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Yeahka 移卡

YEAHKA LIMITED

移卡有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9923)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

The board (the “**Board**”) of directors (the “**Directors**”) of YEAHKA LIMITED (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2022 (the “**Reporting Period**”) together with the comparative figures for the year ended December 31, 2021.

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

BUSINESS REVIEW AND OUTLOOK

Business Highlights

- **Merchant base and scale of one-stop payment services continue to grow despite the impact of the Pandemic:**
 - Total gross payment volume (“GPV”) of one-stop payment services increased by **5.1%** year-on-year to reach **RMB2,231.6 billion**, out of which **69.9%** was app-based payment services, an increase of **9.4** percentage points from 2021;
 - Number of active payment services merchants¹ increased by **11.4%** year-on-year to **8.1** million;
 - Fee rate increased to **12.3 basis points (bps)** in 2022 from 10.7bps in 2021, and trending upward (first half of 2022: 12.0bps; second half of 2022: 12.7bps);
 - The peak daily count of app-based payment transactions exceeded **50 million**;
 - Number of independent sales agents in our nationwide channel network reached nearly **18,000**, showing a further diversification of our channel network.
- **In-store e-commerce services grow rapidly and achieve significant results:**
 - Total gross merchandise value (“GMV”) of in-store e-commerce services exceeded **RMB3.3 billion**, up **733.1%** year-on-year;
 - Number of orders reached nearly **37 million**, up **305.0%** year-on-year;
 - Stock keep units (SKU) reached over **400,000**, up **154.5%** year-on-year.

About Yeahka

Yeahka is a leading payment-based technology platform dedicated to creating value for merchants and consumers. Our goal is to build an independent and scalable commercial digitalized ecosystem to enable seamless, convenient, and reliable payment services to merchants and consumers, and to further expand into serving merchants and consumers with our diversified product portfolio, which now includes (i) in-store e-commerce services, providing consumers with local lifestyle services of great value, and (ii) merchant solutions, enabling merchants to better manage and drive business growth.

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

Strategic Progress and Outlook

Our strategic positioning and the strong synergy among our three lines of business ensured healthy growth and strong financial results despite the impact of the COVID-19 pandemic (the “**Pandemic**”) and the uncertainty of the global economy. Notably, offline commercial activities, which our businesses are dependent on, experienced high turbulence. Nevertheless, we continued to expand our offline payment across China, bolstering our market penetration to more than 300 cities. Building on this core payment business, we provided small and medium merchants and their consumers with additional value-added services by monetizing our commercial digitalized ecosystem, which comprises of one-stop payment, in-store e-commerce, and merchant solutions.

The following table sets forth the comparative figures for the year ended December 31, 2022, and December 31, 2021, respectively, demonstrating our strong ability to effectively scale up, optimize operating efficiency, and our resilience to economic uncertainty.

	For the year ended		Change
	December 31,		
	2022	2021	(%)
	RMB'000	RMB'000	
Revenue	3,418,035	3,058,632	11.8
– One-stop payment services	2,754,252	2,268,266	21.4
– App-based payment services	2,162,111	1,573,066	37.4
– Traditional payment services	592,141	695,200	(14.8)
– In-store e-commerce services	354,221	148,210	139.0
– Merchant solutions	309,562	642,156	(51.8)
Gross profit	1,030,944	814,620	26.6
Gross profit margin	30.2%	26.6%	3.6 ⁽¹⁾
Non-IFRS measures ⁽²⁾ :			
– Adjusted EBITDA	213,405 ⁽³⁾	123,378	73.0
– Adjusted EBITDA margin	6.2%	4.0%	2.2 ⁽¹⁾
Net loss of in-store e-commerce services	(211,268) ⁽⁴⁾	(146,768)	43.9

Note:

(1) Percentage points.

(2) For details of our Non-IFRS measures, see “Non-IFRS Measures.”

(3) The adjusted EBITDA in the first half of 2022 and second half of 2022 were RMB69,707 thousand and RMB143,698 thousand respectively.

(4) The net loss of in-store e-commerce in the first half of 2022 and second half of 2022 were RMB159,379 thousand and RMB51,889 thousand respectively.

Our revenue increased by 11.8% from RMB3,058.6 million for the year ended December 31, 2021 to RMB3,418.0 million for the year ended December 31, 2022. Revenue from our one-stop payment services increased by 21.4% year-over-year, primarily due to (i) the year-on-year increase in the total GPV by 5.1% from RMB2,124.2 billion for the year ended December 31, 2021 to RMB2,231.6 billion for the year ended December 31, 2022; (ii) the increase of our fee rate from 10.7bps for the year ended December 31, 2021 to 12.3bps for the year ended December 31, 2022. Revenue from our in-store e-commerce services increased by 139.0% year-over-year, primarily due to (i) our number of orders from customers reached nearly 37 million for the year ended December 31, 2022, up 305.0% year-on-year, and (ii) the total GMV increased from RMB0.4 billion for the year ended December 31, 2021 to RMB3.3 billion for the year ended December 31, 2022, representing a year-on-year growth of 733.1%.

Our financial performance demonstrated strong ability to make profit while scaling up. Gross profit increased by 26.6% from RMB814.6 million in 2021 to RMB1,030.9 million in 2022, gross profit margin increased from 26.6% in 2021 to 30.2% in 2022, and adjusted EBITDA, which reflects our core operating results and financial performance, amounted to RMB213.4 million in 2022, representing an increase of 73.0% from 2021 despite continued investment in in-store e-commerce business in 2022. Our net loss of in-store e-commerce services amounted to RMB211.3 million in 2022, and was significantly narrowed to RMB51.9 million in the second half of 2022 compared with RMB159.4 million in the first half of 2022 due to enhanced operating efficiency and scaling effect. In addition, the gross profit margin of in-store e-commerce services increased from 35.9% in 2021 to 67.3% in 2022.

Our one-stop payment services that connect small and medium merchants and consumers are the basis of our business, which put us in the prime position to further capitalize opportunities on massive markets of offline consumption, merchant digitization, and local lifestyle services. 2022 was a challenging year for the merchants and consumers we served, but as China pivoted its priority from Pandemic control toward economic growth from the end of 2022, we will continue to gain market share and improve profitability. Below are the key highlights from our three business lines during the Reporting Period:

One-Stop Payment Services: Strong Financial and Operational Performance Demonstrated Business Resilience and Innovation

We have gradually recovered from the pressured offline commercial payment activities during the Reporting Period. Our broad geographic coverage and diverse independent sales agents base provided us with stronger than ever merchant outreaching capabilities that also allowed us to mitigate the risk of regional COVID-19 outbreaks. During the Reporting Period, our GPV reached to RMB2,231.6 billion, representing year-on-year growth of 5.1%, among which, the GPV of app-based payment services increased by 21.3% year-on-year, accounting for 69.9% of the total GPV, up from 60.5% of total GPV in 2021. The number of active payment service merchants using one-stop payment services reached a historical high of over 8.1 million, up 11.4% year-on-year, while the peak daily count of app-based payment transactions reached to over 50 million.

According to the Thematic Analysis on Industrial Payment in China 2021 (《中國產業支付專題分析2021》) report published by Analysys, Yeahka ranked first in China's non-bank independent integrated QR code payment service market, in terms of its comprehensive capabilities including transaction volume and number of merchants served. In 2022, we successfully increased fee rate by monetizing our leading market position. Our overall fee rate increased from 10.7bps in 2021 to 12.3bps in 2022. App-based fee rate increased from 12.2bps in 2021 to 13.9bps in 2022 due to our scale-driven pricing power. Traditional payment fee rate increased from 8.3bps in 2021 to 8.8bps in 2022, which was in line with the industry trend. As the fee rate increased at a faster pace in the second half of 2022, we gave more short-term incentives to our channel networks to ensure the successful execution of the strategy for increasing fee rates and the number of merchants, and will gradually reduce the incentives in the long run. Nonetheless, the gross profit margin of one-stop payment services improved from 16.7% in 2021 to 19.3% in 2022.

In 2022, in addition to covering our core small and medium sized merchants in 300 cities, we also expanded our coverages into mid-to-large sized merchants and vertical brand leaders, who can also enjoy the full array of our in-store e-commerce and merchant solution services. We partnered with over 3,000 cloud payment partners through application programming interface (API), and offered tailor-made digital solutions to various industry verticals. Our scalable and highly compatible payment infrastructure platform can significantly lower R&D cost and increase payment connection efficiency by allowing our partners to integrate solutions such as account splitting, bill payment, payment custody, etc. Moreover, we have spent great efforts in developing joint merchant acquiring services with 115 commercial banks to take advantage of their offline network and overlay our service capabilities. We actively participated in the planning and design of the technical standards of digital currency electronic payment (DC/EP) and partnered with various leading commercial banks in China to launch pilot schemes in various application scenarios such as transportation, catering & accommodation, shopping & consumption, tours & sightseeing, medical & health, telecommunication, ticketing & entertainment, and governmental services.

Our payment services business benefits from offline consumption recovery. In January and February of 2023, the year-on-year growth rate of our GPV was 9.8% and 34.1%, respectively. Given the fast recovery of offline consumption, we estimate that our total GPV in 2023 will be between RMB2.7 trillion and RMB2.9 trillion.

In the future, we will increase fee rate to be in line with our industry peers, and continue to expand on DC/EP payment user scenarios. We will also continue to strengthen distribution channel by further diversifying our independent sales agents base and bolstering our partnerships with banks, while acquiring corresponding payment licenses in the United States, Singapore, and Hong Kong to leverage our domestic payment expertise to overseas markets.

In-store E-commerce Services: Technological Empowerment and Profit Focus

In December 2020, we launched in-store e-commerce services as a valuable extension to our business, connecting merchants and consumers and facilitating their interactions in our two-sided platform. Consumers can access our marketplace through a wide range of user interfaces such as our WeChat mini-program, WeChat official accounts, Douyin mini-program, Kuaihou mini-program, etc. We offer fun and popular local lifestyle experiences ranging from food & beverages, hotel & travel, leisure destinations, etc., which are purchased online and redeemed in-store. Our in-store e-commerce service helps merchants grow sales, retain, and interact with consumers while continuing to enjoy our payment and digitalized services.

Thanks to our payment-based ecosystem, unique positioning, and effective operating strategy, we achieved significant growth in our in-store e-commerce business under controllable investment. During the Reporting Period, our total GMV exceeded RMB3.3 billion, representing a year-over-year increase of 733.1%.

We place great emphasis on helping merchants during the times of economic uncertainty because we are in the local lifestyle market for the long run. We charged merchants lower commissions in the second half of 2022, helping them to stay afloat during difficult times and attract new merchants who used other platforms. During the Reporting Period, we offered over 400,000 SKUs, completed nearly 37 million orders, and our in-store e-commerce revenue increased 139.0% to over RMB354.2 million in 2022 compared to RMB148.2 million in 2021.

Due to our strong merchant supply and established brand name, our increased bargaining power allowed us to lower commissions paid to KOLs. In the meantime, our AI Lab has been testing a wider range of AI capabilities based on the application of AI Generated Content (AIGC) products, and we have developed AI content generating tools and AI cloud editing tools with more than 10 functions to auto-generate promotional materials and short videos, which improved efficiency by 30% and 70% respectively, and enriched our content base while reducing production cost. The gross profit margin of in-store e-commerce business increased to 75.8% in the second half of 2022 compared with 57.1% of first half of 2022.

In-store e-commerce is a trillion RMB market opportunity. As more participants entering the local lifestyle industry, we took steps to build competitive edge as the industry pioneer, and evolved our marketing strategy with a firm focus on profitability. We deployed multi-layer market strategies including self-operated sites and co-op sites. We are responsible for all costs in self-operated sites, whereas co-op sites model enable partners in various verticals and regional merchants to leverage our brand name and our strong technology-empowered services such as KOL-matching, live-streaming optimization, and advertisement deployment. This self-operated + co-op strategy enabled us to expand our geographic coverage at a controllable cost, particularly in lower-tier cities where it is less efficient for us to deploy direct sales staff. As a result, in the second half of 2022, we optimized our organizational structure, and emphasized on technology empowerment and operating efficiency of our marketing specialist team, aiming to maintain high GMV growth while reducing marginal costs. Our in-store e-commerce net loss significantly narrowed to RMB51.9 million in the second half of 2022, a decrease of 67.4% from the first half of 2022.

Going forward, given the evolving competition landscape and macro environment, we will continue to emphasize on profitability and leverage our growing technology capabilities and the power of our commercial digitalized ecosystem to form stronger strategic alliances with merchants, local partners, and mainstream media platforms such as Douyin.

Merchant Solutions: Focus on Merchant Conversion and Retention

We offer merchant solutions to help small and medium merchants digitalize their offline business operations. The solutions are integrated in our payment apps, creating a one-stop experience for merchants and allowing us to upsell from one-stop payment services to merchant solutions organically with little further customer acquisition cost.

Our products offer a very intuitive and simple user experience, and merchants can use our products without training. Our extremely low customer acquisition costs allow us to serve merchants with lower fees, and more effectively nurture their habits of using digitalized solutions.

In 2022, we focused on nurturing merchants' user habits. The number of merchant solutions merchants was over 1.2 million in 2022. Growing our merchant base remains our core short-to-medium term strategy for merchant solutions and we will continue to increase merchant adoption by product innovation. We expect a gradual recovery in our user base due to our cost-effective offering and proven cost-saving outcome. Our discounted fee policy initiated in 2022 will be scaled back gradually as economic recovers.

Company Outlook

In 2022, we have achieved strong business growth and healthy financial results despite domestic and international macro uncertainties. As the domestic and international macro environments improve in 2023 and onwards, we will continue to focus on creating value for our merchants and providing a wide range of local lifestyle experiences to consumers. We plan to expand overseas and become a more ESG friendly and ESG responsible company to create sustainable value for shareholders, employees, and society.

Share Purchase and Repurchase: Proof of Confidence in Our Future

During the Reporting Period, the trustee of the restricted share unit scheme has utilized an aggregate of approximately HKD882.6 million (including commission and transaction cost) to purchase 46,006,000 shares of the Company ("**Share(s)**") on market at a consideration ranging from HKD14.00 to HKD25.00 per share. The shares purchased during such period represent 10.3% of issued Shares as at December 31, 2022.

During the Reporting Period, the Company has also utilized an aggregate of approximately HKD109.3 million (including commission and transaction cost) to repurchase 5,888,800 Shares on market at a consideration ranging from HKD16.42 to HKD22.65 per share. The Shares repurchased during such period represent 1.3% of issued Shares as at December 31, 2022. All of the shares repurchased during the Reporting Period were subsequently cancelled by the Company.

Financing

Reference is made to the Company's announcements dated July 4, 2022, July 5, 2022 and July 13, 2022. In July 2022, the Company issued US\$70 million 6.25% convertible bonds due 2027 (the "**Convertible Bonds**"). The issuance of the Convertible Bonds represented an opportunity to obtain a pool of readily available funds that can better support business expansion of the Company in the long run and enhance its capital base and support further investment in its various business lines. For further details of the proceeds received by the Company and the use of such proceeds in relation to the financing, please refer to the section headed "Use of Proceeds from Convertible Bonds" in this announcement.

Details of the Convertible Bonds are set out in note 21 to the consolidated financial statements.

Environmental, Social and Governance (“ESG”)

Apart from driving rapid business growth, we are committed to our responsibilities as a corporate citizen, continuously and thoroughly evaluating the environmental and social impacts brought by our development. We consolidated expectations from our stakeholders and developed our ESG philosophy and strategies under the guidance of the United Nations Sustainable Development Goals to enhance ESG management. In 2022, we participated for the first time in the assessments of S&P Global ESG Scores and Hang Seng Corporate Sustainability Indexes, earning industry leading scores of 48 and A- (54.02) respectively.

On the environmental front, we actively answered the call from the national government for energy conservation and emission reduction, and improved the management level for green operation continuously. During the Reporting Period, we improved the overall utilization efficiency of computing resources by approximately 8%, and reduced energy consumption of approximately 50 servers compare with 2021, without prejudicing the stability of the system. Meanwhile, we have set up two YEAHKA private clouds and conducted research on database connection pooling to centralize resources management and allocation, greatly improving the utilization rate of facilities and lowered energy consumption of physical hosts. In addition, we refined measures for green office continuously and actively embraced and implemented the national target for carbon peaking and carbon neutrality.

On the social front, we enhanced the level of transaction risk control continuously. During the year, more than 14 billion risk decisions were made, the amount of data processing increased by 40% and we conducted risk treatment on over 10 million risk transactions. At the same time, we actively built an equal and diversified team of talents, prioritized employees’ development and occupational health and safety, protected employee’s interests and provided diversified welfare and activities to employees. As a responsible corporate citizen, we developed our businesses and at the same time paid attention to the needs of society, helped micro, small and medium sized merchants to weather the Pandemic with innovative products and services, actively participated rural vitalization projects, and assisted the common development of society.

On the corporate governance front, we perfected the ESG governance framework continuously. On March 31, 2022, we established an ESG committee comprised of Mr. Liu Yingqi, chairman of the Board and chief executive officer, Mr. Yao Zhijian, executive Director and chief financial officer and Mr. Yao Wei, independent non-executive Director and chairman of the audit committee of the Board. Mr. Liu Yingqi was appointed as the chairman of the ESG committee. Further, we consolidated ESG elements into the risk control management of the Group. We placed great emphasis on building corporate integrity and conducted compliance training regularly, covering company internal policies, as well as laws and regulations in relation to anti-fraud, anti-corruption, anti-money laundering, etc. In 2022, 100% of our employees are covered by the “Sunshine” Code of Conduct training.

RESULTS OF PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2022

	For the year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3,418,035	3,058,632
Cost of revenue	<u>(2,387,091)</u>	<u>(2,244,012)</u>
Gross profit	1,030,944	814,620
Selling expenses	(386,498)	(259,212)
Administrative expenses	(322,796)	(269,185)
Research and development expenses	(270,273)	(240,434)
Impairment losses on financial assets	(48,701)	(59,796)
Other income	54,378	21,521
Gain on disposal of equity interest in former subsidiaries	–	332,172
Fair value changes of financial assets and financial liabilities at fair value through profit or loss	119,530	156,398
Other losses – net	<u>(9,758)</u>	<u>(13,648)</u>
Operating profit	166,826	482,436
Finance costs	(52,466)	(17,157)
Share of profits/(losses) of investments accounted for using the equity method	<u>8,098</u>	<u>(18,844)</u>
Profit before income tax	122,458	446,435
Income tax expenses	<u>(26,445)</u>	<u>(62,976)</u>
Profit for the year	<u>96,013</u>	<u>383,459</u>
Profit for the year attributable to:		
Equity holders of the Company	153,922	420,934
Non-controlling interests	<u>(57,909)</u>	<u>(37,475)</u>

Revenue

We generate revenue primarily through our three main types of business, namely (i) one-stop payment services, (ii) merchant solutions; and (iii) in-store e-commerce services. Our revenue increased by 11.8% from RMB3,058.6 million for the year ended December 31, 2021 to RMB3,418.0 million for the year ended December 31, 2022, primarily due to the growth in one-stop payment services and in-store e-commerce services.

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

	For the year ended December 31,			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Revenue from one-stop payment services	2,754,252	80.6	2,268,266	74.2
Revenue from in-store e-commerce services	354,221	10.3	148,210	4.8
Revenue from merchant solutions	309,562	9.1	642,156	21.0
Total	<u>3,418,035</u>	<u>100.0</u>	<u>3,058,632</u>	<u>100.0</u>

One-stop payment services

Revenue from our one-stop payment services increased by 21.4 % from RMB2,268.3 million for the year ended December 31, 2021 to RMB2,754.3 million for the year ended December 31, 2022, primarily due to the increase in the total GPV we processed and the increase in fee rate, our effective marketing and channel strategy, and the increase in the number of active payment service merchants.

In-store e-commerce services

We commenced to provide in-store e-commerce services in December 2020, and it has grown rapidly since then. Revenue from in-store e-commerce services increased by 139.0% from RMB148.2 million for the year ended December 31, 2021 to RMB354.2 million for the year ended December 31, 2022 primarily due to the increase in the total GMV and the number of paying consumers brought by the synergy effect with other business lines and effective promotion, partially offset by the decrease in the average fee sharing percentage.

Merchant solutions

Revenue from our merchant solutions decreased by 51.8% from RMB642.2 million for the year ended December 31, 2021 to RMB309.6 million for the year ended December 31, 2022 as we offered fee discount to merchants in light of resurgence of the Pandemic in 2022.

Cost of Revenue

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

	For the year ended December 31,			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Commissions and marketing costs	2,291,642	96.0	2,060,310	91.8
Amortization of non-current assets	43,650	1.8	36,521	1.6
Raw materials and consumables	13,421	0.6	107,277	4.8
Others	38,378	1.6	39,904	1.8
Total	<u>2,387,091</u>	<u>100.0</u>	<u>2,244,012</u>	<u>100.0</u>

Our cost of revenue increased by 6.4% from RMB2,244.0 million for the year ended December 31, 2021, to RMB2,387.1 million for the year ended December 31, 2022, primarily due to (i) the increase in commission paid to payment distribution channels following the increase in the total GPV we processed; and (ii) the increase in commission paid to marketing distribution channels and partners resulting from the rapid expansion of our in-store e-commerce services, partially offset by the decrease in raw materials and consumables costs because of the decrease of revenue in merchant solutions.

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

	For the year ended December 31,			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
One-stop payment services	2,221,884	93.1	1,888,730	84.2
In-store e-commerce services	115,975	4.8	95,030	4.2
Merchant solutions	49,232	2.1	260,252	11.6
Total	<u>2,387,091</u>	<u>100.0</u>	<u>2,244,012</u>	<u>100.0</u>

Gross Profit and Gross Profit Margin

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

	For the year ended December 31,			
	2022		2021	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
One-stop payment services	532,368	19.3	379,536	16.7
In-store e-commerce services	238,246	67.3	53,180	35.9
Merchant solutions	260,330	84.1	381,904	59.5
Total	1,030,944	30.2	814,620	26.6

Our gross profit increased by 26.6% from RMB814.6 million for the year ended December 31, 2021 to RMB1,030.9 million for the year ended December 31, 2022 as a result of our increasing profitability in one-stop payment services and in-store e-commerce services.

Our gross profit margin increased from 26.6% for the year ended December 31, 2021 to 30.2% for the year ended December 31, 2022 as a result of the increase in gross profit margin of all of our business lines.

Gross profit margin of our one-stop payment services increased from 16.7% for the year ended December 31, 2021 to 19.3% for the year ended December 31, 2022, primarily due to the increase in our fee rates.

Gross profit margin of in-store e-commerce services increased from 35.9% for the year ended December 31, 2021 to 67.3% for the year ended December 31, 2022, primarily due to lower commissions paid to KOLs.

Gross profit margin of merchant solutions increased from 59.5% for the year ended December 31, 2021 to 84.1% for the year ended December 31, 2022.

Selling Expenses

Our selling expenses increased by 49.1 % from RMB259.2 million for the year ended December 31, 2021 to RMB386.5 million for the year ended December 31, 2022, primarily due to the increase in outsourcing service fees as a result of our rapid growth and the synergy effect brought by the acquisition of Dingding Cultural Tourism (Chengdu) Co., Ltd. (鼎鼎文化旅遊(成都)有限公司) (“**Dingding Cultural Tourism**”) in October 2021. Please refer to the Company’s announcement dated November 8, 2021 for details of the acquisition of Dingding Cultural Tourism.

Administrative Expenses

Our administrative expenses increased by 19.9% from RMB269.2 million for the year ended December 31, 2021 to RMB322.8 million for the year ended December 31, 2022, primarily due to (i) the increase in our employee benefits and our office and other administrative expenses as a result of the increase in our headcounts; and (ii) the increase in outsourcing labor costs following our acquisition of Dingding Cultural Tourism in October 2021.

Research and Development Expenses

Our research and development expenses increased by 12.4% from RMB240.4 million for the year ended December 31, 2021 to RMB270.3 million for the year ended December 31, 2022, primarily due to the increase in our commitment to new business and product development and the increase in headcount, partially offset by the decrease in system development costs.

Impairment Losses on Financial Assets

Our impairment losses on financial assets decreased by 18.6% from RMB59.8 million for the year ended December 31, 2021 to RMB48.7 million for the year ended December 31, 2022, primarily due to the decrease in the pass amounts of the trade receivables.

Other Income

Our other income increased by 152.7% from RMB21.5 million for the year ended December 31, 2021 to RMB54.4 million for the year ended December 31, 2022, primarily due to the increased interest income from bank deposits and government grants.

Gain on Disposal of Equity Interest in Former Subsidiaries

For the year ended December 31, 2021, we recorded a gain of RMB332.2 million on the disposal of 60% equity interests in Shenzhen Zhizhanggui Cloud Service Co., Ltd. (“**Zhizhanggui**”). No gain on disposal of equity interest in former subsidiary was recorded for the year ended December 31, 2022.

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

We recorded fair value changes of financial assets and financial liabilities at fair value through profit or loss of RMB156.4 million for the year ended December 31, 2021 and RMB119.5 million for the year ended December 31, 2022 respectively, primarily due to the fair value gains from the investments in preferred shares and related financial instruments of an investment company, Fushi Technology (Shenzhen) Co., Ltd (深圳市富匙科技有限公司).

Other Losses – Net

We recorded other losses – net of RMB13.6 million and RMB9.8 million for the year ended December 31, 2021 and 2022 respectively, which were both primarily due to exchange rate losses.

Operating Profit

As a result of the foregoing, we recorded operating profit of RMB482.4 million for the year ended December 31, 2021 and RMB166.8 million for the year ended December 31, 2022. The decrease was mainly due to our continued investment in in-store e-commerce services and the non-recurrent gain of RMB332.2 million on the disposal of 60% equity interests in Zhizhangui in 2021.

Finance Costs

Our finance costs increased by 205.8% from RMB17.2 million for the year ended December 31, 2021 to RMB52.5 million for the year ended December 31, 2022, primarily due to the increase in interest expenses on our borrowings and convertible bonds.

Share of Profits/Losses of Investments Accounted for Using the Equity Method

Our share of profits/losses of investments accounted for using the equity method improved from a loss of RMB18.8 million for the year ended December 31, 2021 to a profit of RMB8.1 million for the year ended December 31, 2022, primarily due to the increase in the carrying amount of our equity interests in an associate of the Group.

Profit Before Income Tax

As a result of the foregoing, our profit before income tax decreased by 72.6% from RMB446.4 million for the year ended December 31, 2021 to RMB122.5 million for the year ended December 31, 2022.

Income Tax Expenses

Our income tax expenses decreased by 58.0% from RMB63.0 million for the year ended December 31, 2021 to RMB26.4 million for the year ended December 31, 2022. Our effective tax rate was 14.1% and 21.6% for the year ended December 31, 2021 and 2022, respectively. The increase was mainly due to tax losses were not recognized as deferred tax assets.

Profit for the Year

As a result of the foregoing, our profit decreased by 75.0% from RMB383.5 million for the year ended December 31, 2021 to RMB96.0 million for the year ended December 31, 2022.

Non-IFRS Measures

We adopt adjusted EBITDA and adjusted EBITDA margin, which are not required by or presented in accordance with IFRS as an additional financial measure to supplement our consolidated financial statements. We believe that EBITDA facilitates comparisons of operating performance from period to period and company to company, by eliminating potential impacts of items that our management does not consider indicative of our operating performance. In addition, our adjusted EBITDA excludes certain non-cash or non-recurrent items such as share-based compensation expenses, fair value changes of financial assets and financial liabilities and one-time gain on disposal. Our adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenue. We believe that the non-IFRS measures are commonly adopted by our industry peers and provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted EBITDA and adjusted EBITDA margin may not be comparable to similarly titled measures presented by other companies. The use of the non-IFRS measure has limitations as an analytical tool, and the investors and shareholders of the Company (the “**Shareholders**”) should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table illustrates reconciliations to our adjusted EBITDA from our profit for the years indicated:

	Unaudited	
	For the year	
	ended December 31,	
	2022	2021
	RMB'000	RMB'000
Profit for the year	96,013	383,459
Adjusted for:		
Finance costs	52,466	17,157
Amortization of non-current assets	43,650	36,521
Depreciation of property, plant and equipment	44,852	36,654
Amortization of intangible assets	23,127	23,832
Income tax expenses	26,445	62,976
	<hr/>	<hr/>
EBITDA	286,553	560,599
Add:		
Share-based compensation expenses	46,382	51,349
Fair value changes of financial assets and financial liabilities at fair value through profit or loss	(119,530)	(156,398)
Gain on the disposal of equity interests in a former subsidiary	–	(332,172)
	<hr/>	<hr/>
Adjusted EBITDA	213,405	123,378
	<hr/> <hr/>	<hr/> <hr/>

Our adjusted EBITDA for the year increased by 73.0% from RMB123.4 million for the year ended December 31, 2021 to RMB213.4 million for the year ended December 31, 2022.

Capital Structure

Our total assets increased from RMB6,755.8 million as of December 31, 2021 to RMB7,290.0 million as of December 31, 2022. Our total liabilities increased from RMB3,555.1 million as of December 31, 2021 to RMB4,608.7 million as of December 31, 2022. Liabilities-to-assets ratio increased from 52.6% as of December 31, 2021 to 63.2% as of December 31, 2022.

Our current ratio, being current assets divided by current liabilities as of the respective date, decreased from 1.65 as of December 31, 2021 to 1.39 as of December 31, 2022.

Liquidity, Capital Resources and Gearing

The Group has adopted a prudent approach in financial resources management. For the year ended December 31, 2022, we financed our operations primarily through cash generated from business operations, proceeds from fundraising activities, and bank borrowings. Our cash and cash equivalents decreased by 22.7% from RMB2,057.9 million as of December 31, 2021 to RMB1,591.5 million as of December 31, 2022, primarily attributable to (i) the payment to the trustee of the restricted share unit scheme to purchase Shares on market; (ii) the payment for share repurchase on market; and (iii) the cash used in operating activities for expanding in-store e-commerce services business. As of December 31, 2022, the cash and cash equivalents of the Group were mainly denominated in RMB, USD and HKD. The Group maintains a strong cash position to meet potential needs for business expansion and development.

Our gearing ratio, being total debt divided by total equity, increased from 15.9% as of December 31, 2021 to 39.5% as of December 31, 2022, primarily attributable to the issuance of convertible bonds and increased balance of borrowings as of December 31, 2022.

Capital Expenditures

Our capital expenditures primarily consist of payments for purchasing property, plant and equipment, intangible assets and payment terminals. Our total capital expenditures increased by 98.5% from RMB119.6 million for the year December 31, 2021 to RMB237.4 million for the year December 31, 2022.

Indebtedness

Our indebtedness mainly includes convertible bonds and interest-bearing bank borrowings denominated in USD and RMB respectively. The following table sets forth a breakdown of our convertible bonds, interest-bearing borrowings and lease liabilities as of the dates indicated:

	As of December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current		
Convertible bonds	379,320	–
Lease liabilities	6,450	18,967
Current		
Bank and other borrowings	680,390	509,500
Lease liabilities	20,172	22,787
Total	1,086,332	551,254

Please refer to notes 19 and 21 to the consolidated financial statements for details of our borrowings and Convertible Bonds and their interest rates.

Contingent Liabilities

As of December 31, 2022, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that was likely to have a material and adverse effect on our business, financial condition or results of operations.

Pledge of Assets

As of December 31, 2022, we pledged account receivables of about RMB15.0 million to one bank.

Foreign Exchange Risk and Hedging

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

Material Acquisitions or Disposals and Future Plans for Major Investments

Save as disclosed in note 23 to the consolidated financial statements, we did not conduct any material investments, acquisitions or disposals during the year ended December 31, 2022. In addition, save for the expansion plans as disclosed in (i) the sections headed “Business” and “Future Plans and Use of Proceeds” in the prospectus of the Company dated May 20, 2020, and (ii) the section headed “Use of Proceeds” in the Company’s announcements dated December 4, 2020 and July 5, 2022, we have no specific plan for major investment or acquisition for major capital assets or other businesses. However, we will continue to identify new opportunities for business development.

Significant Investment Held

As of December 31, 2022, we were interested in 4,500,000 (17.0%) of the ordinary shares in Fushi Technology (Shenzhen) Co., Ltd. (深圳市富匙科技有限公司) (“**Fushi**”), our associate company, and held 7,272,780 (27.4%) of preferred shares of Fushi, which was classified as financial assets at fair value through profit or loss. The carrying amount of our investment in Fushi’s ordinary shares and the fair value of the preferred shares amounted to approximately RMB558,553,000 (as of December 31, 2021: 294,855,000), which accounted for approximately 7.7% of our total assets as of December 21, 2022. The investment costs for our investment in the preferred shares of Fushi was approximately RMB351,600,000. Net unrealized fair value gains of approximately RMB97,066,000 was recognized by us for the year ended December 31, 2022 in respect of our investment in the preferred shares of Fushi. No dividend has been received from Fushi for the year ended December 31, 2022.

Fushi is a company established in the PRC on April 12, 2016 with limited liability. It is a one-stop SaaS digital platform for merchants. The Board believes that Fushi will continue to be an important member within Yeahka’s ecosystem of expanding its merchant base and providing merchant services.

Significant Events After the Reporting Period

There were no material events subsequent to December 31, 2022 which could have a material impact on our operating and financial performance as of the date of this announcement.

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended December 31, 2022.

Annual General Meeting

The annual general meeting of the Company (the “**AGM**”) will be held on June 5, 2023. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

Closure of Register of Members

For the purpose of ascertaining the members' eligibility to attend and vote at the AGM, the Company's register of members will be closed from Wednesday, May 31, 2023 to Monday, June 5, 2023, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, May 30, 2023.

Company Information

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

Employees

As of December 31, 2022, we had a total of 1,299 employees, substantially all of whom were based in China.

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

RSU SCHEME

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

The table below sets out the movements in the RSUs during the year from January 1, 2022 to December 31, 2022 granted under the RSU Scheme:

Name of RSU grantee	Date of grant	Granted during the year ⁽¹⁾	Closing price (HKD) immediately before the date of grant during the year	Fair value of RSUs at the date of grant during the year ⁽²⁾	Vesting period	Number of Shares					
						As at January 1, 2022	Vested during the year	Cancelled during the year	Lapsed during the year	As at December 31, 2022	Closing price (HKD) immediately before the vesting date during the year
Director of the Company											
Luo Xiaohui	January 1, 2018	-	-	-	January 1, 2019 – January 1, 2022	500,000	-	-	-	-	25.8
	January 21, 2022	80,000	25.1	24.69	January 21, 2023 – January 21, 2026	-	-	-	-	80,000	-
Yao Zhijian	January 21, 2022	120,000	25.1	24.69	January 21, 2023 – January 21, 2026	-	-	-	-	120,000	-
Other connected person of the Group											
Ren Yangbin	August 1, 2019	-	-	-	August 1, 2020 – August 1, 2023	30,000	-	-	-	20,000	17.28
Three directors of a subsidiary of the Company	January 21, 2022	210,000	25.1	24.69	January 21, 2023 – January 21, 2026	-	-	-	-	210,000	-
Other employee of the Group											
44 other employees of the Group	January 1, 2018 and August 1, 2019	-	-	-	January 1, 2019 – January 1, 2022 and August 1, 2020 – August 1, 2023	1,958,000	-	140,000	-	749,000	25.8 and 17.28
6 other employees of the Group	January 7, 2021	-	-	-	July 1, 2021-July 1, 2024	292,500	70,000	87,500	-	135,000	22.2
60 other employees of the Group	January 21, 2022	1,090,000	25.1	24.69	March 24, 2022 – March 24, 2026	-	26,400	343,840	-	719,760	23.8
Total		1,500,000				2,780,500	1,675,400	571,430	-	2,033,760	

Note

- (1) Further details of the grants were set out in the Company's announcements dated January 24, 2022.
- (2) For details of the fair value of RSUs, please refer to note 22 to the consolidated financial statements.

The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the RSU Scheme) shall be such number of Shares held or to be held by the trustee for the purpose of the RSU Scheme from time to time. As of December 31, 2022, the total number of Shares held by the trustee of the RSU Scheme for the purpose of the RSU Scheme was 70,370,616, representing 15.8% of the Shares in issue as of that date.

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

Save as disclosed above, for the year ended December 31, 2022 and up to the date of this announcement, no further RSUs have been or would be granted by the Company pursuant to the RSU Scheme.

Details of movements in the RSUs and the fair value of RSUs granted are set out in note 22 to the consolidated financial statements.

SHARE OPTION SCHEME

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

The table below sets out the movements of the share options of our Company during the year from January 1, 2022 to December 31, 2022 granted under the Share Option Scheme:

Name of grantee	Outstanding as at January 1, 2022	Granted during the year	Date of grant ⁽⁴⁾	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at December 31, 2022	Exercise price (HKD per Share) exercising date	Closing price of Shares immediately before the grant during the year ⁽⁵⁾	Fair value of share options at the date of	Vesting period	Exercise period
Director of the Company												
Yao Zhijian	300,000	-	January 7, 2021	-	-	-	300,000	44.20 ⁽¹⁾	-	-	July 1, 2021 - July 1, 2024	January 7, 2021 - January 6, 2031
Luo Xiaohui	100,000	-	January 7, 2021	-	-	-	100,000	44.20 ⁽¹⁾	-	-	July 1, 2021 - July 1, 2024	January 7, 2021 - January 6, 2031
Employee of the Group												
119 employees of the Group	3,556,000	-	January 7, 2021	-	510,000	-	3,046,000	44.20 ⁽¹⁾	-	-	July 1, 2021 - July 1, 2024	January 7, 2021 - January 6, 2031
68 employees of the Group	1,172,000	-	May 12, 2021	-	25,000	-	1,147,000	58.60 ⁽²⁾	-	-	May 12, 2022 - May 12, 2025	May 12, 2021 - May 11, 2031
210 employees of the Group	-	1,000,000	January 21, 2022	-	33,000	-	967,000	25.56 ⁽³⁾	10.38	10.38	January 24, 2023 - January 24, 2026	January 21, 2022 - January 21, 2032
Total	5,128,000	1,000,000		-	568,000	-	5,560,000					

Note:

- (1) Being the highest of (i) HKD44.20 per Share, the closing price of the Shares on the date of grant as stated in the daily quotation sheet issued by the Stock Exchange, (ii) HKD39.45 per Share, the average closing price of the Shares for the five business days immediately preceding the date on which the options were granted, and (iii) US\$0.000025 per Share, the nominal value. The closing price of the Shares immediately before the date on which the options were granted was HKD43.55.
- (2) Being the highest of (i) HKD52.75 per Share, the closing price of the Shares on the date of grant as stated in the daily quotation sheet issued by the Stock Exchange, (ii) HKD58.60 per Share, the closing price of the Shares for the five business days immediately preceding the date on which the options were granted, and (iii) US\$0.000025 per Share, the nominal value. The closing price of the Shares immediately before the date on which the options were granted was HKD53.6.
- (3) Being the highest of (i) HKD24.7 per Share, the closing price of the Shares on the date of grant as stated in the daily quotation sheet issued by the Stock Exchange; (ii) HKD25.56 per Share, the average closing price of the Shares for the five business days immediately preceding the date on which the options were granted; and (iii) the nominal value of US\$0.000025 per Share. The closing price of the Shares immediately before the date on which the options were granted was HKD25.1.
- (4) Further details of the grants were set out in the Company's announcements dated January 7, 2021, May 12, 2021 and January 24, 2022.
- (5) For details of the fair value of options, please refer to note 22 to the consolidated financial statements.

As of December 31, 2022, the number of Shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 5,560,000, representing 1.2% of the Shares in issue as of that date. The total number of Shares available for issue in respect of the options that can be further granted under the Share Option Scheme was 37,060,507, representing 8.3% of the total number of Shares in issue as of the date of this announcement.

On January 21, 2022, a total of 1,000,000 share options were granted to 210 option grantees in accordance with the Share Option Scheme to subscribe for a total of 1,000,000 Shares at the exercise price of HK\$25.56 per share. For further details, please refer to the Company's announcement dated January 24, 2022.

Save as disclosed above, for the year ended December 31, 2022 and up to the date of this announcement, no further options have been or would be granted by the Company pursuant to the Share Option Scheme.

Details of movements in the share options and the fair value of share options granted are set out in note 22 to the consolidated financial statements.

Save as disclosed above, no RSUs and/or options were granted to the Directors, chief executive, substantial Shareholders, related entity participants or service providers of the Company, or their respective associates. None of the participants of the RSU Scheme and/or the Share Option Scheme was granted or to be granted in excess of the 1% individual limit.

USE OF PROCEEDS FROM THE LISTING

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

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the initial public offering ⁽¹⁾ (In HKD millions)	Actual usage for the year ended December 31, 2022 ⁽¹⁾ (In HKD millions)	Actual usage up to December 31, 2022 ⁽¹⁾ (In HKD millions)	Unutilized net proceeds as of December 31, 2022 ⁽¹⁾ (In HKD millions)	Expected timeline for utilizing the remaining net proceeds
Implementing sales and marketing initiatives in China and overseas markets	20.0	339.7	98.4	339.7	–	–
Expanding our merchant solutions offerings ⁽²⁾	35.0	594.6	–	594.6	–	–
Enhancing our research and technology capabilities	35.0	594.6	233.4	594.6	–	–
Working capital and general corporate purposes	10.0	169.9	–	169.9	–	–
Total	100.0	1,698.8	331.8	1,698.8	–	–

Note:

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

USE OF PROCEEDS FROM THE PLACING

Reference is made to the Company's announcements dated December 3, 2020, December 4, 2020, December 10, 2020 and December 17, 2020. The Group successfully raised total net proceeds (after deducting all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses) of approximately HKD778.0 million through the top-up placing of 20,795,052 Shares to not less than six professional, institutional and/or individual investors at the placing price of HKD37.88 per share on December 17, 2020. The following table sets forth the status of the use of net proceeds from the placing up to December 31, 2022:

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

Note:

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

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

USE OF PROCEEDS FROM CONVERTIBLE BONDS

Reference is made to the Company's announcements dated July 4, 2022, July 5, 2022 and July 13, 2022. The Group successfully raised total net proceeds (after deducting all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses) of approximately USD68.1 million (equivalent to HKD533.3 million) through the issuance of the Convertible Bonds. The following table sets forth the status of the use of net proceeds from the Convertible Bonds up to December 31, 2022:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the issuance of Convertible Bonds ⁽¹⁾ (In HKD millions)	Actual usage up to December 31, 2022 ⁽¹⁾ (In HKD millions)	Unutilized net proceeds as of December 31, 2022 ⁽¹⁾ (In HKD millions)	Expected timeline for utilizing the remaining net proceeds
Expansion of the Group's overseas business, including cross-border e-commerce foreign exchange/RMB collection and payment business, acquiring and mobile payment business, software as a service (SaaS) digital solution and in-store e-commerce services and for new business opportunities to accelerate the Group's development in upstream and downstream industries	80.0	426.6	47.8	378.8	By end of 2026
Strengthen the Group's competitiveness in the PRC such as product research and development, marketing and promotion and recruitment to further establish and reinforce the commercial digitalized ecosystem of the Group	20.0	106.7	10.0	96.7	By end of 2026
Total	100.0	533.3	57.8	475.5	

Note:

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

ROUNDING

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<i>4</i>	3,418,035	3,058,632
Cost of revenue	<i>7</i>	(2,387,091)	(2,244,012)
Gross profit		1,030,944	814,620
Selling expenses	<i>7</i>	(386,498)	(259,212)
Administrative expenses	<i>7</i>	(322,796)	(269,185)
Research and development expenses	<i>7</i>	(270,273)	(240,434)
Net impairment losses on financial assets	<i>3.1(a)</i>	(48,701)	(59,796)
Other income	<i>5</i>	54,378	21,521
Gain on disposal of equity interest in former subsidiaries		–	332,172
Fair value changes of financial assets and financial liabilities at fair value through profit or loss-net	<i>12, 20</i>	119,530	156,398
Other losses-net	<i>6</i>	(9,758)	(13,648)
Operating profit		166,826	482,436
Finance costs		(52,466)	(17,157)
Share of profits/(losses) of investments accounted for using the equity method	<i>10</i>	8,098	(18,844)
Profit before income tax		122,458	446,435
Income tax expenses	<i>8</i>	(26,445)	(62,976)
Profit for the year		96,013	383,459
Attributable to:			
Equity holders of the Company		153,922	420,934
Non-controlling interests		(57,909)	(37,475)
		96,013	383,459

		Year ended 31 December	
	<i>Note</i>	2022	2021
		RMB'000	RMB'000
Other comprehensive income/(loss):			
Items that will not be subsequently reclassified to profit or loss			
Currency translation differences		123,508	(40,574)
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive income of investments accounted for using the equity method		97	432
Currency translation differences		(61,042)	1,526
		(60,945)	1,958
Other comprehensive income/(loss) for the year, net of tax			
		62,563	(38,616)
Total comprehensive income for the year			
		158,576	344,843
Attributable to:			
Equity holders of the Company		216,485	382,318
Non-controlling interests		(57,909)	(37,475)
		158,576	344,843
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
– Basic	9	0.39	1.00
– Diluted	9	0.38	0.97

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Note	2022	2021
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		48,333	74,257
Intangible assets	11	496,687	519,474
Investments accounted for using the equity method	10	131,711	125,243
Prepayments and other receivables	14(a)	25,587	337
Financial assets at fair value through profit or loss	12	634,172	351,085
Deferred tax assets		37,225	35,921
Other non-current assets		158,253	21,674
		<u>1,531,968</u>	<u>1,127,991</u>
Current assets			
Inventories		6,602	9,864
Loan receivables	15	588,218	545,703
Trade receivables	13	274,642	380,904
Prepayments and other receivables	14(b)	2,358,090	1,879,004
Financial assets at fair value through profit or loss	12	14,384	36,112
Restricted cash		891,916	702,546
Cash and cash equivalents		1,591,508	2,057,872
Other current assets		32,670	15,780
		<u>5,758,030</u>	<u>5,627,785</u>
Total assets		<u>7,289,998</u>	<u>6,755,776</u>
EQUITY			
Share capital and share premium		3,069,939	3,148,709
Reserves		(1,216,410)	(660,806)
Retained earnings		916,806	771,347
Equity attributable to equity holders of the Company		<u>2,770,335</u>	<u>3,259,250</u>
Non-controlling interests		<u>(89,068)</u>	<u>(58,579)</u>
Total equity		<u>2,681,267</u>	<u>3,200,671</u>

		As at 31 December	
	<i>Note</i>	2022	2021
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Other payables	<i>18(a)</i>	–	361
Lease liabilities		6,450	18,967
Financial liabilities at fair value through profit or loss	<i>20</i>	25,867	81,036
Deferred tax liabilities		56,854	42,638
Convertible bonds	<i>21</i>	379,320	–
		468,491	143,002
Current liabilities			
Trade and other payables	<i>18</i>	3,309,050	2,758,988
Contract liabilities	<i>17</i>	31,864	33,114
Current tax liabilities		94,458	87,714
Lease liabilities		20,172	22,787
Bank and other borrowings	<i>19</i>	680,390	509,500
Financial liabilities at fair value through profit loss	<i>20</i>	4,306	–
		4,140,240	3,412,103
Total liabilities		4,608,731	3,555,105
Total equity and liabilities		7,289,998	6,755,776

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							Total RMB'000	
	Share capital and share premium RMB'000	Treasury shares RMB'000	Conversion option reserve RMB'000	Other reserves RMB'000	Sub-total RMB'000	Retained earnings RMB'000	Sub-total RMB'000		Non- controlling interests RMB'000
Balance at 1 January 2022	3,148,709	(387,986)	-	(272,820)	(660,806)	771,347	3,259,250	(58,579)	3,200,671
Profit for the year	-	-	-	-	-	153,922	153,922	(57,909)	96,013
Other comprehensive income	-	-	-	62,563	62,563	-	62,563	-	62,563
Total comprehensive income	-	-	-	62,563	62,563	153,922	216,485	(57,909)	158,576
Transactions with equity holders									
Buy-back of shares for the purpose of cancellation	(88,559)	(9,751)	-	-	(9,751)	-	(98,310)	-	(98,310)
Buy-back of shares for the purpose of share award schemes	-	(749,288)	-	-	(749,288)	-	(749,288)	-	(749,288)
Acquisition of a subsidiary	-	-	-	-	-	-	-	27,420	27,420
Share award schemes:									
– value of employee services	-	-	-	15,136	15,136	-	15,136	-	15,136
– transfer shares to awardees upon vesting	9,789	-	-	(11,834)	(11,834)	-	(2,045)	-	(2,045)
Share option schemes:									
– value of employee services	-	-	-	31,246	31,246	-	31,246	-	31,246
Profit appropriations to statutory reserves	-	-	-	8,110	8,110	(8,110)	-	-	-
Profit appropriations to risk reserves	-	-	-	353	353	(353)	-	-	-
Equity component of convertible bonds	-	-	-	97,861	97,861	-	97,861	-	97,861
	(78,770)	(759,039)	97,861	43,011	(618,167)	(8,463)	(705,400)	27,420	(677,980)
Balance at 31 December 2022	3,069,939	(1,147,025)	97,861	(167,246)	(1,216,410)	916,806	2,770,355	(89,068)	2,681,267

Note	Share capital and share premium RMB'000	Attributable to equity holders of the Company Reserves					Non-controlling interests RMB'000	Total RMB'000
		Treasury shares RMB'000	Other reserves RMB'000	Sub-total RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
Balance at 1 January 2021	2,902,930	(1)	(143,726)	(143,727)	360,584	3,119,787	47,068	3,166,855
Profit for the year	-	-	-	-	420,934	420,934	(37,475)	383,459
Other comprehensive loss	-	-	(38,616)	(38,616)	-	(38,616)	-	(38,616)
Total comprehensive income	-	-	(38,616)	(38,616)	420,934	382,318	(37,475)	344,843
Transactions with equity holders								
Issuance of ordinary shares	152,855	-	-	-	-	152,855	-	152,855
Buy-back of share for the purpose of share award schemes	-	(387,985)	-	(387,985)	-	(387,985)	-	(387,985)
Acquisition of additional equity interests in non-wholly owned subsidiaries	-	-	(140,146)	(140,146)	-	(140,146)	(41,683)	(181,829)
Non-controlling interests arising from business combination	-	-	-	-	-	-	(28,689)	(28,689)
Non-controlling interests arising from business establishment	-	-	-	-	-	-	2,200	2,200
Share award schemes:								
- value of employee services	-	-	12,141	12,141	-	12,141	-	12,141
- transfer shares to awardees upon vesting	-	-	(11,852)	(11,852)	-	81,072	-	81,072
Share option schemes:								
- value of employee services	92,924	-	39,208	39,208	-	39,208	-	39,208
Profit appropriations to statutory reserves	-	-	10,171	10,171	(10,171)	-	-	-
	245,779	(387,985)	(90,478)	(478,463)	(10,171)	(242,855)	(68,172)	(311,027)
Balance at 31 December 2021	3,148,709	(387,986)	(272,820)	(660,806)	771,347	3,259,250	(58,579)	3,200,671

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Yeahka Limited (the “**Company**”) was incorporated in the Cayman Islands on 8 September 2011, as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Vistra (Cayman) Limited, P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1 June 2020.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “**Group**”), are principally engaged in the provision of one-stop payment services, merchant solution services and in-store e-commerce services to retail merchants and consumers in the People’s Republic of China (the “**PRC**”).

Mr. Liu Yingqi, is the ultimate controlling shareholder of the Company.

The consolidated financial statements for the year ended 31 December 2022 are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated. These consolidated financial statements for the year ended 31 December 2022 have been approved for issue by the board of directors (the “**Board**”) of the Company on 27 March 2023.

2 BASIS OF PREPARATION

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

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

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

(a) Amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- Amendment to International Accounting Standards (“**IAS**”) 16 – Property, Plant and Equipment: Proceeds before intended use
- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements – Annual Improvements to IFRS Standards 2018-2020

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

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

Standards and amendments that have been issued but not yet effective at 1 January 2022 and not been early adopted by the Group during the year are as follows:

		Effective for annual periods beginning on or after
IFRS 17 and amendments to IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Leases on sale and leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group will adopt the above new or revised standards and amendments to existing standards as and when they become effective. Management has performed preliminary assessment and does not anticipate any significant impact on the Group's financial position and results of operations upon adopting these standards and amendments to the existing IFRSs.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, trade receivables, other receivables and loan receivables. The Group also provided guarantees in offering loan facilitation services for loans granted by certain of the Group's loan facilitation partners. Pursuant to the terms of the guarantees, upon default in repayments by the debtors, the Group will be responsible to repay the outstanding loan principals together with accrued interest and penalty owed by the debtors to certain of the Group's loan facilitation partners.

(1) Risk management

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

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

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

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

As at 31 December 2022, the maximum exposure arising from the provision of financial guarantee to certain loan facilitation parties amounted to approximately RMB178 million (31 December 2021: RMB150 million), being the principals and interests of the underlying loans which were granted by the Group’s loan facilitation partners with terms ranging from 3 to 12 months.

(2) *Maximum exposure to credit risk*

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

	As at 31 December 2022			As at 31 December 2021		
	Gross carrying amount	Loss allowance	Carrying amount	Gross carrying amount	Loss allowance	Carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at amortised cost (IFRS9)						
Cash and cash equivalents	1,591,508	–	1,591,508	2,057,872	–	2,057,872
Restricted cash	891,916	–	891,916	702,546	–	702,546
Trade receivables (i)	304,173	(29,531)	274,642	401,346	(20,442)	380,904
Loan receivables (ii)						
– Stage 1	598,083	(11,069)	587,014	552,897	(12,316)	540,581
– Stage 2	1,530	(735)	795	10,313	(6,012)	4,301
– Stage 3	3,441	(3,032)	409	6,998	(6,177)	821
Other receivables (iii)						
– Stage 1	2,344,558	(4,892)	2,339,666	1,804,472	(3,088)	1,801,384
– Stage 3	33,457	(33,457)	–	31,553	(31,553)	–
	<u>1,591,508</u>	<u>–</u>	<u>1,591,508</u>	<u>2,057,872</u>	<u>–</u>	<u>2,057,872</u>

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

31 December 2022	Current	Less than 90 days past due	90-180 days past due	180-270 days past due	More than 270 days past due	Total
Expected loss rate	0.56%	7.29%	14.59%	28.15%	100.00%	9.71%
Gross carrying amount	209,237	7,733	29,725	47,356	10,122	304,173
Loss allowance	1,178	564	4,336	13,331	10,122	29,531

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

The loss allowances for trade receivables as at 31 December 2022 reconcile to the opening loss allowances as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	20,442	–
Provision for expected credit loss	9,089	20,442
At the end of the year	<u>29,531</u>	<u>20,442</u>

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	24,505	16,550
Provision for expected credit loss	35,904	29,484
Write-off	(45,573)	(21,529)
At the end of the year	<u>14,836</u>	<u>24,505</u>

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	34,641	21,504
Provision for expected credit loss	3,708	9,870
Others	–	3,267
At the end of the year	<u>38,349</u>	<u>34,641</u>

3.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2022 and 2021 by level of inputs adopted in the valuation techniques used for measuring fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2022.

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Assets				
Financial assets at FVPL	14,384	–	634,172	648,556
Liabilities				
Contingent consideration and others	–	–	30,173	30,173

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

During the years ended 31 December 2022 and 2021, there was no transfer between level 1 and 2 for recurring fair value measurements. The significant methods used to determine the fair value and the fair value changes in level 3 financial instruments are presented in Notes 12 and 20.

Valuation processes of the Group (Level 3)

A team in the finance department of the Group performs the valuations of financial instruments required for financial reporting purposes, including the Level 3 fair values. This team reports directly to the Chief Financial Officer (“CFO”). Discussions of valuation processes and results are held between the CFO and the valuation team at least twice a year.

At each financial year end, the finance department:

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

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

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

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

Description	Fair Value		Significant Unobservable Input	Range of Input		Relationship between unobservable input and fair values
	As at 31 December			As at 31 December		
	2022	2021		2022	2021	
	RMB'000	RMB'000				
Current financial assets at FVPL	–	14,654	Probability of best and normal scenario	N/A	20%-80%	the higher the probability of best scenario, the lower the fair value
Non-current financial assets at FVPL	634,172	351,085	Discounts for lack of marketability (“DLOM”)	15.00%-35.00%	30.00%-31.00%	the higher the DLOM, the lower the fair value
			Enterprise value to sales (“EV/Sales”) multiple	0.95-2.20	0.97-3.63	the higher the EV/Sales multiple, the higher the fair value
			Price to sales (“P/S”) multiple	44.1	60.2	the higher the P/S multiple, the higher the fair value
			Revenue growth rate	8.44%-75.24%	N/A	the higher the revenue growth rate, the higher the fair value
			Growth profit margin	30.57%-44.65%	N/A	the higher the growth profit margin, the higher the fair value
			Terminal growth rate	3.00%	N/A	the higher the terminal growth rate, the higher the fair value
			Discount rate	20.0%-21.0%	N/A	the higher the discount rate, the lower the fair value
Contingent consideration	30,173	81,036	Discount rate	4.30%	4.30%	the higher the discount rate, the lower the fair value

4 REVENUE

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
One-stop payment services	2,754,252	2,268,266
Merchant solutions services	309,562	642,156
In-store e-commerce services	354,221	148,210
	<u>3,418,035</u>	<u>3,058,632</u>

For the years ended 31 December 2022 and 2021, interest revenue from entrusted loans and small-sized retail loans amounting to approximately RMB70,602,000 and RMB104,436,000, respectively, are included in revenue derived from merchant solutions services.

Except for interest income which is recognized over time, revenues of the Group are recognized at a point in time according to the related provisions prescribed under IFRS 15.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the years ended 30 December 2022 and 2021.

5 OTHER INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Government grants	27,856	13,610
Interest income	26,522	7,911
	<u>54,378</u>	<u>21,521</u>

6 OTHER LOSSES-NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Gains on deemed disposal of an associate (<i>Note 10</i>)	560	–
Net exchange losses	(5,668)	(7,745)
Impairment on prepayments (<i>Note 14(b)</i>)	(3,892)	(561)
Gains on disposal of property, plant and equipment	663	308
Losses on disposal of financial assets at FVPL	–	(4,311)
Others	(1,421)	(1,339)
	<u>(9,758)</u>	<u>(13,648)</u>

7 EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Commissions and marketing costs	2,291,642	2,060,310
Employee benefit expenses	480,183	419,417
Outsourcing service fees	242,841	89,002
Advertising and promotion expenses	80,845	68,761
Depreciation of property, plant and equipment	44,852	36,654
Amortization of intangible assets	23,127	23,832
Amortization of other non-current assets	43,650	36,521
Office expenses	32,945	29,290
Rental expenses relating to short-term leases	27,558	16,057
System development, consulting and data validation	24,751	37,807
Raw materials and consumables	13,421	107,277
Professional service fees	12,414	16,092
Travel and transportation	10,943	9,209
Auditor's remuneration	7,000	6,150
Others	30,486	56,464
Total	3,366,658	3,012,843

8 INCOME TAX EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax	13,601	61,722
Deferred income tax	12,844	1,254
	26,445	62,976

9 EARNINGS PER SHARE

(a) Basic earnings per share

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

	Year ended 31 December	
	2022	2021
Profit attributable to equity holders of the Company (in RMB thousands)	153,922	420,934
Weighted average number of ordinary shares in issue (in thousands) (i)	394,607	422,584
Basic earnings per share (expressed in RMB per share)	0.39	1.00

- (i) Weighted average number of ordinary shares in issue for the year ended 31 December 2022 has been determined based on the number of shares in issue, excluding the shares held for the purpose of share award schemes and certain restricted shares of the Company as depicted below.

In June 2019, the Company entered into a share purchase agreement with Mr. Zhang Ju (“**Mr. Zhang**”), the previous owner of Tuozhanbao Internet Financial Service (Shenzhen) Co., Ltd. (“**Tuozhanbao**”), pursuant to which Mr. Zhang transferred the entire issued share capital of Tuozhanbao to the Company in exchange for 15,487,856 ordinary shares issued by the Company (the “**Consideration Shares**”).

As set out in the share purchase agreement of Tuozhanbao, the Company should be entitled to require Mr. Zhang to transfer to the Company a certain number of the Consideration Shares at zero consideration if Tuozhanbao failed to meet certain performance targets in the next three years from the signing of the above share purchase agreement. Until Tuozhanbao met the performance targets, all the ordinary shares issued by the Company for the acquisition of Tuozhanbao would be restricted and could not be traded freely (the “**Returnable Shares**”).

The Returnable Shares had been excluded in the calculation of the weighted average number of ordinary shares until 1 June 2022, when Tuozhanbao met the performance targets and the Consideration Shares were released to Mr. Zhang.

(b) Diluted earnings per share

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

The Group has four categories of potential ordinary shares in the year ended 31 December 2022 which were the convertible bonds as disclosed in Note 21, the share options as disclosed in Note 22(a), the restricted share units as disclosed in Note 22(b) and the Returnable Shares issued for the acquisition of Tuozhanbao as mentioned in Note 9(a) above.

A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company’s shares during the year) based on the monetary value of the subscription rights attached to outstanding restricted share units and share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the restricted share units.

For the Returnable Shares, only the dilutive impact prior to 1 June 2022 (being the time when these Returnable Shares were released) was included in the calculation of diluted earnings per share.

For the convertible bonds, they are assumed to have been converted into ordinary shares. Interest savings on convertible bonds are adjusted to the extent of the amount charged to the profit attributable to owners of the Company. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the conversion of convertible bonds. For the year ended 31 December 2022, the effect of the convertible bonds was anti-dilutive and therefore not included in the calculation of the diluted earnings per share.

	Year ended 31 December	
	2022	2021
Profit attributable to equity holders of the Company (in RMB thousands)	153,922	420,934
Weighted average number of ordinary shares in issue (in thousands)	394,607	422,584
Adjustments for the Returnable Shares issued for the acquisition of Tuozhanbao (in thousands)	6,365	13,236
Adjustments for unvested restricted share units and share options (in thousands)	678	–
Weighted average number of ordinary shares for the calculation of diluted earnings per share (in thousands)	401,650	435,820
Diluted earnings per share (expressed in RMB per share)	0.38	0.97

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
At the beginning of the year	125,243	24,865
Remeasurement of equity interest in Shenzhen Zhizhangui Cloud Service Co., Ltd.	–	95,780
Capital injection	–	23,010
Reclassified to financial assets at FVPL	(3,774)	–
Share of profits/(losses)	8,098	(18,844)
Share of other comprehensive income	97	432
Gain on deemed disposal of an associate	560	–
Currency translation difference	1,487	–
	<u>131,711</u>	<u>125,243</u>
At the end of the year	<u>131,711</u>	<u>125,243</u>

11 INTANGIBLE ASSETS

	Goodwill RMB'000	Customer relationship RMB'000	Software RMB'000	Platform RMB'000	Brand name RMB'000	Total RMB'000
At 31 December 2020						
Cost	307,408	77,800	2,843	1,300	2,200	391,551
Accumulated amortization and impairment	(5,524)	(17,327)	(1,414)	(108)	(122)	(24,495)
Net book amount	<u>301,884</u>	<u>60,473</u>	<u>1,429</u>	<u>1,192</u>	<u>2,078</u>	<u>367,056</u>
Year ended 31 December 2021						
Opening net book amount	301,884	60,473	1,429	1,192	2,078	367,056
Additions	–	–	2,017	–	–	2,017
Business combination	137,233	–	1,000	–	36,000	174,233
Amortization charge	–	(19,533)	(1,043)	(650)	(2,606)	(23,832)
Closing net book amount	<u>439,117</u>	<u>40,940</u>	<u>3,403</u>	<u>542</u>	<u>35,472</u>	<u>519,474</u>
At 31 December 2021						
Cost	444,641	77,800	5,860	1,300	38,200	567,801
Accumulated amortization and impairment	(5,524)	(36,860)	(2,457)	(758)	(2,728)	(48,327)
Net book amount	<u>439,117</u>	<u>40,940</u>	<u>3,403</u>	<u>542</u>	<u>35,472</u>	<u>519,474</u>

	Goodwill RMB'000	Customer relationship RMB'000	Software RMB'000	Platform RMB'000	Brand name RMB'000	Total RMB'000
Year ended 31 December 2022						
Opening net book amount	439,117	40,940	3,403	542	35,472	519,474
Additions	–	–	340	–	–	340
Amortization charge	–	(13,739)	(621)	(542)	(8,225)	(23,127)
Closing net book amount	<u>439,117</u>	<u>27,201</u>	<u>3,122</u>	<u>–</u>	<u>27,247</u>	<u>496,687</u>
At 31 December 2022						
Cost	444,641	77,800	6,200	1,300	38,200	568,141
Accumulated amortization and impairment	<u>(5,524)</u>	<u>(50,599)</u>	<u>(3,078)</u>	<u>(1,300)</u>	<u>(10,953)</u>	<u>(71,454)</u>
Net book amount	<u>439,117</u>	<u>27,201</u>	<u>3,122</u>	<u>–</u>	<u>27,247</u>	<u>496,687</u>

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of revenue	11,839	11,858
Administrative expenses	<u>11,288</u>	<u>11,974</u>
	<u>23,127</u>	<u>23,832</u>

12 FINANCIAL ASSETS AT FVPL

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Current assets		
Investment in listed entities (a)	14,384	21,458
Contingent consideration (b)	–	14,654
	<u>14,384</u>	<u>36,112</u>
Non-current assets		
Investment in unlisted entities (c)	620,764	347,929
Contingent consideration (d)	<u>13,408</u>	<u>3,156</u>
	<u>634,172</u>	<u>351,085</u>
	<u>648,556</u>	<u>387,197</u>

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	387,197	99,028
Acquisition of a subsidiary (Note 23)	284,164	3,155
Additions	3,774	171,289
Disposal (e)	(125,315)	(50,257)
Changes in fair value through profit or loss	91,605	164,671
Currency translation differences	7,131	(689)
	<u>648,556</u>	<u>387,197</u>
At the end of the year	<u>648,556</u>	<u>387,197</u>

- (a) The balance represented the Group's investments in equity interests of several listed companies on the Hong Kong Main Board of The Stock Exchange of Hong Kong Limited.
- (b) The contingent assets related to the contingent consideration in the form of the Company's shares for the acquisition of Tuozhanbao (see more details in Note 9 above). As a result of Tuozhanbao's meeting the performance targets during the current years, the contingent assets were derecognized.
- (c) The balance primarily comprised the Group's investments in preferred shares and financial instrument related to Fushi amounting to approximately RMB558,553,000 (as at 31 December 2021: 294,855,000).
- (d) It represented the fair value of the contingent assets in relation to acquisition of Dingding Cultural Tourism (Chengdu) Co., Ltd. as at 31 December 2022 which was determined based on valuation technique by utilising probability weighted scenario analysis method.
- (e) The disposal mainly represented the derecognition of the derivative financial instrument asset relating to certain equity interests in IVP Growth I Ltd. ("IVP Growth"), which was previously recorded in financial assets at FVPL, upon the acquisition of IVP Growth (Note 23).

13 TRADE RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade receivables	304,173	401,346
Less: Allowance for expected credit loss (Note 3.1)	(29,531)	(20,442)
	<u>274,642</u>	<u>380,904</u>

- (a) The carrying amounts of the trade receivables balances were approximate to their fair value as at 31 December 2022 and 2021. All the trade receivables balances were denominated in RMB.
- (b) The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables. Information about the impairment of trade receivables and the Group's exposure to credit risk has been disclosed in Note 3.1.
- (c) As at 31 December 2022, RMB15,000,000 of trade receivables were pledged for certain bank borrowings of the Group (Note 19).
- (d) The Group allows a credit period within 90 days to its customers. Aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Up to 3 months	209,237	289,996
3 to 6 months	7,733	61,004
6 to 12 months	77,081	47,578
Over 1 year	10,122	2,768
	<u>304,173</u>	<u>401,346</u>

14 PREPAYMENTS AND OTHER RECEIVABLES

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Prepayments for:		
Land use rights	17,044	–
Payment terminals	7,051	–
	<u>24,095</u>	<u>–</u>
Sub-total		
Other receivables		
Deposits	2,500	1,318
Less: allowance for impairment of other receivables (<i>Note 3.1(a)</i>)	(1,008)	(981)
	<u>1,492</u>	<u>337</u>
Sub-total		
	<u>25,587</u>	<u>337</u>

(b) Prepayments and other receivables in current assets

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Prepayments		
Prepayments for SaaS terminals	3,997	16,197
Prepayments to media publishers and advertising agents	7,110	24,365
Others	13,262	37,956
Less: allowance for impairment of prepayments	(4,453)	(561)
Sub-total	<u>19,916</u>	<u>77,957</u>
Other receivables		
Receivables from payment networks (i)	1,886,538	1,565,542
Amounts due from related parties	270,381	174,157
Amounts due from business partners (ii)	109,933	–
Deposits placed with financial institutions	39,943	33,889
Deposits on lease and others	31,332	42,172
Payment network deposits	1,390	1,390
Others	35,998	17,557
Less: allowance for impairment of other receivables (Note 3.1(a))	(37,341)	(33,660)
Sub-total	<u>2,338,174</u>	<u>1,801,047</u>
	<u>2,358,090</u>	<u>1,879,004</u>

- (i) The balance mainly represents funds processed by the Group during the process of providing its one-stop payment services and in-store e-commerce services to merchants, which had been received by the payment networks, and would be then transferred to the respective merchants through the Group in accordance with the terms of agreements entered between the Group and the merchants.
- (ii) The balance mainly represents advance made by the Group and utility fees to be received for the purpose of developing merchants to its business partners, which would be deducted from their commission fee or returned within contractual period.
- (iii) The carrying amounts of the other receivables balances approximate their fair value as at 31 December 2022 and 2021. Prepayment and other receivable balances were mainly denominated in RMB.

15 LOAN RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Loan receivables (i)	603,054	570,208
Less: allowance for impairment of loan receivables (Note 3.1(a))	(14,836)	(24,505)
	<u>588,218</u>	<u>545,703</u>

- (i) The loan receivables mainly comprise entrusted loans and small-sized loans to various borrowers provided by the Group itself or through various financial institutions. The loans bore interest rate from 6% to 36% per annum and with lending periods of less than one year.

16 DIVIDENDS

No dividends have been paid or declared by the Company for year ended 31 December 2022 (2021: Nil).

17 CONTRACT LIABILITIES

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	33,114	26,508
Received from merchants	261,830	174,114
Received from advertising customers	104,071	167,470
Revenue recognized	(367,151)	(334,978)
	<u>31,864</u>	<u>33,114</u>
At the end of the year	<u>31,864</u>	<u>33,114</u>

As at 31 December 2022 and 2021, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of one year or less. Therefore, as permitted by the relevant practical expedient under IFRS 15, the transaction price allocated to these unsatisfied performance obligations was not disclosed.

18 TRADE AND OTHER PAYABLES

(a) Other payables in non-current liabilities

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Entry fees received from distribution channels	<u>-</u>	<u>361</u>

(b) Trade and other payables in current liabilities

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade payables (i)	<u>252,021</u>	<u>261,401</u>
Other payables		
Payables to merchants (iii)	2,682,054	2,260,888
Employee benefit payables	81,041	72,199
Deposits from distribution channels (ii)	73,307	76,943
Other taxes payables	63,737	22,489
Interest payable on convertible bonds (Note 21)	14,359	-
Individual income tax payable	2,592	1,989
Amounts due to related parties	76	18,208
Others	139,863	44,871
	<u>3,057,029</u>	<u>2,497,587</u>
	<u>3,309,050</u>	<u>2,758,988</u>

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

As at 31 December 2022 and 2021, the aging analysis of trade payables based on the invoice date was as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Up to 3 months	159,174	170,228
3 to 6 months	9,768	15,311
Over 6 months	83,079	75,862
	252,021	261,401

- (ii) The amount represents refundable deposits placed by distribution channels with the Group when they signed up the distribution channel agreements with the Group. It would be refunded to the respective distribution channel upon expiration of the agreements.
- (iii) The balance represents funds processed by the Group for merchants, which are required to be settled with merchants upon the respective contractual settlement clearance dates.
- (iv) As at 31 December 2022 and 2021, trade and other payables were mainly denominated in RMB and the fair values of these balances were approximated to their carrying amounts.

19 BANK AND OTHER BORROWINGS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Current		
Bank borrowings (a)		
– unsecured with guarantee	615,390	456,000
– secured with guarantee	15,000	3,500
Borrowing from other non-banking financial institution (b)		
– unsecured with guarantee	50,000	50,000
	680,390	509,500

- (a) For the years ended 31 December 2022 and 2021, bank borrowings with guarantee bore effective interest rate of 4.4 % and 4.7% per annum, respectively. As at 31 December 2022 and 2021, all of the bank borrowings were repayable within one year.

As at 31 December 2022, bank borrowings of RMB171,500,000 of Shenzhen Yeahka Technology Co., Ltd. (“**Shenzhen Yeahka**”) was guaranteed by Leshua Technology Co., Ltd. (“**Leshua**”), Shenzhen Feiquan Cloud Data Service Co., Ltd.* (“**Feiquan Cloud**”) and the Company.

As at 31 December 2022, bank borrowings of RMB413,445,000 of Leshua was guaranteed by Shenzhen Yeahka, Feiquan Cloud and the Company.

As at 31 December 2022, bank borrowings of RMB25,000,000 of Beijing Chuangxinzhong Technology Co., Ltd. (“**Chuangxinzhong**”) was guaranteed by Beijing Guohua Wenke Financing Guarantee Co., Ltd., Beijing Zhongguancun Technology Financing Guarantee Co., Ltd., Beijing SMEs Financing Re-guarantee Co., Ltd. Bank borrowings of RMB15,000,000 of Chuangxinzhong was secured by pledge of certain trade receivables, Tianjin Chuangxinzhong Technology Co., Ltd., and personal guaranteed by Qin Lingjin (“**Mr Qin**”).

As at 31 December 2022, bank borrowings of RMB5,445,000 of Shenzhen Qianhai Saosao Technology Co., Ltd was guaranteed by Feiquan Cloud.

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

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

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

- (b) As at 31 December 2022 and 2021, other borrowings of RMB50,000,000 of Feiquan Cloud bore effective interest rate of 8.6% per annum (2021: 8.6% per annum), and was guaranteed by Shenzhen Yeahka, Leshua and the Company.

20 FINANCIAL LIABILITIES AT FVPL

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities		
Contingent consideration (a)	<u>4,306</u>	–
Non-current liabilities		
Contingent consideration and others (a)	<u>25,867</u>	81,036
	<u>30,173</u>	<u>81,036</u>

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

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	81,036	77,243
Settlement of the contingent consideration relating to the acquisition of Chuangxinzhong (b)	(28,390)	–
Changes in fair value	(27,925)	8,273
Currency translation differences	<u>5,452</u>	(4,480)
At the end of the year	<u>30,173</u>	<u>81,036</u>

- (a) The balance mainly represented the fair value of the contingent consideration payable relating to the acquisition of Chuangxinzhong, which the ultimate payout is contingent upon the fulfillment of certain guaranteed annual profit targets set for Chuangxinzhong for each of the three years ending 30 November 2021, 2022 and 2023.
- (b) The guaranteed annual profit target for the year ended 30 November 2021 was met and the corresponding cash consideration amounted to RMB28,390,000 was paid by the Group during the year ended 31 December 2022.

21 CONVERTIBLE BONDS

The Group issued USD70,000,000 convertible bonds at a coupon interest rate of 6.25% per annum on 13 July 2022. The bonds mature in five years from the issue date. The bonds could be converted into the Company's ordinary shares, at the holder's option at any time on or after 23 August 2022 up to the close of business on the 10th day prior to the maturity date (both days inclusive), at HKD23.32 (fixed in USD at USD2.97) per share.

The net proceeds from the issue of the convertible bonds were approximately RMB457,059,000, after the deduction of transaction costs approximately RMB13,915,000. The initial value of the liability component of approximated to RMB359,198,000 (the fair value was calculated using a market interest rate for equivalent non-convertible bonds) and is subsequently stated at amortized cost until conversion or maturity of the bonds. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in other reserves.

The convertible bonds recognized are calculated as follows:

	31 December 2022 RMB'000
Face value of the convertible bonds on the issue date	470,974
Less: transaction costs	<u>(13,915)</u>
Net proceeds	457,059
Less: equity component	<u>(97,861)</u>
Liability component on initial recognition	<u>359,198</u>
Currency translation differences	13,271
Interest accrued during the year ended 2022	21,210
Interest to be paid	<u>(14,359)</u>
Liability component at 31 December 2022	<u><u>379,320</u></u>

Interest expenses on the liability component of the convertible bonds were calculated using the effective interest method, applying the effective interest rate of 12.83% per annum.

Up to 31 December 2022, there has been no conversion or redemption of the convertible bonds.

22 SHARE-BASED PAYMENTS

(a) Share option schemes

In September 2020, the board of the Company proposed to adopt the share option scheme to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. The proposal was approved by the general meeting of the Company in October 2020.

The Company has granted three batches of share options to employees and directors, on 7 January 2021, 12 May 2021 and 21 January 2022, respectively. The granted share options are vested evenly in 4 distributions within a 42-month, 4-year and 4-year period from vesting commencement, respectively.

Details of share option scheme granted at 21 January 2022 is as follows:

Exercise price of share option granted:	HKD25.56 per share, representing the highest of the following: <ul style="list-style-type: none">(i) the closing price of the shares on the date of grant of HKD24.70 per share as stated in the daily quotation sheet issued by the Stock Exchange;(ii) the average closing price of the shares of HKD25.56 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and(iii) the nominal value of USD0.000025 per share
Number of share option granted:	1,000,000
Percentage of total issued share capital of the Company as at 31 December 2022:	0.22%
Expiration terms:	10 years from date of grant

Among the 1,000,000 share options granted to 210 employees of the Group, no share options were granted to a director, chief executive or substantial shareholder of the Company or any of their respective associates.

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

	No. of options	Average exercise price per share option (HKD)
Outstanding as at 1 January 2022	4,728,000	47.77
Granted during the year	1,000,000	25.56
Forfeited during the year	(568,000)	43.75
	<u>5,160,000</u>	<u>44.08</u>
Outstanding as at 31 December 2022	5,160,000	44.08
Vested and exercisable as at 31 December 2022	2,140,250	46.15
	<u>2,140,250</u>	<u>46.15</u>
Outstanding as at 1 January 2021	–	–
Granted during the year	6,186,000	48.86
Forfeited during the year	(1,458,000)	52.38
	<u>4,728,000</u>	<u>47.77</u>
Outstanding as at 31 December 2021	4,728,000	47.77
Vested and exercisable as at 31 December 2021	1,027,750	44.20
	<u>1,027,750</u>	<u>44.20</u>

During year ended 31 December 2022 and 2021, all the forfeiture of share options prior to their respective expiry dates were due to the resignation of certain grantees.

The weighted-average remaining life for the above outstanding share options was 8.30 years as at 31 December 2022 (2021: 9.11 years).

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

	No. of options	Average exercise price per share option (HKD)
Outstanding as at 1 January 2022	400,000	44.20
Granted during the year	–	–
	<u>400,000</u>	<u>44.20</u>
Outstanding as at 31 December 2022	400,000	44.20
Vested and exercisable as at 31 December 2022	200,000	44.20
	<u>200,000</u>	<u>44.20</u>
Outstanding as at 1 January 2021	–	–
Granted during the year	400,000	44.20
	<u>400,000</u>	<u>44.20</u>
Outstanding as at 31 December 2021	400,000	44.20
Vested and exercisable as at 31 December 2021	100,000	44.20
	<u>100,000</u>	<u>44.20</u>

The weighted-average remaining life for the above outstanding share options was 8.02 years as at 31 December 2022 (2021: 9.02 years).

(iii) Fair value of options granted on 21 January 2022

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

Significant judgment on parameters required to be made by the Directors, such as risk free rate, dividend yield and expected volatility, in applying the Binomial Model, are summarized as below:

	As at 31 December 2022
Fair value per share	HKD9.94-HKD10.85
Exercise price	HKD25.56
Risk-free interest rate	1.75%
Dividend yield	–
Expected volatility	39.93%

The values of options to the effect that such values are subject to a number of assumptions and with regard to the limitation of the model.

The weighted-average fair value of granted shares was HKD10.38 per share for the year ended 31 December 2022.

The share-based compensation expenses recognized during the years ended 31 December 2022 and 2021 are summarized in the following table:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Employee options scheme		
– value of employee services	31,246	39,208

(b) Share award schemes

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

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

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

Details of RSUs are as follows:

Grant date (dd/mm/yyyy)	Number of RSU after share subdivision	Vesting period	Exercise price	Expiration terms
01/01/2013	5,514,696	1 year	USD0.000025	15 years from date of grant
01/02/2016	20,194,688	11 months	USD0.000025	Same as above
01/01/2017	5,120,000	1 year	USD0.000025	Same as above
01/01/2018	3,280,000	To be vested evenly within a 4-year period from vesting commencement	USD1.06	Same as above
01/08/2019	3,524,000	To be vested evenly with in a 4-year period from vesting commencement	USD1.62	Same as above
07/01/2021	390,000	To be vested evenly with in a 42 months period from vesting commencement	HKD16.64	Same as above
21/01/2022	1,500,000	Note	HKD0.01	Same as above

Note: There are two types of vesting schedules: (1) to be vested evenly in 4 distributions within a 4-year period from vesting commencement; (2) to be vested evenly in 5 distributions within a 4-year period from vesting commencement or two months after the commencement of the employment contract of the respective grantee.

The share-based compensation expenses recognized during the years ended 31 December 2022 and 2021 are summarized in the following table:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Employee share schemes – value of employee services	15,136	12,141

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

	Average exercise price (RMB)	Number of RSUs
Outstanding balance as at 1 January 2022	10.20	2,780,500
Granted during the year	0.01	1,500,000
Vested during the year	9.04	(1,675,400)
Forfeited during the year	4.86	(571,340)
Outstanding balance as at 31 December 2022	5.14	2,033,760
– Vested but not transferred as at 31 December 2022	10.16	1,765,400
Outstanding balance as at 1 January 2021	9.49	4,143,000
Granted during the year	13.87	390,000
Vested during the year	9.10	(1,746,500)
Forfeited during the year	10.41	(6,000)
Outstanding balance as at 31 December 2021	10.20	2,780,500
– Vested but not transferred as at 31 December 2021	15.18	839,000

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

The weighted average fair value of awarded shares granted during the year ended 31 December 2022 was HKD24.69 per share (equivalent to approximately RMB20.19 per share) (2021: HKD27.56 (RMB22.97)).

23 ACQUISITION OF IVP GROWTH

On 27 June 2022, the Group acquired approximately 90.4% equity interests of IVP Growth at a total consideration of approximately RMB257 million. The Directors of the Company have applied the optional test to identify concentration of fair value as prescribed by IFRS 3 'Business combination'. As the only asset of IVP Growth other than cash and cash equivalents represented the investment in the preferred shares of Fushi which was classified as financial assets at FVPL, the above acquisition was accounted for as acquisition of assets.

Details of the acquisitions are as follows:

	<i>RMB'000</i>
Purchase consideration	
– Fair value of the derivative financial instrument asset related to the 90.4% equity interests of IVP Growth at the acquisition date (<i>Note 12</i>)	122,182
– Cash paid	134,831
	<hr/>
Total consideration	257,013
	<hr/> <hr/>
Recognized amounts of identifiable assets acquired:	
Cash and cash equivalents	269
Financial assets at FVPL (<i>Note 12</i>)	284,164
	<hr/>
Total identifiable net assets	284,433
Less: non-controlling interests	(27,420)
	<hr/>
Net assets acquired	257,013
	<hr/> <hr/>
Payments of acquisition of a subsidiary, net of cash acquired	
– Cash paid	(134,831)
– Cash and cash equivalents of the subsidiary acquired	269
	<hr/>
Net cash outflow on acquisition	(134,562)
	<hr/> <hr/>

24 EVENTS AFTER BALANCE SHEET DATE

There were no material subsequent events during the period from 1 January 2023 to the approval date of these consolidated financial statements by the Board on 27 March 2023.

OTHER INFORMATION

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

During the Reporting Period, the trustee of the RSU Scheme has utilized an aggregate of approximately HKD882.6 million (including commission and transaction cost) to purchase 46,006,000 Shares on market at a consideration ranging from HKD14.00 to HKD25.00 per share. The Shares purchased during such period represent 10.3% of issued Shares as at December 31, 2022, and will be used as awards for the participant(s) in the RSU Scheme.

During the Reporting Period, the Company has also utilized an aggregate of approximately HKD109.3 million (including commission and transaction cost) to repurchase 5,888,800 Shares on market at a consideration ranging from HKD16.42 to HKD22.65 per share. The Shares repurchased during such period represent 1.3% of issued Shares as at December 31, 2022. All of the shares repurchased during the Reporting Period were subsequently cancelled by the Company. The repurchase was based on the Company's operational growth outlook while acknowledging market conditions and macroeconomic performance indicators. Details of the shares repurchased are as follows:

Month of repurchase in the year ended December 31, 2022	No. of Shares repurchased	Purchase consideration per Share		Aggregate consideration paid HKD
		Highest price paid HKD	Lowest price paid HKD	
September	2,430,400	19.36	16.74	44,046,939
October	1,468,800	20.30	16.42	27,065,464
November	1,460,000	22.65	17.30	27,621,119
December	529,600	22.50	18.80	10,590,544
Total:	5,888,800			109,324,066

In July 2022, the Company issued the Convertible Bonds. The Convertible Bonds were issued at a consideration of US\$70 million and are convertible into 23,551,758 Shares at an initial conversion price of HK\$23.32 per Share (subject to adjustment). The closing price of the Shares on July 4, 2022 (being the trading date on which the subscription agreement was entered into) was HK\$22.4 per Share. As of December 31, 2022, no Share has been issued pursuant to the conversion of the Convertible Bonds.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company for the year ended December 31, 2022.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. The Board is of the view that for the year ended December 31, 2022 and up to the date of this report, the Company has complied with most of the code provisions as set out in the CG Code, except for the deviation from code provision C.2.1 of Part 2 as explained below.

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

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

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the Model Code since the Listing Date and up to December 31, 2022.

The Board has also adopted written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of Part 2 of the CG Code. No incident of non-compliance with the Employees Written Guidelines by the Company's relevant employees had been noted for the year ended December 31, 2022 and up to the date of this announcement after making reasonable enquiry.

Audit Committee and Review of Financial Information

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

The Audit Committee, together with the Auditor, has reviewed the Group’s Audited Consolidated Financial Statements for the year ended December 31, 2022. The Audit Committee has also reviewed the accounting principles adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters.

Change in Directors’ biographical details under Rules 13.51(2) and 13.51B(1) of the Listing Rules

There is no change in Directors’ biographical details which is required to be disclosed pursuant to rules 13.51(2) and 13.51B(1) of the Listing Rules for the year ended December 31, 2022.

Scope of Work of the Auditor

The Auditor found the figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2022 as set out in this announcement were in agreement with the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by the Auditor in this respect does not constitute an audit, review or other assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no opinion or assurance has been expressed by the Auditor.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<https://www.yeahka.com/>). The annual report of the Company for the year ended December 31, 2022 containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the same websites in due course.

APPRECIATION

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

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

Hong Kong, March 27, 2023

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