the future talent incubation. The first version of Yeahka School is expected to be completed and officially launched in mid-2022.

Average training hours completed per employee by gender

Average training hours completed per male employee

39.4

Average training hours completed per female employee

22.0

Note: Due to the industry attributes and business requirements of the Company, the technical department with a large proportion of male employees received more training during the Year. Therefore, the average training hours of male employees were slightly higher than that of female employees.

Average training hours completed per employee by rank

Average training hours completed per senior manager

52.4

Average training hours completed per middle manager

40.9

Average training hours completed per general employee

32.7

4.1.3 EMPLOYEE HEALTH AND SAFETY

Upholding the basic safety management principles of "people-oriented", "safety first, prevention as the key", we actively carry out safety training, publicity and education for employees to improve their self-protection awareness and protect their health and safety. In the Year, we formulated and continuously improved various emergency plans, implemented daily investigation and regular inspection, and constantly strengthened security control, with an aim to provide a safe and healthy working environment for employees, and ensure that employees can feel at ease and work happily.
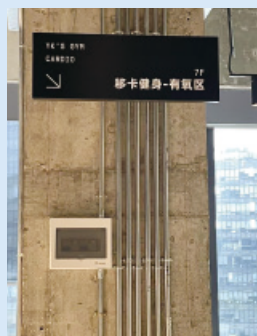
Safe and comfortable working environment

Our office area at a glance

Featuring bare top ceiling and raw pillar design, the office is to provide a spacious and comfortable environment, with a per capita area of up to 11 square meters

A fitness area is set up for employees to safeguard their physical and mental health

A large number of highly transparent glass partitions between rooms to ensure sufficient lighting
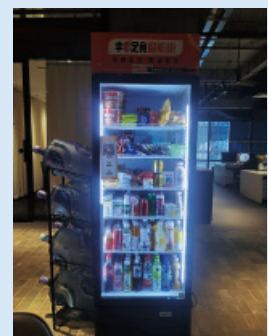
Snack and beverage area

Fire drills

We have formulated and implemented the office fire safety management system in accordance with the Fire Law of the People's Republic of China and other relevant laws and regulations, disseminated fire safety knowledge to employees in a timely manner, and organized regular fire drills, in order to continuously raise employees' fire safety awareness and enhance their ability to respond to emergencies.

**Case study:
Fire emergency drills**

On November 5, 2021, the Company arranged employees from all departments to participate in the fire emergency drill jointly organized by the High-tech Zone Police Station, fire brigade and the property management company of the industrial park. The fire drill included emergency evacuation, emergency procedures and post-fire treatments, promoting the knowledge of fire emergency to employees.

Joining hands to fight COVID-19 pandemic

In 2021, the pandemic prevention situation remained grim. We closely followed the pandemic prevention and control policies of government agencies, and worked together with the property management company serving our office building, so as to ensure that relevant pandemic prevention policies are delivered and understood at once, the pandemic prevention and control system is implemented in time, and the latest pandemic prevention and control measures are timely adjusted and announced. During the Year, none of our employees were infected with COVID-19.

The main measures we have taken for pandemic prevention include but are not limited to:
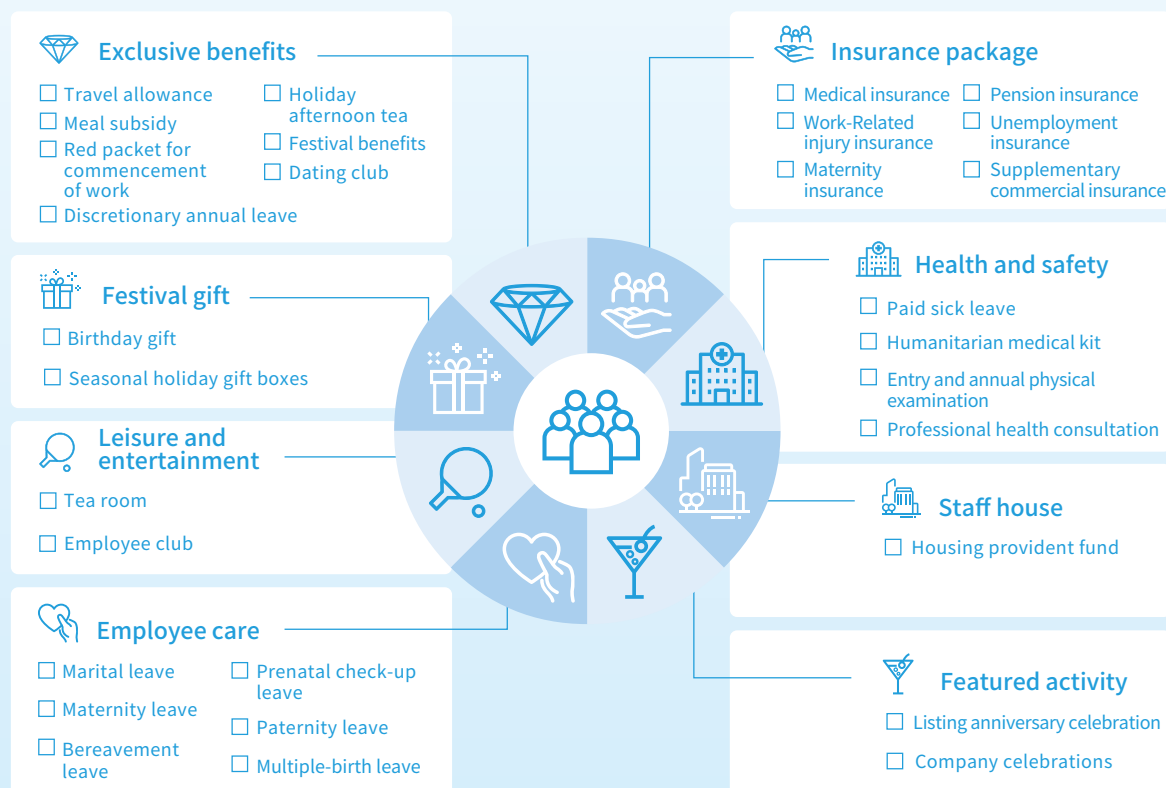
- Ensuring adequate supply of pandemic prevention materials (masks, hand sanitizer, etc.) for employees;

- Verifying the health code, 14-day travel card of all the people in the work area and checking if they have close contacts with any confirmed infected persons; and

- Disinfecting and cleaning the office area regularly, and posting relevant pandemic prevention measures and requirements in obvious areas within the office area.

4.1.4 EMPLOYEE CARE AND COMMUNICATION

Listening and communication are the key approaches for us to promote employee development, improve company culture and enhance experience building . Yeahka pays great attention to the "user experience" of each employee. We carry out employee satisfaction survey annually to collect employees' opinions and suggestions on our administrative services, working environment, safety management and welfare activities, and constantly improve and optimize the related management systems and welfare plans to increase employees' sense of belonging and attract and retain excellent talents for the Company.

Comprehensive employee welfare

Yeahka is committed to providing comprehensive welfare for employees. In addition to paying five insurances and housing fund for employees on time, we provide commercial insurance as a supplement to personal insurance. During the Year, we also arranged physical examination for all the employees, and implemented a number of employee care measures, including afternoon tea during holidays, cash bonus for overtime work, professional psychological consultation, etc., to provide more intimate and diversified benefits.

Exclusive benefits

- ☐ Travel allowance
- ☐ Meal subsidy
- ☐ Red packet for commencement of work
- ☐ Discretionary annual leave
- ☐ Holiday afternoon tea
- ☐ Festival benefits
- ☐ Dating club

Festival gift

- ☐ Birthday gift
- ☐ Seasonal holiday gift boxes

Leisure and entertainment

- ☐ Tea room
- ☐ Employee club

Employee care

- ☐ Marital leave
- ☐ Maternity leave
- ☐ Bereavement leave
- ☐ Prenatal check-up leave
- ☐ Paternity leave
- ☐ Multiple-birth leave

Insurance package

- ☐ Medical insurance
- ☐ Work-Related injury insurance
- ☐ Maternity insurance
- ☐ Pension insurance
- ☐ Unemployment insurance
- ☐ Supplementary commercial insurance

Health and safety

- ☐ Paid sick leave
- ☐ Humanitarian medical kit
- ☐ Entry and annual physical examination
- ☐ Professional health consultation

Staff house

- ☐ Housing provident fund

Featured activity

- ☐ Listing anniversary celebration
- ☐ Company celebrations

In addition, in order to create a good corporate atmosphere and enhance the team cohesion within the Company, we hold birthday parties for employees regularly and distribute holiday benefits. In terms of work and health, we advocate employees to strike a balance between work and rest, support employees to form various interest associations, and provide generous funds for the associations to encourage employees to actively participate in leisure activities and enjoy life. During the Year, under the severe situation of pandemic prevention and control, we actively explored diversified ways of team building, distributed funds for staff activities to each Business Unit, and encouraged each team to organize their own activities.

Case study: Praying for good luck under the moonlight at the Qixi Festival

On August 13, 2021, we held Qixi Festival activities in the resting areas of each office. We prepared snacks and flowers for employees and arranged activities such as drawing wish cards on the spot to promote the interaction and communication among employees.
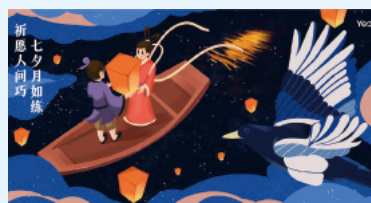
Badminton Association

Singing Association

Swimming Association

Basketball Association

Football Association

Rich corporate culture

As a leading technology company that attaches great importance to building corporate culture, Yeahka advocates the corporate culture and values of "innovation, integrity, enterprise and responsibility". We cherish every hard working employee as the most precious wealth in the inheritance of corporate culture, as well as the best practitioner and witness of corporate culture.

At Yeahka, we advocate the attitude of "easy life", encourage all the employees to improve their professional ability, establish a framework to understand the world and themselves, be confident and accept themselves. In addition, we try our best to create a communication platform full of care and support from employees, hoping that all the Yeahka people can feel supported, valued and motivated while completing their work well.

Link Time, the internal journal of the Company

In 2021, the Company published 4 internal journals to report major news, and share employees' work experience and growth, aiming to convey our corporate culture and employees' aspirations.

- *We Moved Together with Yeahka:* Key events of Yeahka in 2020 and annual reflections of employees
- *We March Towards the Oceans of Stars Together with Yeahka:* Onboarding summary of employees hired through campus recruitment
- *Create for the Truth, Think Carefully, Act Steadfastly:* Company mission statement and employee growth story sharing
- *Forge Ahead Unswervingly to a Bright Future:* The tenth anniversary and review of the Company

Yeahka • People

To help employees better understand our corporate culture, during the Year, we set up a special column of "Yeahka People", inviting one employee to "show up" and share his or her growth story in Yeahka for each journal.

The column aims to further deepen the connection between employees and create a relaxed and open corporate atmosphere by bringing out the best in those around them.

At Yeahka, we never stop our steps.

Our business users have increased dramatically in the past two years. When you have something to do and a new problem to solve, you'll be able to keep thinking and improving.
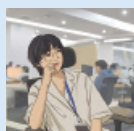
— Nick from the fintech business unit

At Yeahka, we grow from small to infinite.

At Yeahka, there are skilled people from all over the world, and there are perfect mechanisms to help you grow. You'll be a outstanding person, an expert or a leader.

— Sunyn from the technology center

At Yeahka, we grow carefreely.

Work brings me a great sense of accomplishment. You can't help but feel the excitement and momentum when seeing the products that you've developed bring customers better experience and the users grow by several times a year.

— Haki from the fintech business unit

4.2
ESTABLISH ORDER AND BUILD RESPONSIBLE SUPPLY CHAIN TOGETHER

Excellent business partners are necessary for us to provide high quality products and services. The Company is committed to building long-term and stable strategic relationships with its partners through standardized management and expanding opportunities for cooperation, and creating sustainable social value together by focusing on their social responsibility performance in operation.

4.2.1 SUPPLY CHAIN MANAGEMENT

We have formulated and implemented the procurement management system of Yeahka in strict accordance with laws and regulations, and regulated the evaluation process during supplier admittance in accordance with the principles of fairness, justice and transparency, so as to ensure procurement quality and improve delivery efficiency. To standardize procurement transactions, the procurement department will conduct supplier sourcing in the market and carry out standardized verification on suppliers according to their basic information. Before admitting the suppliers, we will conduct background checks (qualification checks, field visits, etc.) on the suppliers to understand their qualifications and service capabilities. If the target supplier meets our procurement requirements after a strict approval process, we will include it in the qualified supplier list.

During the cooperation, we will maintain effective communication and exchanges with suppliers through online and offline meetings. We will create tailored training and coaching programs for the suppliers based on the business needs of the Company and the professional and technical capabilities of suppliers, so as to achieve common growth with our partners.

4.2.2 FOCUS ON SUPPLY CHAIN ENVIRONMENTAL AND SOCIAL RISKS

The suppliers of the Company mainly provide data and professional technical services for Yeahka. When recruiting the suppliers, we require them to strictly abide by the Criminal Law of the People's Republic of China, the Opinions on Issues concerning the Application of Law in the Handling of Criminal Cases of Commercial Briberies and other relevant laws and regulations on commercial bribery, and include the integrity clauses in the contracts with the suppliers. For the suppliers whose contract amount is more than RMB200,000, we will specially sign the Letter of Commitment for Anti-commercial Bribery with them and promise to resist all forms of commercial bribery to ensure compliance of cooperation (the signing rate reached 100%). As of the end of 2021, the major suppliers of Yeahka have signed the agreement and promised to strictly abide by all the terms of the agreement.

In addition, for the suppliers of office printing and fixed assets, we will deeply promote the knowledge of environmental protection, and actively practice environmental protection procurement, such as choosing office supplies and furniture with high-grade environment-friendly material, and purchasing refrigerators with low energy consumption. We pay constant attention to the suppliers' performance in environment, employment, safety and anti-corruption, and encourage the suppliers to actively undertake their social responsibilities.

CHAPTER V EMPOWER SOCIAL COLLABORATION AND INTEGRATION WITH TECHNOLOGY

Yeahka always regards social responsibility as part of corporate responsibility. Relying on our product innovation and technological advantages, we improve the "Internet + public welfare" service system, use digital technology to support charity, and create more value for the society.

Key Points of the Chapter:

Philanthropy and Social Service

The United Nations Sustainable Development Goals (SDGs) Responded by this Chapter:

5.1   BUSINESS FOR GOOD TO CREATE A BETTER LIFE TOGETHER

CHAPTER V
EMPOWER SOCIAL COLLABORATION AND INTEGRATION WITH TECHNOLOGY

5.1
BUSINESS FOR GOOD TO CREATE A BETTER LIFE TOGETHER

In the era of booming digital economy, philanthropy is in urgent need of innovative impetus. By making full use of its own resources, and giving full play to its technical advantages, Yeahka has gradually improved the "Internet + public welfare" service system to help merchants realize digital upgrade, and worked with internal and external stakeholders to create a new model to improve public welfare. We use technology to support charity, and gather strength by encouraging our employees to devote themselves to social welfare. We use science and technology to deliver warmth, promote and build a harmonious community and actively fulfill our responsibilities.

5.1.1 TECHNOLOGY FOR GOOD

Yeahka believes that digital technology will bring more value to society when life is inseparable from the Internet. In an active response to the development trend of digital economy, we have built a public welfare model with the characteristics of Yeahka business based on our own products, empowering public welfare with science and technology.

"Small Store Power" program

During the pandemic in 2020, Yeahka launched the "Small Store Power" public welfare program to support small, medium and micro merchants from various dimensions, such as capital loans, business training, and digital services, to promote the recovery of stall business. The "Small Store Power" program continued in 2021. So far, Yeahka has cooperated with banks and other third-party institutions to provide a total of RMB22 million of financial support to small, medium and micro businesses, including fee reduction, preferential bank subsidies, pandemic insurance and loan support, so as to ease the cash flow pressure of merchants. In addition, we help small and medium-sized merchants cultivate digital talents and improve the digital marketing ability of store owners by launching free live marketing courses. Moreover, by fully exerting our advantages, we provide payment and transaction services for merchants and consumers, and assist small, medium and micro merchants in realizing digital upgrading and promote the further development of digital economy.

Beautiful Shenzhen · WeChat Pay for Charitable Meal Program

In 2021, taking advantage of its digital resources, Yeahka actively participated in the WeChat Pay for Charitable Meal Program jointly initiated by Shenzhen Municipal Bureau of Urban Management and Comprehensive Law Enforcement, Beautiful Shenzhen Public Welfare Foundation, Tencent Public Welfare and WeChat Pay, which aims to provide subsidies to more than 60,000 sanitation workers in Shenzhen, so that they can enjoy a charitable meal at RMB0.01 a week in nearly 1,000 stores across the city. Leshua Technology, the payment brand of Yeahka, participated in the charity activity of "Donating RMB1 for a Charitable Meal" under the WeChat Pay for Charitable Meal Program, with the mobile payment business as the entry point and SHOUYINTONG as the platform, encouraged more restaurants and consumers to use SHOUYINTONG. Every RMB1 donated can provide sanitation workers with a charitable meal and therefore make a contribution to public welfare.

Extending digital services to support rural revitalization

Under the tide of the digital era, Yeahka actively responds to the national call to implement the rural revitalization strategy and promote common prosperity, and focuses on rural residents. In 2021, Yeahka officially signed a strategic cooperation agreement with Ganzhou Rural Revitalization Bureau of Jiangxi province. Based on the agreement, Yeahka will provide digital marketing and operation services for local merchants and farmers through its products, in order to ensure that more rural merchants, farmers and residents with low digital degree can enjoy the development bonus of digital economy.

Yeahka JUHUISAOSAO carried out strategic cooperation on green food with Rural Revitalization Bureau of Shicheng County, Ganzhou City

In November 2021, JUHUISAOSAO, a brand of Yeahka, cooperated with the Rural Revitalization Bureau of Shicheng County, Ganzhou City, to help the publicity and promotion of navel orange products in South Ganzhou when navel oranges were harvested. Based on preliminary investigation, we positioned the target customer of navel orange family pack and gift box pack as the family consumer group and people who usually give gifts to others. Using the Yeahka payment platform, we placed precise product advertisements on the payment completion page for the target customers. During the sales promotion period, the favorable rate of navel orange products in South Ganzhou reached 99.55%, the re-purchase rate reached nearly 40%, and the overall sales volume exceeded 4 tons.

Starting from the promotion of navel orange products in South Ganzhou, we will gradually promote the cooperation project with Ganzhou Rural Revitalization Bureau. In terms of digital operation, the payment products and SaaS products of Yeahka can help local merchants and farmers open digital sales channels and improve operation efficiency. In terms of digital marketing, Yeahka can give full play to the efficient customer development and motivation function of marketing platform through precision means, to attract more consumers to buy local green agricultural products and make business easier.

In the future, Yeahka will deepen and expand its strategic cooperation with Ganzhou Rural Revitalization Bureau to jointly establish a benchmark for rural revitalization.

5.1.2 CHARITY

Upholding the public welfare concept of "Helping others, conveying kindness", Yeahka starts from taking actions, and calls on all the employees to participate in public welfare and charity work. We have pooled resources to carry out assistance activities, support community construction and bring warmth to society.

"Leshanxing" program

Since 2017, Yeahka has been carrying out the "Leshanxing" program, which has benefited more than 2,000 people. On April 1, 2021, "Leshanxing" was launched again on the World Autism Awareness Day. On the premise of ensuring safety and pandemic prevention and control, Yeahka team visited the Center of Caring for Children with Special Needs in Nanshan District of Shenzhen to have in-depth communication with teachers and learn about the children's learning and classroom life, so as to provide more direct and effective help in the future. In addition, we donated a batch of laptops to the Center, enabling the teachers to provide courses for the children who could not go to the Center for treatment due to special reasons at their homes, as well as disinfection supplies for daily pandemic prevention and control at the Center.

In the future, we will continue to pay attention to and visit the children in the Center on a regular basis, and bring care and warmth to special groups bit by bit. The "Leshanxing" program will be further upgraded, and more diversified public welfare activities will be carried out, so as to ensure that public welfare will be deeply rooted in the hearts of Yeahka people and passed on from generation to generation.

Charity donation on Thanksgiving Day

Employees are also important participants of charity activities. On the Thanksgiving Day of 2021, Yeahka launched a charity activity to donate money to vulnerable groups such as elderlies living alone, special children and poor students. The participating employees can scan the QR code to make a donation and receive a thank you card with the donation voucher. More than 200 people participated in this activity, and all the proceeds raised will be used for the "Leshanxing" program.

5.1.3 ANTI-PANDEMIC ASSISTANCE

COVID-19 pandemic is a challenge faced by everyone worldwide. In the new stage of regular pandemic prevention and control in China, Yeahka actively responded to the latest pandemic prevention and control policies. On the premise of protecting the health and safety of the employees, we made our best efforts to assist the frontline "battlefield" of pandemic prevention and control, demonstrating our responsibility as a technology enterprise.

Supporting essential supplies in Shanghai

In April 2022, amidst the severe pandemic prevention and control in Shanghai, the pressure on supply system increased in the areas on lockdown. Yeahka responded quickly and focused on the essential needs of residents. We changed the original in-store sales model by making use of our multiple channels and rich experience in community group buying, and developed dozens of home delivery packages including vegetables, meat, fruits, semi-finished products, grain and oil, etc. together with the suppliers. We made our best efforts to ensure the timely delivery of hygienic and fresh goods to the residents and received unanimous praise and recognition.

Collaboration between Shenzhen and Hong Kong to fight the pandemic

In early 2022, a number of COVID-19 infections were confirmed in many places in Hong Kong, and the fifth wave of the pandemic was breaking out. Yeahka paid close attention to the pandemic situation in Hong Kong and donated 60,000 boxes of COVID-19 antigen testing kits to support Hong Kong's fight against COVID-19 in March 2022. With an aim to support Hong Kong's fight against the pandemic, the pandemic prevention materials will be donated to Po Leung Kuk and distributed to the elderly and the disabled through its elderly service institution and rehabilitation service institution to help them monitor their physical conditions.

Donation of anti-pandemic supplies in Guangdong Province

Fighting against the pandemic is everyone's responsibility. In June 2021, Yeahka donated a batch of pandemic prevention and heat prevention supplies to Yuexiu District, Guangzhou, including 70,000 medical masks, 390 protective masks, 100 protective suits, disinfectant, raincoats, drinks and others. Leaders of Yuexiu District Civil Financial Street Management Committee, Financial Bureau, and People's Street Office participated in the donation.

In July of the same year, Yeahka donated pandemic prevention and heat prevention materials to eight communities in Shenzhen, including Yuehai Subdistrict and Shahe Subdistrict, Nanshan District, expressing our sincere solicitude to the frontline pandemic prevention workers.

The plan for the establishment of Yeahka Public Welfare Foundation

To further develop the public welfare cause of Yeahka, we plan to establish a public welfare foundation in Guangzhou, and carry out public welfare activities with Yeahka characteristics in accordance with the vision of the Company, so as to fulfill our corporate social responsibility and better solve social problems. By far, the plan for the establishment of Yeahka Public Welfare Foundation is in smooth progress. In the next stage, the Company will arrange field research for the designated public welfare projects in Guangzhou, so as to better understand different public welfare modes and optimize the public welfare product planning of Yeahka. After the foundation is established, the Company will enhance the exchanges and cooperation with social public welfare institutions or organizations, build a public welfare system with "public welfare + finance + science and technology" as the core, drive public welfare innovation with product innovation, so as to create more social value, and jointly build a more balanced, friendly and sustainable society.

CHAPTER VI PROTECT THE ECOLOGICAL ENVIRONMENT WITH TECHNOLOGY

Upholding the concept of sustainable development, Yeahka continuously pays close attention to the trend of climate change, and actively responds to the risks and opportunities related to climate change. At the same time, we actively implement green operation practices, so as to reduce the negative impact on the environment, and jointly protect the green home.

Key Points of the Chapter:
Energy Conservation and Reduction
Addressing Climate Change
Greenhouse Gas Emission and Management
Waste Management

The United Nations Sustainable Development Goals (SDGs) Responded by this Chapter:

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6.1   ENVIRONMENTAL PROTECTION AND CARBON REDUCTION TO COMBAT CLIMATE CHANGE

/85
6.2   GREEN OPERATION TO OPTIMIZE ENVIRONMENTAL MANAGEMENT

CHAPTER VI
PROTECT THE ECOLOGICAL ENVIRONMENT WITH TECHNOLOGY

6.1
ENVIRONMENTAL PROTECTION AND CARBON REDUCTION TO COMBAT CLIMATE CHANGE

It has become a global trend to actively tackle climate change. Yeahka is fully aware of the impact and risks of climate change on corporate operations, and has always placed climate change response in an important position in the development of the Company. We take active actions to continuously monitor climate change trends, identify risks and opportunities related to climate change, and formulate strategies to reduce its negative impact on our business. In addition, we seize climate change-related opportunities in a timely manner to promote the sustainable development of the Company's business.

6.1.1 GOVERNANCE

We manage climate change issues by establishing the ESG governance structure and management procedures. With the assistance of the ESG Working Group, the board of directors and senior management continuously review the risks and opportunities of climate change, and supervise the implementation and management of energy conservation, emission reduction, green office and other climate-related work. In the course of daily operation, the functional departments are responsible for the identification and management of climate change risks, so as to timely grasp climate change-related opportunities, and create multiple opportunities for the sustainable development of the Company.

6.1.2 CLIMATE CHANGE RISK AND RESPONSE

The Company actively examines the trend of climate change, and pays constant attention to the impact of climate change on its short-term and long-term operations. We have sorted out and identified the climate change risks and opportunities associated with the Company. Based on internal data and industry-related research and index rating elements, we determined the importance of climate change risks and opportunities through questionnaires, and developed the action plans to strengthen the effective management of climate change-related risks and impacts. The Company's climate change risks are mainly divided into physical risks and transition risks. Physical risks refer to the relevant risks that have impact on physical assets, including acute risks and chronic risks, and transition risks refer to the risks related to the low-carbon transformation process of enterprises.

In terms of physical risks, the acute extreme weather events caused by climate change, such as frequent rainstorms and typhoons, will cause power outage or equipment damage in the equipment room and lead to power interruption, which will affect the continuity of the Company's business operations and put forward higher requirements for our operation and maintenance system. The chronic risks, such as persistent high temperatures, will increase energy consumption for data center operations, which will in turn increase operating costs. In order to reduce the impact of physical risks, we actively consider the possible impact of climate change when locating data centers, and develop emergency measures for acute climate events, so as to reduce asset losses and the negative impact on the Company's operations caused by climate change. In addition, we will actively explore the use of green electricity and other clean energy, and give priority to energy-saving and environmental protection devices to reduce energy consumption and greenhouse gas emissions.

In terms of transition risks, the trend of low-carbon economy requires companies to effectively manage their carbon emissions. In case of poor management, the Company's brand image will be damaged, resulting in customer loss and other negative consequences. In order to effectively control the impact of transition risks, we actively explore the ways of research and promotion of green and clean technologies, and strive to provide low-carbon products and services relying on our technological advantages.

6.1.3 CLIMATE CHANGE OPPORTUNITIES

While climate change brings many risks, we believe that taking the lead in mitigating or adapting to climate change will also bring multiple opportunities for business development.

In order to cope with climate change and fulfill the national commitment of "Carbon Peak and Carbon Neutrality", we actively promote the process of energy conservation and emission reduction, and promote the construction of green data centers. We believe that the use of low-power equipment and private cloud technologies will help us reduce operating costs and enhance resilience to climate change impacts. In addition, we provide a wide range of products and services to assist merchants in completing their digital transformation, following the trend of low-carbon transformation, and achieving the goal of energy conservation and emission reduction.

Case study: Building green data center

Improving energy efficiency: We invested millions of yuan to gradually replace the data room of high energy consumption with that of low energy consumption, reduce the energy consumption of IT equipment and other equipment, reduce the PUE value to 1.56, and greatly reduce the carbon emission energy consumption per unit output. The green data room makes full use of the natural source for cooling. The inverter controlled chilled water pump and cooling tower help the cooling source system save energy in the whole process. In addition, the data room adopts the "intelligent cooling" equipment which dynamically adjusts the water temperature of the freezing station, so as to achieve the purpose of energy saving through centralized management, optimized control and automatic adjustment.

Improving equipment utilization rate: We constantly promote the construction of Yeahka private clouds, and use self-developed private cloud technology to improve the utilization rate of each host device and fully improve production efficiency. At present, Yeahka has built the Longgang private cloud composed of 10 machine tools and 5 storage host devices, covering all business lines, and plans to build Guanlan private cloud as a backup node for primary businesses. With the construction of Yeahka private cloud, it is expected to reduce the number of physical equipment by about 30%, saving up to 798 MWH of electricity per year.

Based on the needs of merchants and consumers, and taking payment as the contact point, we constantly introduce diversified solutions for merchants to promote the use of intelligent technology in their daily operation and management, so as to reduce the consumption of natural resources while improving operation efficiency and business scale. In addition, based on our own technical advantages, we have integrated environmental protection elements into our products and launched environmental protection mini games, which not only attract customers, but also achieves the purpose of spreading green ideas.

Case study: Environmental protection mini game to help promote the concept of environmental protection

We launched a small game named "Magic Board". In the game, there is a question and answer session on environmental protection knowledge, so that players can understand the latest environmental protection information when playing games. It is designed as an edutainment to call on and encourage players to participate in environmental protection action.

6.2
GREEN OPERATION TO OPTIMIZE ENVIRONMENTAL MANAGEMENT

Yeahka always upholds the green development concept of protecting the environment and being resource friendly. In strict accordance with the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other relevant laws and regulations, we adopt various forms of green environmental protection measures to constantly improve employees' awareness of environmental protection, and fulfill the environmental responsibility of the Company. During the Year, the Company did not have any material violations related to environmental management.

6.2.1 CONSERVE RESOURCES AND REDUCE EMISSIONS

We are committed to incorporating the concept of environmental protection, energy saving and consumption reduction into the operation of the Company, and actively implement a variety of energy saving, water saving and emission reduction measures. In addition, in order to help employees implement environmental protection actions in the workplace, we have formulated the "Green Office Manual" in 2021, which defines the green office plan and measures related to the use of office equipment, water, electricity, lighting and so on, and extends the concept of green office to various business such as meetings and travel, with an aim to encourage employees to make good use of resources and save energy, and encourage every Yeahka people to take up their environmental responsibilities.

During the Year, our resource consumption mainly included power consumption, water consumption, printing paper in the office and fuel consumption of official vehicles. Amongst them, office power consumption was provided by regional power grid, and water was from municipal water supply network. Our primary business does not involve the use of any packaging materials. With the purpose of ensuring low power consumption and sustainable development, we give priority to energy-saving and water-saving equipment, strengthen the management of official vehicles, actively explore the use of green energy, improve the utilization efficiency of energy and water, and reduce greenhouse gas and exhaust gas emissions, in order to reduce the impact of our business on the environment.

Energy conservation

Electricity
saving signs

- The office area uses a large number of highly transparent glass as partition of rooms, such as meeting room, so as to increase natural lighting and reduce the use of light.

- Priority is given to energy-saving and environment-friendly servers, lamps and other electrical appliances and equipment to help achieve energy saving goals.

- Energy management is enhanced, and energy saving signs are posted to remind employees to turn off power in time to avoid waste of electricity.

- The office computers, copiers, and printers are set to enter low-power sleep mode automatically to reduce standby power consumption.

Water conservation

- Water-saving signs are posted near water sources such as and toilets to continuously enhance water-saving awareness to employees.

- Faulty faucet will be repaired in time to avoid waste of water.

Emission reduction

- We advocate green travel and encourage the employees to commute by public transport or cycling.

- Private use of official vehicles is strictly prohibited. Moreover, we strengthen the management of official vehicles and control gasoline consumption to help save energy and reduce emissions.

The emissions involved in our businesses mainly include greenhouse gases, air pollutants and sewage. Greenhouse gases and air pollutants mainly come from the consumption of outsourced electricity and the exhaust from official vehicles. We do not generate direct sewage discharge. The office sewage is discharged into the municipal sewage pipe network for disposal.

Case study: Yeahka protects approximately 50,000 trees a year

Yeahka is committed to bringing better digital services to merchants and consumers. Through merchant digitalized upgrading, we save 3,013 tons of paper and protect 50,224 trees around the world each year.

6.2.2 WASTE MANAGEMENT

Paper saving signs

We attach great importance to waste management and have developed specific treatment procedures for different types of waste. During the Year, our waste mainly included the waste paper, waste cartons and other daily office waste generated in the office area.

The waste cartons, waste paper cans, waste paper and other wastes were collected and stored by the cleaning staff before being delivered to the waste recyclers for disposal. Discarded equipment, equipment, material scraps and other articles were collected by the property management company. The construction waste was cleared and transported by the construction contractor, and other waste, such as the discarded equipment, was disposed of by the waste recyclers. The living and kitchen waste generated by the staff during work and dining was collected by the cleaning staff every day and sent to the fixed collection area of the property management company for unified treatment. The hazardous waste generated by the Company mainly include obsolete batteries, used toner cartridges, etc. The obsolete batteries were collected by the front desk staff of the Company and delivered to the property management company for unified treatment by a qualified third party. The used toner cartridges were replaced and collected by the printer supplier.

For the target of waste reduction, we proactively follow the national requirements for waste sorting, adhere to the waste treatment principles of reduction, recycling and harmlessness, and increase the awareness among employees. The specific measures include but are not limited to:

- Paper: We actively promoted paperless office, posted propaganda signs of saving paper, advocated the recycling of paper;

- Battery: We advocated the recycling of obsolete batteries, and encouraged employees to give priority to DC electricity when conditions allow, so as to reduce the use of batteries;

- Disposable goods: We encouraged employees to bring their own personal items, such as cups and tableware, and reduce the use of disposable cups and chopsticks, so as to save resources and reduce waste.

APPENDIX I
TABLE OF 2021 ESG KEY PERFORMANCE DATA

ENVIRONMENTAL SUBJECT AREA

KPIs		UNIT	2021
Emissions	SO_2 emissions	kg	0.23
	NO_x emissions	kg	67.86
	PM emissions	kg	6.49
GHG emissions	GHG emissions (Scope 1)	tCO_2e	41.68
	GHG emissions (Scope 2)	tCO_2e	663.85
	Total GHG emissions	tCO_2e	705.53
	GHG emission intensity	tCO_2e/revenue RMB million	0.23
Hazardous wastes	Total hazardous wastes	tonnes	0.04
	Intensity of hazardous wastes	tonnes/revenue RMB million	0.00001
Non-hazardous wastes	Total non-hazardous wastes	tonnes	92.60
	Intensity of non-hazardous wastes	tonnes/revenue RMB million	0.03
Energy consumption	Total energy consumption	mWh	961.39
	Direct energy consumption	mWh	135.91
	Indirect energy consumption	mWh	825.48
	Energy consumption intensity	mWh/revenue RMB million	0.31
	Total electricity consumption	mWh	825.48
	Gasoline consumption	Litres	15,669.00
Water consumption	Water consumption	m^3	8,341.62
	Water consumption intensity	m^3/revenue RMB million	2.73

NOTES ON ENVIRONMENTAL DATA AND FACTORS

1. The scope of data collection covers the Company's three office premises in Shenzhen; and the time span is from January 1, 2021 to December 31, 2021.

2. The types of energy consumed by the Company include fuel for official vehicles and purchased electricity, with the data source from the payment bills of related expenses and the administrative ledgers; for the energy consumption factors, please refer to the conversion factors provided by the International Energy Agency and GB/T2589-2008 General Principles for Calculation of the Comprehensive Energy Consumption.

3. The water supply of the Company comes from the municipal water supply network, and there is no problem in obtaining appropriate water source, with the data sources from financial records and administrative ledgers.

SOCIAL SUBJECT AREA

KPIs		2021	
Total workforce by gender, employment type, age group and geographical region			
		Number of employees (People)	Percentage (%)
By gender	Male	1,005	69.84
	Female	434	30.16
By employment type	Full-time	1,439	100.00
By age group	Below 30	802	55.73
	Aged 31–40	583	40.52
	Aged 41–50	54	3.75
	Above 50	0	0.00
By geographical region	Mainland China	1,435	99.72
	Overseas, Hong Kong, Macao and Taiwan	4	0.28
Total workforce		1,439	
Employee turnover rate by gender, age group and geographical region			
			Turnover rate (%)
By gender	Male		24.38
	Female		27.79
By age group	Below 30		27.02
	Aged 31–40		22.99
	Above 41		27.03
By geographical region	Mainland China		25.42
	Overseas, Hong Kong, Macao and Taiwan		33.33

KPIs	2021	
Health and Safety		
Number of work-related fatalities*	0	
Lost days due to work injury	0	
Percentage of employees trained and average training hours completed per employee by gender and employee category		
	Percentage of employees trained	Average Training hours Completed per employee
By gender	Male	81.49%	39.36
	Female	78.34%	21.98
By rank	Senior management	100.00%	52.42
	Middle management	80.73%	40.86
	General employees	79.07%	32.72
Number of Suppliers		
Number of suppliers	Number of suppliers signed the Letter of Commitment for Anti-commercial Bribery	59
	Number of suppliers who have implemented relevant policies (especially environmental protection and social policies)	11
Customer Service Data		
Number of customer complaints (Cases)	100,778	
Number of follow-up visits (Cases)	77,982	

*   The number of work-related fatalities in 2019 and 2020 is 0

APPENDIX II
ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORTING GUIDE INDEX

ESG INDICATORS		DISCLOSURE	CORRESPONDING CHAPTER
A1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	6.2 Green Operation to Optimize Environmental Management
A1.1	The types of emissions and respective emissions data.	Disclosed	Appendix I
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	6.2 Green Operation to Optimize Environmental Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	6.2 Green Operation to Optimize Environmental Management
A2 General Disclosure	Policies on the efficient use of resources, (including energy, water and other raw materials).	Disclosed	6.2 Green Operation to Optimize Environmental Management
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I

ESG INDICATORS		DISCLOSURE	CORRESPONDING CHAPTER
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	6.2 Green Operation to Optimize Environmental Management
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	6.2 Green Operation to Optimize Environmental Management
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable. Our primary businesses do not involve the use of packaging materials.	— —
A3 General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosed	6.2 Green Operation to Optimize Environmental Management
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	6.2 Green Operation to Optimize Environmental Management
A4 General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Disclosed	6.1 Environmental Protection and Carbon Reduction to Combat Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	6.1 Environmental Protection and Carbon Reduction to Combat Climate Change

ESG INDICATORS		DISCLOSURE	CORRESPONDING CHAPTER
B1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	4.1 Paving the Way to Excellent Talents Based on People-Focused Principle
B1.1	Total workforce by gender, employment type, age group and geographical region.	Disclosed	Appendix I
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Appendix I
B2 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	4.1 Paving the Way to Excellent Talents Based on People-Focused Principle
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Disclosed	Appendix I
B2.2	Lost days due to work injury.	Disclosed	Appendix I
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	4.1 Paving the Way to Excellent Talents Based on People-Focused Principle
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	4.1 Paving the Way to Excellent Talents Based on People-Focused Principle
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Appendix I

ESG INDICATORS		DISCLOSURE	CORRESPONDING CHAPTER
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Appendix I
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	4.1 Paving the Way to Excellent Talents Based on People-Focused Principle
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	4.1 Paving the Way to Excellent Talents Based on People-Focused Principle
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	4.1 Paving the Way to Excellent Talents Based on People-Focused Principle
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	4.2 Establish Order and Build Responsible Supply Chain Together
B5.1	Number of suppliers by geographical region.	According to the actual needs of current business management, we have not yet conducted supplier statistics in this aspect.	——
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Disclosed	4.2 Establish Order and Build Responsible Supply Chain Together
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	4.2 Establish Order and Build Responsible Supply Chain Together

ESG INDICATORS		DISCLOSURE	CORRESPONDING CHAPTER
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	4.2 Establish Order and Build Responsible Supply Chain Together
B6 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	3.1 Research and Development on Superior Products by Putting Emphasis on Innovation 3.2 Quick Response to Improve Service Efficiency 3.3 Strengthen Data Security
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable. Our core business does not involve safety and health risks.	— —
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	Appendix I
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	3.1 Research and Development on Superior Products by Putting Emphasis on Innovation
B6.4	Description of quality assurance process and recall procedures.	Disclosed	3.1 Research and Development on Superior Products by Putting Emphasis on Innovation
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	3.3 Strengthen Data Security
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	2.3 Corporate Governance

ESG INDICATORS		DISCLOSURE	CORRESPONDING CHAPTER
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	2.3 Corporate Governance
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	2.3 Corporate Governance
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	2.3 Corporate Governance
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	5.1 Business for good to create a better life together
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	5.1 Business for good to create a better life together
B8.2	Resources contributed (e.g. money or time) to the focus areas.	Disclosed	5.1 Business for good to create a better life together