

Yeahka 移卡

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股份代號: 9923.HK



YEAHKA LIMITED

移卡有限公司

2020 Interim Report 2020中期報告

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

CONTENTS

CORPORATE INFORMATION	2
FINANCIAL AND OPERATIONAL HIGHLIGHTS	4
MANAGEMENT DISCUSSION AND ANALYSIS	6
OTHER INFORMATION	24
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	34
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	36
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	38
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	40
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	42
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	44
DEFINITIONS	73

CORPORATE INFORMATION

Registered Office

Vistra (Cayman) Limited

P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

Headquarters

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15 Keyuan Road, Nanshan District
Shenzhen
China

Principal Place of Business in Hong Kong

40/F., Sunlight Tower
No. 248 Queen's Road East
Wanchai
Hong Kong

Company's Website

<https://www.yeahka.com/>

Board of Directors

Executive Director

Mr. Liu Yingqi (Chairman)
Ms. Zhou Lingli
Mr. Yao Zhijian
Mr. Luo Xiaohui
(appointed with effect from August 28, 2020)

Non-executive Directors

Mr. Mathias Nicolaus Schilling
Mr. Hirofumi Ono
(resigned with effect from August 28, 2020)
Mr. Akio Tanaka
(appointed with effect from August 28, 2020)

Independent non-executive Directors

Mr. Tam Bing Chung Benson
Mr. Yao Wei
Mr. Yang Tao

Company Secretary

Ms. Mak Po Man Cherie
(an associate member of both the
Hong Kong Institute of Chartered Secretaries
and The Institute of Chartered Secretaries and
Administrators in the United Kingdom)

Authorized Representatives

Ms. Zhou Lingli
Ms. Mak Po Man Cherie

Audit Committee

Mr. Yao Wei (Chairman)
Mr. Tam Bing Chung Benson
Mr. Yang Tao

Remuneration Committee

Mr. Yao Wei (Chairman)
Mr. Liu Yingqi
Mr. Tam Bing Chung Benson

Nomination Committee

Mr. Liu Yingqi (Chairman)
Mr. Yao Wei
Mr. Tam Bing Chung Benson

Hong Kong Legal Advisor

Miao & Co. (In Association with Han Kun Law Offices)

Rooms 3901-05, 39/F
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

CORPORATE INFORMATION

Independent Auditor

PricewaterhouseCoopers

Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

The Cayman Islands Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited

Boundary Hall, Cricket Square
PO Box 1093, Grand Cayman, KY1-1102
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor,
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Compliance Advisor

Somerley Capital Limited

20th Floor, China Building
29 Queen's Road Central
Hong Kong

Principal Banks

Industrial and Commercial Bank of China, Shenzhen Meilin Yicun Sub-branch

No. 112, Zone 5, Meilin Yicun
Futian District
Shenzhen, PRC

China Everbright Bank, Shenzhen Fortune Branch

1/F, Fortune Building
88 Fuhua 3rd Road, Futian District
Shenzhen, PRC

FINANCIAL AND OPERATIONAL HIGHLIGHTS

KEY OPERATING DATA

	For the six months ended June 30		Change (%)
	2020	2019	
One-stop Payment Services			
GPV (<i>RMB in million</i>)	634,637	757,857	-16.3
- App-based payment services	353,856	426,358	-17.0
- Traditional payment services	280,781	331,499	-15.3
Average Fee Rate (<i>bps</i>)	13.9	13.1	6.3
- App-based payment services	18.6	16.3	14.2
- Traditional payment services	8.1	9.1	-10.9
Number of Active Payment Service Customers ⁽¹⁾ (<i>thousand</i>)	4,692	4,799	-2.2
Number of Business Service Customers (<i>thousand</i>)	585	213	174.6

Note:

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

KEY FINANCIAL DATA

	For the six months ended June 30		Year on year change (%)
	2020	2019	
	RMB'000 (unaudited)	RMB'000 (unaudited)	
Revenue	1,077,090	1,024,564	5.1
- One-stop payment services	885,110	994,559	(11.0)
- App-based payment services	658,576	694,551	(5.2)
- Traditional payment services	226,534	300,008	(24.5)
- Technology-enabled business services	191,980	30,005	539.8
- Merchant SaaS products	11,669	3,561	227.7
- Marketing services	144,324	11,253	1,182.5
- Fintech services	35,987	15,191	136.9
Gross profit	330,955	284,004	16.5
Gross margin	30.7%	27.7%	3.0 ⁽¹⁾
Profit/(loss) for the period	222,641	(18,648)	N/A
Earnings/(losses) per share attributable to equity holders of the Company (expressed in RMB per share)			
- Basic	1.07	(0.39)	
- Diluted	0.33	(0.39)	

Note:

(1) Percentage points.

We incurred a profit of RMB222.6 million for the six months ended June 30, 2020 while we recorded a loss of RMB18.6 million for the comparative period in 2019, primarily due to the increase in our profits from technology-enabled business services and gains from fair value changes of convertible redeemable preferred shares.

Revenue from our one-stop payment services decreased by 11.0% from RMB994.6 million for the six months ended June 30, 2019 to RMB885.1 million for the comparative period in 2020, primarily due to

the decrease in the total GPV we processed by 16.3% from RMB757.9 billion for the six months ended June 30, 2019 to RMB634.6 billion for the comparative period in 2020 resulting from the outbreak of the Pandemic.

Revenue from our technology-enabled business services increased by 539.8% from RMB30.0 million for the six months ended June 30, 2019 to RMB192.0 million for the comparative period in 2020 as a result of our rapid growth in all types of technology-enabled business services.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is a leading payment-based technology platform dedicated to creating value for merchants and consumers. The Company was listed on the Stock Exchange in June 2020 under stock code: 09923.HK. The Company's principal business lines include technology-enabled business services, which consist a combination of marketing services, merchant SaaS products and fintech services, and one-stop payment services.

COMPANY STRATEGY

In the first half of 2020, the Pandemic imposed a significant impact on China's macro-economic conditions and business environment. However, challenges came with opportunities. The Pandemic exacerbated the need for digital transformation of small and micro merchants. In pursuing its mission to "continuously create value for merchants and consumers", the Company focused on the needs of millions of small and micro merchants in China, using payment services as the entry point to strengthen its technology platform, and continuously providing merchants with comprehensive technology-enabled business services in support of "small-store economy". For the Period, the Company continued to increase investments in research and development to enhance its system capabilities, big data analytics and artificial intelligence technology. In addition, with its research and development capabilities and cooperation with various partners, the Company delivered diversified technology-enabled business services and products to meet the needs of merchants and address their pain points, and to provide offline small and micro merchants with the necessary infrastructure for growth, providing them with helps that range from setting up stores, operation, customer acquisition to smart operation and further to expanding business scale and extending life cycles. Leveraging its forward-looking

vision, the Company is dedicated to incubating and nurturing more intelligent technology services and products, which will in turn consolidate the Company's position as a leading payment-based technology platform in China.

Using payment services as an entry point, the Company has reduced the cost of acquiring business service customers, enhanced merchants and consumers insights, and provided innovative services through continuous technology and product upgrade. Meanwhile, benefiting from synergies generated from the bi-directional and multi-directional interaction among various technology-enabled business services, the Company is able to cross sell through various independent merchant touch-points, which further enhances the accumulation of big data and strengthen user stickiness. This, in turn, will drive the continuous growth of the Company's payment business and help it build a closed-loop ecosystem that is based on payments and transcends payments. For the six months ended June 30, 2020, in terms of business development:

- Further diversifying payment channels and rapidly expanding app-based payment services. During the Period, the Company proactively extend the width and depth of its payment services coverage by Fushi, an exclusive partner of the Company that provides payment and merchant services, and expanding its range of distribution channel partners, including by actively forming vertical alliances with SaaS service providers along the supply chains, integrating its payment and technology-enabled business services into their systems to provide merchants with more comprehensive multi-scenario technology-enabled business services, thus further increasing customer stickiness and the scale of the Company's QR code payment service business.

MANAGEMENT DISCUSSION AND ANALYSIS

- Continuously optimizing and promoting Merchant SaaS products, including Smart Shopkeeper (智掌櫃), a leading integrated restaurant management solution. According to the Company's estimates, in the first half of 2020, Smart Shopkeeper consistently ranked the forefront in terms of both word of mouth and sales volume on various mainstream Chinese e-commerce platforms. In addition, Juhuisaosao (聚惠掃掃), an intelligent SaaS payment product that helps small and micro merchants reduce missing and lost orders, also achieved a rapid growth in terms of the number of merchant users during the Period.
- Centred upon the Company's artificial intelligence and machine learning powered data management platform, its precision marketing platform for advertisements has adopted a traffic platform strategy. Leveraging customer traffic from payment services, the Company has integrated nearly ten offline vertical use case scenarios, including refueling and parking, to enlarge its advertising inventory. At the same time, the Company is able to strengthen the integration of third-party user behavioral data with its transaction data to maximize the value of its marketing services.
- Due to the impact of the Pandemic on small and micro merchants, the Company's management team has established a rigorous risk control mechanisms for its fintech services, by reducing the amount of loans offered, and keeping delinquency rate at a relatively low level compared with the industry. Meanwhile, with the help of artificial intelligence and machine learning algorithms, the Company provided liquidity support to a selective premium small and micro merchants based on analytics results.

In addition, in terms of strategic cooperation, investments and acquisitions, the Company and its strategic shareholder, Recruit Holdings Co., Ltd., a renowned Japanese internet company, have jointly established RYK Capital Partners Limited, an investment platform, having pursued strategic investments in order to rapidly expand the Company's strategic deployment in payments and business services. During the Period, through RYK Capital Partners Limited, the Company increased its capital in Fushi, and strategically invested in Zhibaiwei, to further cooperate with them on areas including integrated payments, SaaS products, marketing and other value-added services, in an effort of continuously shaping and developing the Company's smart ecosystem.

BUSINESS HIGHLIGHTS AND SUMMARY

For the six months ended June 30, 2020:

- Despite the impact of the Pandemic, the transaction counts of app-based payment services quickly recovered in the second quarter of 2020 and increased by 32.9% as compared with the first quarter.
- The Company continued to intensify the diversification of payment channels. The number of payment service partners in distribution channels, namely independent sales agents, sales partners, and SaaS partners, increased by 51.7% year-on-year to more than 9,000, among which, SaaS partners increased by 72.3% year-on-year to over 700. The daily peak payment transaction counts of Fushi increased to over 2.1 million, which was 17.2 times of that for the comparative period in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

- The number of technology-enabled business service customers of the Company increased by 174.4% year-on-year to over 580,000.
- The Company's technology-enabled business services achieved breakthrough growth. During the Period, total impressions of the Company's precision advertising platform increased by 478.8% as compared with that of the second half of 2019. For merchant SaaS products, sales volume of Smart Shopkeeper for the Period increased by 107.8% from that for the comparative period in 2019. For fintech services, during the Period, a total of RMB213.6 million transactions were granted or facilitated, representing a decrease of 38.3% compared with the second half of 2019. During the Period, the Company's M1+ delinquency rate by vintage (over 30 days overdue) remained stably at 5.7%.

Payment Services

As the Company's entry point business, fast-growing app-based payment services can not only reduce customer acquisition costs and accumulate insights into transactions, operational and behavior of merchants and consumers, but also create opportunities for interactions among merchants, consumers and the Company's services. In addition, during the Period, by stepping up research and development efforts in technology systems, big data analytics and artificial intelligence, the Company's payment system has completed a number of upgrades, achieving transactional stability of 99.99% and daily processing capacity of over 100 million transactions, with a fraud loss rate of 0.00000674%.

During the Period, as the Pandemic brought about varying extents of impacts to offline businesses in the first half of 2020, the Company's GPV decreased by 16.3% year-on-year to RMB634,637.1 million; and the number of active payment service customers decreased by 2.2% year-on-year to 4.7 million. However, as the Pandemic became contained in China and the offline consumption began to recover, as of June 30, 2020, the Company's GPV and the number of active payment service customers have been increasing every month since the beginning of the second quarter of 2020. Further, benefiting from the promotional efforts of the Company's over 9,000 partners in distribution channels, including over 700 offline scenarios based SaaS partners from industries including food and beverages, retail, parking and refueling industry, coupled with the increasing number of consumers who turned to local community stores for necessities during the Pandemic, the number of consumers that the Company had served via its payment services reached 491.9 million as of June 30, 2020, representing a year-on-year increase of 115.5%. Moreover, transaction counts of the Company's app-based payment service recovered rapidly in the second quarter, increasing by 32.9% as compared with the first quarter.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, apart from diversifying its distribution channels and quickly obtaining insights on the operational demands of small and micro merchants in the digital economy era, through RYK Capital Partners Limited, the Company increased its capital in Fushi, a one-stop technology platform that enables automated ordering, aggregated payment collection, delivery management, integrated billing and reporting, intelligent store management and fintech services. As of June 30, 2020, Fushi had reached more than 90,000 merchants in 16 cities across China, with daily peak payment transaction counts reached over 2.1 million, which increased an additional 34.0% to over 2.9 million at the end of July. During the Period, with the Company's products and technology support, Fushi has incorporated a membership function, which enables merchants to improve its customer loyalty and channel consumer traffic, and further to build up their own native traffic, providing a sound foundation for serving a growing number of merchants in the future.

Marketing Services

The Company strives to create a marketing platform for precision advertising based on offline traffic. Leveraging the customer base of the Company's payment services, the Company's platform aggregates traffic from multiple scenarios and intelligently matches it with targeted users, maximizing the value of the Company's marketing services. During the Period, the Company attracted a large amount of offline traffic from various QR code-based payment scenarios, including purchases from food and beverage establishments, car parks, gas stations, supermarkets and retailers, colleges and universities, as well as vending machines. This allowed the Company to accumulate a rich advertising inventory covering an extensive range of use case scenarios.

As the Company's advertising inventory is highly related to transactions and consumption scenarios, its platform has gained traction from traditional advertisers in industries such as e-commerce, gaming, online education and travel. At the same time, the Company's marketing platform for precision advertising enables micro and small merchants, the core customers of the Company, to effectively and accurately reach their targeted consumers using their offline payments and traffic data.

In March 2020, the Company launched Yuehuiquan (約惠圈), a coupon aggregation and distribution platform. Based on in-depth operation of Tencent WeChat and Mini Program, Yuehuiquan provides merchants with simple and easy-to-use marketing toolkits, including coupons, that enable merchants to effectively acquire customers through ultra-precise location-based advertising and consumer data labels, as well as to efficiently attract consumer traffic and establish their own native traffic. During the Period, Yuehuiquan was successfully integrated into the Company's ecosystem and across its merchant touchpoints, including Fushi, Smart Shopkeeper and Juhuisaosao. In the end, a value-transmission network connecting traffic on the Company's platform and merchant customers was established, so that to enhance the overall technology-enabled business service portfolio of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, Tuozhanbao (the business operations of which have been subsequently transferred to Letuobao, which the Company acquired in 2019, contributed steady growth to the Company's marketing service revenue. As one of the industry leading providers of channel development tools, Letuobao provides the marketing team of merchant service providers with systematic customer relationship management (CRM) solutions, management systems, and comprehensive online and offline training courses, with an aim to improve the efficiency of their overall marketing services.

Merchant SaaS Products

The Company has integrated a variety of customized functions for specific use case scenarios into its merchant SaaS products. Through its merchant SaaS products, the Company provides various customized cloud intelligent business solutions to different industry verticals. The merchant SaaS products feature multiple innovative functions including inventory management, customer relationship management, order management, and employee management.

As of June 30, 2020, the Company has developed a wide variety of scenario-specific merchant SaaS products, including Smart Shopkeeper, an integrated restaurant management solution. As a SaaS product integrating both software and hardware, Smart Shopkeeper features a variety of business services and technology, such as payments, SaaS, marketing, and innovative artificial intelligence technologies. Furthermore, Smart Shopkeeper can be integrated with the Company's other marketing service products, such as Yuehuiquan, thus jointly providing one-stop solutions to merchants. As the Pandemic was largely brought under control, the food and

beverage industry recovered rapidly. The Company proactively provides small and micro merchants with digital solutions and has been taking advantage of a transition where a large number of small and micro merchants have been switching from an "aggressive growth" to "quality growth" operating model. During the Period, the Company has increased the online and offline sales channels of Smart Shopkeeper. The sales volume for the Period increased by 107.8% from that for the comparative period in 2019. In addition to continuously improving merchant SaaS products and business services in the food and beverage industry, the Company has strategically invested in Zhibaiwei. By capitalizing on Zhibaiwei's business deployment in the retail sector covering maternal and infant supplies, clothing and supermarkets, the Company will integrate its various technology products and operational services with Zhibaiwei, to provide integrated cloud intelligent business solutions to small and micro merchants.

At the same time, the Company actively expanded the sales channels of its in-house developed product Juhuisaosao during the Period, a proprietary smart payment SaaS product that supports a wide range of integrated payment methods. The app features voice reminders for merchants when new payments arrive, thus minimizing the likelihood of missed or lost orders during rush hours. In addition, leveraging the big data capabilities of the Company's ecosystem, merchants' smart phones and WeChat Mini Program, Juhuisaosao enables merchants to gain additional insights into their business performance and facilitates business decisions by providing functions including multi-dimensional transaction reports and analysis, cash flow analysis and forecasts. As of June 30, 2020, the Company has provided Juhuisaosao to over 11,000 merchant customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Fintech Services

Based on nearly a decade of accumulated insights into the demands from its merchants and consumers, the Company has developed a variety of fintech services, including loan facilitation services, entrusted loan services, and insurance referral services.

Since the beginning of 2020, the PRC Government has promoted inclusive finance and “small-store economy”. Currently, small and micro businesses are still facing the challenges of financing difficulties and weak anti-risk capabilities. Leveraging on tons of data acquired from countless payment transactions, SaaS and marketing scenarios, the Company has built a borrower’s behavior prediction model and customer profile scoring system, using deep learning artificial intelligence technology. The Company also cooperates with licensed financial institutions to achieve more effective risk identification and improve merchant customers’ resilience to economic cycles.

During the Pandemic, the management of the Company has carried out more prudent risk control measures, including substantially tightening credit policies and raising lending standards to reduce the loan amount. To help small and micro merchants meet their short-term financial needs while minimizing risks, the Company used artificial intelligence and machine learning algorithms to analyze and categorize merchant database. Leveraging other SaaS and marketing products, the Company also aimed to improve the prospects of small and micro merchants and boost their growth. During the Period, the total amount of transactions that the Company facilitated was approximately RMB213.6 million, representing a decrease of 38.3% as compared with the second half of 2019, with a weighted average tenor of 9.5 months. As of June 30, 2020, the Company stabilized M1+ delinquency rate by vintage (over 30 days overdue) at around

5.7%, which demonstrates the effectiveness of the Company’s credit risk management capabilities in various economic cycles. In addition, the steady growth of Company’s insurance referral services, including the fund security insurance and deferred payment insurance developed together with cooperated insurance companies, have been maintained during the Period.

FINANCIAL REVIEW

For the six months ended June 30, 2020:

- The Company improved its overall results as compared with the same period in 2019. Total revenue for the Period reached RMB1,077.1 million, representing an increase of 5.1% from that for the comparative period in 2019, mainly due to an increase in the revenue from technology-enabled business services. Meanwhile, the revenue contribution from technology-enabled business services rapidly increased to 17.8% from 2.9% for the same period in 2019, among which, marketing services revenue amounted to RMB144.3 million, representing an increase of 1,182.5% from that for the comparative period in 2019; merchant SaaS products revenue amounted to RMB11.7 million, representing an increase of 227.7% from that for the comparative period in 2019; and fintech services revenue amounted to RMB36.0 million, representing an increase of 136.9% from that for the comparative period in 2019.
- Gross profit amounted to RMB331.0 million, representing an increase of 16.5% from that for the comparative period in 2019. Among which, gross profit from technology-enabled business services amounted to RMB115.6 million, accounting for 34.9% of the Company’s gross profit, as compared with 9.1% for the comparative period in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

- The Company recorded a net profit of RMB222.6 million, as compared with a net loss of RMB18.6 million for the comparative period in 2019.
- Research and development expenses amounted to RMB55.6 million, representing an increase of 133.7% from that for the comparative period in 2019, mainly due to an increased number of research and development personnel and increased investments in systems, big data, product development as well as research and development in relation to artificial intelligence and machine learning.

OUTLOOK

As a pioneer in providing diversified technology-enabled business services to offline small and micro merchants, the Company will continue to concentrate on its app-based payment services. The Company will develop a broader product portfolio, leveraging its industry-leading research and development capabilities, and increase its strategic investments to make deployment of Company's ecosystem. The Company will help merchants improve their efficiency and customer acquisition capabilities by further fulfilling their unmet digital needs over the entire life cycle. At the same time, the Company will continue to meet consumers' needs through merchants, creating more value for both customers and merchants. Meanwhile, the Company will gradually optimize and increase its product functionalities and types of technology-enabled services. With the integration and interaction among different products and functions, the Company will ultimately be able to build and enable a technology ecosystem for routing merchant data traffic.

As its entry point business, the Company will continue to invest its core resources in app-based payment services, and develop new technology-enabled services by utilizing its vast volumes of traffic and data. This will help further improve merchant

stickiness, and strengthen the monetization abilities of merchants using their own consumer traffic. Furthermore, the Company will actively promote the penetration of its payments business into the lower-tier market, with the aim of grasping the untapped opportunities in a market with trillions of payments. The Company will also amplify its research on the application of cutting-edge technologies in payment, including biometric authorization and digital currencies.

For marketing services, the Company will continue to concentrate on media channel diversification, advertiser resources acquisition, as well as big data mining and algorithmic optimization in order to improve the precision of advertisement placement across different use case scenarios. This will enhance the Company's traffic monetization ability and help advertisers improve the quality and effectiveness of their advertising efforts. Through the rapid development of the Company's app-based payment business, strategic cooperation, investments, acquisitions, and other expansion opportunities, the Company will rapidly expand the scale of its marketing platform for precision advertising and data management platform, with the aim of achieving a sustainable and rapid business development.

For merchant SaaS products, the Company will continue to deepen its reach in the offline market, and launch more SaaS products by leveraging its merchants and consumers insights. As a result, the Company will be able to provide comprehensive and highly-efficient products that enable the merchants to achieve intelligentization.

The fintech industry has a market size of over RMB10.0 trillion and strong natural monetization capability, with a high ceiling. The Company will continue to be dedicated to providing small and micro merchants with a wider variety of fintech services. The Company believes that its resilient fintech services will grow rapidly once the economy rebounds.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS PERFORMANCE FOR THE SIX MONTHS ENDED JUNE 30, 2020

	For the six months ended June 30	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue	1,077,090	1,024,564
Cost of revenue	(746,135)	(740,560)
Gross profit	330,955	284,004
Selling expenses	(30,454)	(34,012)
Administrative expenses	(94,001)	(56,336)
Research and development expenses	(55,554)	(23,770)
Impairment losses on financial assets	(32,845)	(6,204)
Other income	7,385	2,981
Other gains - net	1,894	956
Operating profit	127,380	167,619
Finance costs	(4,587)	(2,353)
Share of losses of investments accounted for using the equity method	(4,265)	(6,367)
Fair value changes of convertible redeemable preferred shares	125,822	(141,939)
Profit before income tax	244,350	16,960
Income tax expenses	(21,709)	(35,608)
Profit/(loss) for the period attributable to equity holders of the Company	222,641	(18,648)

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

We generate revenue primarily through our two main types of business, namely (i) one-stop payment services and (ii) technology-enabled business services. Our revenue increased by 5.1% from RMB1,024.6 million for the six months ended June 30, 2019 to RMB1,077.1 million for the comparative period in 2020, primarily due to the rapid growth of technology-enabled business services.

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

	For the six months ended June 30			
	2020		2019	
	<i>RMB'000</i> (unaudited)	%	<i>RMB'000</i> (unaudited)	%
Revenue from one-stop payment services	885,110	82.2	994,559	97.1
App-based payment services	658,576	61.1	694,551	67.8
Traditional payment services	226,534	21.0	300,008	29.3
Revenue from technology-enabled business services	191,980	17.8	30,005	2.9
Merchant SaaS products	11,669	1.1	3,561	0.3
Marketing services	144,324	13.4	11,253	1.1
Fintech services	35,987	3.3	15,191	1.5
Total	1,077,090	100.0	1,024,564	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

One-stop payment services

Revenue from our one-stop payment services decreased by 11.0% from RMB994.6 million for the six months ended June 30, 2019 to RMB885.1 million for the comparative period in 2020, primarily due to the decrease in the total GPV we processed by 16.3% from RMB757.9 billion for the six months ended June 30, 2019 to RMB634.6 billion for the comparative period in 2020 resulting from the outbreak of the Pandemic which posed a degree of adverse impact to consumption in China, and hence demand for our payment services. The decrease in revenue for our one-stop payment services was partially offset by the slight increase in our payment service fee rate from 13.1 bps for the six months ended June 30, 2019 to 13.9 bps for the comparative period in 2020.

Technology-enabled business services

Revenue from our technology-enabled business services increased by 539.8% from RMB30.0 million for the six months ended June 30, 2019 to RMB192.0 million for the comparative period in 2020 as a result of our rapid revenue growth in all types of technology-enabled business services.

Merchant SaaS products

Revenue from our merchant SaaS products increased by 227.7% from RMB3.6 million for the six months ended June 30, 2019 to RMB11.7 million for the comparative period in 2020, primarily due to our continuing efforts in launching new products and improving existing products.

Marketing services

Revenue from our marketing services increased by 1,182.5% from RMB11.3 million for the six months ended June 30, 2019 to RMB144.3 million for the comparative period in 2020, primarily due to (i) the increase in the number of business service customers resulting from the accelerated customer conversion from active payment service customers, and our enhanced monetization capability; (ii) the growth of our precision marketing service as a result of the increase in our advertising inventory after adopting open platform traffic strategy, and our continuous accumulation of data and improvement in analytics capabilities, which in turn enhanced our advertisement placements accuracy; and (iii) the revenue contribution from the business of a marketing subsidiary, Tuo-zhan-bao (the business operations of which have been subsequently transferred to Letuobao), acquired in June 2019.

Fintech services

Revenue from our fintech services increased by 136.9% from RMB15.2 million for the six months ended June 30, 2019 to RMB36.0 million for the six months ended June 30, 2020, primarily due to the growth of our entrusted loan, small-sized loan and loan facilitation businesses as well as our insurance referral services.

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF REVENUE

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

	For the six months ended June 30			
	2020		2019	
	<i>RMB'000</i> (unaudited)	%	<i>RMB'000</i> (unaudited)	%
Commission	691,181	92.6	667,029	90.1
Processing fees	9	0.1	33,352	4.5
Amortization of non-current assets	30,070	4.0	27,532	3.7
Others	24,875	3.3	12,647	1.7
Total	746,135	100.0	740,560	100.0

Our cost of revenue slightly increased by 0.8% from RMB740.6 million for the six months ended June 30, 2019 to RMB746.1 million for the comparative period in 2020, primarily due to (i) the increase in commission paid to marketing distribution channels and partners by RMB57.7 million resulting from the rapid expansion of our marketing services, and partially offset by (ii) a decrease in commission paid to payment distribution channels by RMB33.5 million due to the decrease in the total GPV we processed resulting from the Pandemic, and (iii) a significant decrease in processing fees paid to payment networks for using their settlement services, which have been provided largely free of charge since the second half of 2019.

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

	For the six months ended June 30			
	2020		2019	
	<i>RMB'000</i> (unaudited)	%	<i>RMB'000</i> (unaudited)	%
One-stop payment services	669,754	89.8	736,414	99.4
Technology-enabled business services	76,381	10.2	4,146	0.6
Total	746,135	100.0	740,560	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT AND GROSS PROFIT MARGIN

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

	For the six months ended June 30			
	2020		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(unaudited)		(unaudited)	
One-stop payment services	215,356	24.3	258,145	26.0
Technology-enabled business services	115,599	60.2	25,859	86.2
Total	330,955	30.7	284,004	27.7

Our gross profit increased by 16.5% from RMB284.0 million for the six months ended June 30, 2019 to RMB331.0 million for the comparative period in 2020 as a result of the significant growth of our technology-enabled business services. Our gross profit margin increased from 27.7% for the six months ended June 30, 2019 to 30.7% for the comparative period in 2020, primarily due to the rapid expansion of our technology-enabled business services, which carried a higher level of gross profit margin than that of one-stop payment services.

Gross profit margin of our one-stop payment services decreased from 26.0% for the six months ended June 30, 2019 to 24.3% for the comparative period in 2020 because we offered more discount to distribution channels to encourage promotions of our businesses and services in the face of the Pandemic.

Our overall gross profit margin of technology-enabled business services decreased from 86.2% for the six months ended June 30, 2019 to 60.2% for the comparative period in 2020, primarily due to the increased proportion of our revenue from marketing services which carried a lower gross profit margin.

SELLING EXPENSES

Our selling expenses decreased by 10.5% from RMB34.0 million for the six months ended June 30, 2019 to RMB30.5 million for the comparative period in 2020, primarily due to a RMB4.7 million, or 26.0%, decrease in advertising and promotion expenses as a result of the transformation of our marketing strategy to cooperate more with distribution channels and less with online media publishers.

MANAGEMENT DISCUSSION AND ANALYSIS

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by 66.9% from RMB56.3 million for the six months ended June 30, 2019 to RMB94.0 million for the comparative period in 2020, primarily due to (i) the increase in the recognition of listing expenses of RMB18.6 million and (ii) the increase in our employee benefits and our office and other administrative expenses by RMB9.9 million and RMB5.4 million, respectively, due to our increased headcount.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses increased by 133.7% from RMB23.8 million for the six months ended June 30, 2019 to RMB55.6 million for the comparative period in 2020, primarily due to (i) an increase in our employee benefits of RMB19.5 million as a result of our increased headcount and (ii) an increase in system development, consulting and data validation cost of RMB9.0 million in association with system upgrade of marketing and SaaS businesses and our research and development in relation to artificial intelligence and machine learning.

IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Our impairment losses on financial assets increased by 429.4% from RMB6.2 million for the six months ended June 30, 2019 to RMB32.8 million for the comparative period in 2020 as (i) we adopted a prudent approach and recognized impairment provision of RMB6.0 million for the amount due from an associate in view of the negative impact on its business operations caused by the Pandemic, and (ii) we prudently increased the impairment provision on loan receivables as the overdue rate increased during the six months ended June 30, 2020 due to the Pandemic.

OTHER INCOME

Our other income increased by 147.7% from RMB3.0 million for the six months ended June 30, 2019 to RMB7.4 million for the comparative period in 2020, primarily due to an increase in interest income from bank deposits of RMB4.1 million primarily as a result of interests gained from our short-term deposits of the net proceeds received from the global offering and the Listing on June 1, 2020.

OTHER GAINS - NET

We recorded other gains - net of RMB1.9 million for the six months ended June 30, 2020, which was primarily attributable to (i) our currency translation gains of approximately RMB0.4 million, and (ii) gains of RMB0.7 million from gains on financial assets at fair value through profit or loss. We recorded other gains - net of RMB1.0 million for the six months ended June 30, 2019, primarily due to gains on financial assets at fair value through profit or loss from gains on investments in wealth management products.

OPERATING PROFIT

As a result of the foregoing, we recorded operating profit of RMB167.6 million for the six months ended June 30, 2019 and RMB127.4 million for the comparative period in 2020.

FINANCE COSTS

Our finance costs increased by 94.9% from RMB2.4 million for the six months ended June 30, 2019 to RMB4.6 million for the comparative period in 2020 primarily due to the increase in the amount of our borrowings for six months ended June 30, 2020 compared with the same period in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE OF LOSSES OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Our share of losses of investments accounted for using the equity method decreased by 33.0% from RMB6.4 million for the six months ended June 30, 2019 to RMB4.3 million for the comparative period in 2020, primarily due to the improvement of operating results of some of our associates.

FAIR VALUE CHANGES OF THE PREFERRED SHARES

We recognized losses from fair value changes of the preferred shares of RMB141.9 million for the six months ended June 30, 2019 while we recorded gains arising from fair value changes of the preferred shares of RMB125.8 million for the comparative period in 2020, primarily due to the difference between the fair value of the preferred shares as of December 31, 2019 based on independent valuer's best estimate and that as of June 1, 2020, the date on which the preferred shares were converted into ordinary shares upon the Listing, based on the best estimate from market participants' perspective.

PROFIT BEFORE INCOME TAX

As a result of the foregoing, our profit before income tax increased by 1340.7% from RMB17.0 million for the six months ended June 30, 2019 to RMB244.4 million for the comparative period in 2020.

INCOME TAX EXPENSES

Our income tax expenses decreased by 39.0% from RMB35.6 million for the six months ended June 30, 2019 to RMB21.7 million for the comparative

period in 2020. Our effective tax rate was 8.9% for the six months ended June 30, 2020 primarily due to gains from fair value changes of the preferred shares which was not subjected to income taxes. Our effective tax rate was 210.0% for the six months ended June 30, 2019 primarily due to losses from fair value changes of the preferred shares and share based payment expenses which was not deductible for income taxes.

PROFIT/(LOSS) FOR THE PERIOD

As a result of the foregoing, we incurred loss of RMB18.6 million for the six months ended June 30, 2019 while we recognized profit of RMB222.6 million for the comparative period in 2020.

NON-IFRS MEASURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended June 30	
	2020 RMB'000	2019 RMB'000
Profit/(loss) for the period	222,641	(18,648)
Add:		
Fair value changes of the preferred shares	(125,822)	141,939
Share-based compensation expenses	7,000	2,300
Listing expenses	27,496	8,922
Adjusted net profit	131,315	134,513

CAPITAL STRUCTURE

Our total assets increased from RMB2,274.0 million as of December 31, 2019 to RMB3,678.2 million as of June 30, 2020. Our total liabilities decreased from RMB2,829.5 million as of December 31, 2019 to RMB1,151.1 million as of June 30, 2020. Liabilities-to-assets ratio decreased from 124.4% as of December 31, 2019 to 31.3% as of June 30, 2020.

The current ratio, being current assets divided by current liabilities as of the respective date, increased from 1.35 as of December 31, 2019 to 3.00 as of June 30, 2020.

LIQUIDITY, CAPITAL RESOURCES AND GEARING

For the six months ended June 30, 2020, we financed our operations primarily through cash generated from business operations, bank borrowings and

capital contributions from our shareholders. Our cash and cash equivalents increased by 345.0% from RMB441.3 million as of December 31, 2019 to RMB1,964.0 million as of June 30, 2020, primarily attributable to the net proceeds from the Listing on June 1, 2020.

Our gearing ratio, being borrowings divided by total equity and multiplied by 100%, was 3.2% as of June 30, 2020. We had net liabilities as of December 31, 2019, hence no gearing ratio is presented.

CAPITAL EXPENDITURES

Our capital expenditures primarily consist of payments for purchasing property, plant and equipment, intangible assets and payment terminals. Our total capital expenditures decreased by 84.0% from RMB75.0 million for the six months ended June 30, 2019 to RMB12.0 million for the six months ended June 30, 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

INDEBTEDNESS

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

	As of June 30, 2020 RMB'000 (unaudited)	As of December 31, 2019 RMB'000 (audited)
Non-current		
Lease liabilities	9,665	17,568
Current		
Bank borrowings (unsecured with guarantee)	70,000	116,500
Borrowings from other non-bank financial institution (unsecured with guarantee)	10,000	20,000
Lease liabilities	9,678	10,212
Other payables - payable to creditors	25,201	38,738
Total	124,544	203,018

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As of June 30, 2020, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our 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 June 30, 2020, we did not pledge any of our assets.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In August 2020, the Board passed a resolution, according to which the sum of approximately RMB861.2 million standing to the credit of the share premium of the Company will be applied to set off the accumulated losses and other reserves of the Company. Accordingly, the accumulated losses of approximately RMB773.9 million will be set off and the related currency translation difference of approximately RMB87.2 million will be released.

Except as disclosed above, there are no material events subsequent to June 30, 2020 which could have a material impact on our operating and financial performance as of the date of this report.

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 our Group's entities. We do not use any derivative contracts to hedge against our exposure to foreign exchange risk. We manage currency risk by closely monitoring the movement of the foreign currency rates and will take prudent measures to minimize the currency translation risk.

MATERIAL ACQUISITIONS AND FUTURE PLANS FOR MAJOR INVESTMENT

During the six months ended June 30, 2020, we did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus, 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.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2020 (for the six months ended June 30, 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY INFORMATION

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

EMPLOYEES

As of June 30, 2020, we had a total of 546 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.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2020, the interests and short positions of Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have taken under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests of Directors and Chief Executives in the Shares of the Company

Name of director	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of shareholding (%)
Mr. Liu Yingqi ^(Note 2)	Founder of a discretionary trust	165,710,764	38.88
Mr. Yao Zhijian	Beneficial owner	2,594,592	0.61
Ms. Zhou Lingli	Beneficial owner	7,571,476	1.78
Mr. Mathias Nicolaus Schilling ^(Note 3)	Interest in controlled corporation	6,371,972	1.50
Mr. Hirofumi Ono ^(Note 4)	Interest in controlled corporation	24,556,032	5.76

Notes:

- All interests stated are long positions.
- Creative Brocade International Limited is owned as to (i) 99.9% by Brocade Creation Investment Limited, which is wholly-owned by Brocade Creation Limited, the holding vehicle used by Brocade Creation Trust; and (ii) 0.1% by Creative Brocade Ltd., which is wholly-owned by Mr. Liu. Credit Suisse Trust Limited is the trustee of Brocade Creation Trust. The Brocade Creation Trust is a discretionary trust established by Mr. Liu (as the settlor) and the discretionary beneficiary of which includes Mr. Liu. Therefore, each of Mr. Liu, Brocade Creation Investment Limited, Brocade Creation Limited and Credit Suisse Trust Limited is deemed under the SFO to be interested in these 165,710,764 Shares held by Creative Brocade International Limited as at June 30, 2020.
- e.ventures Growth, L.P. is wholly owned by e.ventures.Growth GP, LLC, which is 47.5% owned by Mr. Mathias Nicolaus Schilling. Therefore, each of Mr. Mathias Nicolaus Schilling and e.ventures.Growth GP, LLC is deemed under the SFO to be interested in these 6,371,972 Shares held by e.ventures Growth, L.P..
- Each of IVP Fund II A, L.P. and IVP Fund II B, L.P. holds 16,085,284 Shares and 8,470,748 Shares, representing approximately 3.77% and 1.99% of the total issued share capital of the Company, respectively. As at June 30, 2020, eGuy & Goodman LLP, whose interest is held as to 90% and 10% by Mr. Hirofumi Ono and Ms. Yumi Ono (the spouse of Mr. Hirofumi Ono), respectively, held 36.75% of the total issued share capital in each of IVP Fund II A (GP), Ltd and IVP Fund II B (GP), Ltd, the respective general partners of IVP Fund II A, L.P. and IVP Fund II B, L.P. Therefore, eGuy & Goodman LLP, Mr. Hirofumi Ono and Ms. Yumi Ono are deemed to be interested in the 16,085,284 and 8,470,748 Shares held by IVP Fund II A, L.P. and IVP Fund II B, L.P., respectively, in total 24,556,032 Shares for the purpose of Part XV of the SFO.

OTHER INFORMATION

Interests of Directors and Chief Executives in the Company's Associated Corporation

Name of director	Name of associated corporation	Capacity/ Nature of interest	Registered Capital (RMB)	Approximate percentage of shareholding (%)
Mr. Liu Yingqi	Shenzhen Yeahka	Beneficial owner	198,545,266	99.27

Save as disclosed above, as at June 30, 2020, no Directors or chief executives of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange; or an interest or short position which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at June 30, 2020, to the knowledge of the Directors of the Company, the following persons, other than Directors and chief executives of the Company, had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein:

Interests of Substantial Shareholders in the Shares of the Company

Name of Shareholder	Capacity/ Nature of interest	Number of ordinary shares	Approximate percentage of shareholding (%)
Creative Brocade International Limited ^(Note 2)	Beneficial owner	165,710,764	38.88
Brocade Creation Investment Limited ^(Note 2)	Interest in controlled corporation	165,710,764	38.88
Brocade Creation Limited ^(Note 2)	Interest in controlled corporation	165,710,764	38.88
Credit Suisse Trust Limited ^(Note 2)	Trustee of a trust	165,710,764	38.88
Ms. Luo Haiying ^(Note 2)	Interest of spouse	165,710,764	38.88
eGuy and Goodman LLP ^(Note 3)	Interest in controlled corporation	24,556,032	5.76
Ms. Yumi Ono ^(Note 3)	Interest in controlled corporation	24,556,032	5.76
Mr. Akio Tanaka ^(Note 4)	Interest in controlled corporation	24,556,032	5.76
Growth Tree Ltd ^(Note 4)	Interest in controlled corporation	24,556,032	5.76
Yeah United Holding Limited ^(Note 5)	Beneficial owner	24,951,984	5.85
TMF Trust (HK) Limited ^(Note 5)	Trustee of a trust	38,452,952	9.02
Recruit Holdings Co., Ltd.	Beneficial owner	39,051,196	9.16

OTHER INFORMATION

Note:

1. All interests stated are long positions.
2. Creative Brocade International Limited is owned as to (i) 99.9% by Brocade Creation Investment Limited, which is wholly-owned by Brocade Creation Limited, the holding vehicle used by Brocade Creation Trust; and (ii) 0.1% by Creative Brocade Ltd., which is wholly-owned by Mr. Liu. Credit Suisse Trust Limited is the trustee of Brocade Creation Trust. The Brocade Creation Trust is a discretionary trust established by Mr. Liu (as the settlor) and the discretionary beneficiary of which includes Mr. Liu. Ms. Luo Haiying is the spouse of Mr. Liu. Therefore, each of Mr. Liu, Ms. Luo Haiying, Brocade Creation Investment Limited, Brocade Creation Limited and Credit Suisse Trust Limited is deemed under the SFO to be interested in these 165,710,764 Shares held by Creative Brocade International Limited as at June 30, 2020.
3. Each of IVP Fund II A, L.P. and IVP Fund II B, L.P. holds 16,085,284 Shares and 8,470,748 Shares, representing approximately 3.77% and 1.99% of the total issued share capital of the Company, respectively. As at June 30, 2020, eGuy & Goodman LLP, whose interest is held as to 90% and 10% by Mr. Hirofumi Ono and Ms. Yumi Ono (the spouse of Mr. Hirofumi Ono), respectively, held 36.75% of the total issued share capital in each of IVP Fund II A (GP), Ltd and IVP Fund II B (GP), Ltd, the respective general partners of IVP Fund II A, L.P. and IVP Fund II B, L.P. Therefore, eGuy & Goodman LLP, Mr. Hirofumi Ono and Ms. Yumi Ono are deemed to be interested in the 16,085,284 and 8,470,748 Shares held by IVP Fund II A, L.P. and IVP Fund II B, L.P., respectively, in total 24,556,032 Shares for the purpose of Part XV of the SFO.
4. Each of IVP Fund II A, L.P. and IVP Fund II B, L.P. holds 16,085,284 Shares and 8,470,748 Shares, representing approximately 3.77% and 1.99% of the total issued share capital of our Company, respectively. As at June 30, 2020, Growth Tree Ltd, which was wholly-owned by Mr. Akio Tanaka, held 63.25% of the total issued share capital in each of IVP Fund II A (GP), Ltd and IVP Fund II B (GP), Ltd, the respective general partners of IVP Fund II A, L.P. and IVP Fund II B, L.P. Therefore, Growth Tree Ltd and Mr. Akio Tanaka are deemed to be interested in the 16,085,284 and 8,470,748 Shares held by IVP Fund II A, L.P. and IVP Fund II B, L.P., respectively, in total 24,556,032 Shares for the purpose of Part XV of the SFO.
5. TMF Trust (HK) Limited is the trustee of Yeah United Holding Limited and Yeah Talent Holding Limited which holds 24,951,984 Shares and 13,500,968 Shares, representing approximately 5.85% and 3.17% of the total issued share capital of the Company, respectively. Therefore, TMF Trust (HK) Limited is deemed to be interest in total 38,452,952 Shares for the purpose of Part XV of the SFO.

Save as disclosed above, as at June 30, 2020, to the knowledge of the Directors, no other persons (not being Directors or chief executives of the Company) had shares or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

OTHER INFORMATION

RESTRICTED SHARE UNIT SCHEME

On August 1, 2019, the RSU Scheme was approved and adopted by the Board. As part of the Reorganization, RSUs were granted to replace all share options granted to directors, senior management and employees of the Group under the Pre-IPO Stock Incentive Scheme. Further details of the Reorganization and the conversion of share options to RSUs are set out in the Prospectus. The purpose of the RSU Scheme is to incentivize Directors (excluding independent non-executive Directors), senior management and other selected personnel for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

A RSU gives the RSU Participant a conditional right when the RSU vests to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of exercise of the RSUs, less any tax, stamp duty and other charges applicable, as determined by the Board in its absolute discretion. Each RSU represents one underlying Share. A RSU may include, if so specified by the Board in its entire discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares.

The Board selects the RSU Eligible Persons to receive RSUs under the RSU Scheme at its discretion. The RSU Scheme will be valid and effective for a period of ten (10) years, commencing from the date of the first grant of the RSUs, being August 1, 2019 (unless it is terminated earlier in accordance with its terms), after which no further RSUs shall be granted or accepted, but the provisions of the RSU Scheme shall remain in full force and effect in order to give effect to the vesting of RSUs granted and accepted prior to the expiration of the period of the RSU Scheme. As of June 30, 2020, the remaining life of the RSU Scheme is approximately nine years and one month. 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. Further details of the principal terms of the RSU Scheme are set out in the Prospectus. The Company has appointed TMF Trust (HK) Limited as the trustee of the RSU Scheme to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme.

All the Shares underlying the RSUs granted and to be granted under the RSU Scheme were allotted and issued to RSU Nominee 1 and RSU Nominee 2, each of which being a company wholly-owned by the RSU Trustee and, as at June 30, 2020, together held (as the nominees) an aggregate of 38,452,952 shares underlying the RSUs granted and to be granted under the RSU Scheme for the benefit of eligible participants pursuant to the RSU Scheme. As of June 30, 2020, RSUs in respect of an aggregate of 37,633,384 shares had been granted to 85 RSU Participants pursuant to the RSU Scheme. As of June 30, 2020, two of the RSU Participants are Directors, four of the RSU Participants are directors of the Company's subsidiaries and three of the RSU Participants are members of the senior management of the Group.

OTHER INFORMATION

Details of the RSUs granted under the RSU Scheme at the beginning and end of, and movements in the RSUs during, the six months ended June 30, 2020 are set out below:

Name of grantee of RSU	Position held with the Group	Number of Shares represented by RSUs at January 1, 2020	Date of grant	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of Shares represented by RSU at June 30, 2020 ⁽¹⁾
Director of the Company								
Zhou Lingli	Chief strategy officer and executive director of the Company, chief strategy officer of Shenzhen Yeahka and senior vice president of Leshua Technology	1,892,869	February 1, 2016	-	-	-	-	7,571,476
Yao Zhijian	Chief financial officer and executive director of the Company, chief financial officer and senior vice president of Shenzhen Yeahka and general manager of the finance department of Leshua Technology	648,648	January 1, 2013	-	-	-	-	2,594,592
Luo Xiaohui ⁽²⁾	Chief architect of the Company and Shenzhen Yeahka, executive director of the Company	500,000	January 1, 2018	-	-	-	-	2,000,000
Director of the subsidiary (excluding those who are also directors of the Company)								
Huang Yanxiang	General manager and executive director of Qianhai Saosao	1,000,000	February 1, 2016	-	-	-	-	4,000,000
Wang Guangui	Director and general manager of Shenzhen Feiquan	566,479	February 1, 2016	-	-	-	-	2,265,916

OTHER INFORMATION

Name of grantee of RSU	Position held with the Group	Number of Shares represented by RSUs at January 1, 2020	Date of grant	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of Shares represented by RSU at June 30, 2020 ⁽¹⁾
Ren Yangbin	Executive director of Shenzhen Feiquan	50,000	February 1, 2016	-	-	-	-	200,000
		20,000	August 1, 2019	-	-	-	-	80,000
Zheng Yi	Executive director of Leshou Cloud and general manager and executive director Shenzhen Zhizhanggui	40,000	August 1, 2019	-	-	-	-	160,000
Senior management members of the Group								
Wu Gang	Deputy general manager and general manager of policy development department of the Company, general manager of Leshua Technology	600,000	January 1, 2017	-	-	-	-	2,400,000
Zhu Jun	General manager of Leshou Cloud and supervisor of Shenzhen Zhizhanggui	30,000	August 1, 2019	-	-	-	-	120,000
Other grantees								
	26 management staff	1,841,432		-	-	-	-	7,365,728
	40 technical staff	1,896,918		-	-	-	-	7,587,672
	10 sales person	322,000		-	-	-	-	1,288,000

Notes:

- (1) Share Subdivision was completed immediately before the Listing.
- (2) Mr. Luo Xiaohui has been appointed as an executive director of the Company with effect from August 28, 2020.
- (3) The Company adopted the RSU Scheme to replace all the Pre-IPO Stock Incentive Scheme such that all the options granted under the Pre-IPO Stock Incentive Scheme are converted to RSUs. The Pre-IPO Stock Incentive Scheme has been terminated.

OTHER INFORMATION

The grantees of the RSUs granted under the RSU Scheme as referred to in the table above are not required to pay for the grant of any RSU under the RSU Scheme. Upon the completion of the Share Subdivision, (1) for the share options (as converted into RSUs) granted on January 1, 2013, February 1, 2016 and January 1, 2017, the exercise price is US\$0.000025 per RSU; (2) for the share options (as converted into RSUs) granted on January 1, 2018, the exercise price is US\$1.060025 per RSU; and (3) for the RSUs granted on August 1, 2019, the exercise price is US\$1.615625 per RSU. For the share options (as converted into RSUs) granted on January 1, 2013 and January 1, 2017, they were vested on the date ending 12 months after the date of grant. For the share options (as converted into RSUs) granted on February 1, 2016, they were vested on the date ending 11 months after the date of grant. For the share options (as converted into RSUs) granted on August 1, 2018 and the RSUs granted on August 1, 2019 to the named individual grantees of RSU set out in the table above, they shall (unless the Company shall otherwise determine and so notify the RSU Participant in writing) vest in four years as follows: (i) as to 25% of the RSUs on the date ending 12 months after the date of grant of the RSUs; (ii) as to 25% of the RSUs on the date ending 24 months after the date of grant of the RSUs; (iii) as to 25% of the RSUs ending 36 months after the date of grant of the RSUs; and (iv) as to 25% of the RSUs ending 48 months after the date of grant of the RSUs.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company since the Listing Date and up to June 30, 2020.

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 affairs 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 CG Code. The Board is of the view that since the Listing Date 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 provisions A.2.1 as explained below.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual. The roles of chairman of the Board and Chief Executive Officer of the Company are held by Mr. Liu Yingqi. In view of Mr. Liu's experience, personal profile and his roles in our Company, and the fact that Mr. Liu has assumed the role of Chief Executive Officer of our 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 our Company.

OTHER INFORMATION

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 June 30, 2020.

The Board has also adopted written guidelines no less exacting than the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code. No incident of non-compliance with the aforementioned written guidelines by the Company's relevant employees had been noted since the Listing Date and up to June 30, 2020.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this report, 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 our Group and perform other duties and responsibilities as assigned by the Board.

The Audit Committee, together with the independent auditor of the Company, has reviewed the Group's unaudited condensed consolidated interim financial report for the six months ended June 30, 2020. 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

Mr. Hirofumi Ono has resigned as a non-executive Director with effect from August 28, 2020. Mr. Luo Xiaohui and Mr. Akio Tanaka, have been appointed as an executive director and a non-executive Director, respectively, with effect from August 28, 2020. The biography details of Mr. Luo Xiaohui and Mr. Akio Tanaka were set out in the announcement of the Company dated August 27, 2020.

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

USE OF PROCEEDS FROM 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⁽¹⁾:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the initial public offering (In HKD millions)	Actual usage up to June 30, 2020 (In HKD millions)	Unutilized net proceeds as at June 30, 2020 (In HKD millions)
Implementing sales and marketing initiatives in China and overseas markets	20.0	339.7	7.3	332.4
Expanding our technology-enabled business services offerings	35.0	594.6	10.9	583.7
Enhancing our research and technology capabilities	35.0	594.6	11.7	582.9
Working capital and general corporate purposes	10.0	169.9	2.4	167.5
Total	100.0	1,698.8	32.3	1,666.5

Note:

- The figures in the table are approximate figures.

The remaining balance of the net proceeds were HKD1,666.5 million placed with banks/short-term deposits. The Group will apply the remaining net proceeds in the manner set out in the Prospectus within the next 3 years.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of YEAHKA LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 36 to 72, which comprises the interim condensed consolidated statement of financial position of YEAHKA LIMITED (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2020 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

OTHER MATTER

The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at 31 December 2019. The comparative information for the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the six months ended 30 June 2019 has not been audited or reviewed.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 August 2020

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited	
		For the six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
Revenue	6	1,077,090	1,024,564
Cost of revenue	7	(746,135)	(740,560)
Gross profit		330,955	284,004
Selling expenses	7	(30,454)	(34,012)
Administrative expenses	7	(94,001)	(56,336)
Research and development expenses	7	(55,554)	(23,770)
Impairment losses on financial assets	4.2(ii),14	(32,845)	(6,204)
Other income		7,385	2,981
Other gains - net		1,894	956
Operating profit		127,380	167,619
Finance costs		(4,587)	(2,353)
Share of losses of investments accounted for using the equity method	9	(4,265)	(6,367)
Fair value changes of convertible redeemable preferred shares	18	125,822	(141,939)
Profit before income tax		244,350	16,960
Income tax expenses	8	(21,709)	(35,608)
Profit/(loss) for the period attributable to equity holders of the Company		222,641	(18,648)

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Profit/(loss) for the period attributable to equity holders of the Company	222,641	(18,648)
Other comprehensive loss:		
Items that will not subsequently reclassified to profit or loss		
Currency translation differences	(28,784)	-
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	(12,407)	(3,351)
	(41,191)	(3,351)
Total comprehensive income/(losses) for the period attributable to equity holders of the Company	181,450	(21,999)
Earnings/(losses) per share attributable to equity holders of the Company (expressed in RMB per share)		
- Basic	1.07	(0.39)
- Diluted	0.33	(0.39)

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 30 June 2020 RMB'000	Audited As at 31 December 2019 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	30,153	39,854
Intangible assets	11	166,362	170,676
Investments accounted for using the equity method	9	38,515	31,067
Prepayments and other receivables	14	37,393	32,279
Financial assets at fair value through profit or loss	12	41,726	41,046
Other non-current assets		61,732	90,450
Deferred tax assets		1,342	8,504
		377,223	413,876
Current assets			
Other current assets		7,710	46,698
Inventories		6,524	7,282
Trade receivables	13	101,090	43,528
Prepayments and other receivables	14	1,166,507	1,159,213
Restricted cash		55,157	162,124
Cash and cash equivalents		1,963,985	441,315
		3,300,973	1,860,160
Total assets		3,678,196	2,274,036
EQUITY			
Share capital	15	65	31
Reserves		3,120,276	260,345
Accumulated losses		(593,231)	(815,872)
Equity attributable to owners of the Company		2,527,110	(555,496)
Total equity		2,527,110	(555,496)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 30 June 2020 RMB'000	Audited As at 31 December 2019 RMB'000
LIABILITIES			
Non-current liabilities			
Other payables	16	35,534	56,880
Lease liabilities		9,665	17,568
Financial liabilities at fair value through profit or loss	18	-	1,373,447
Deferred tax liabilities		4,760	6,002
		49,959	1,453,897
Current liabilities			
Trade and other payables	16	973,899	1,164,851
Contract liabilities		10,934	25,910
Current tax liabilities		26,616	38,162
Lease liabilities		9,678	10,212
Borrowings	17	80,000	136,500
		1,101,127	1,375,635
Total liabilities		1,151,086	2,829,532
Total equity and liabilities		3,678,196	2,274,036

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 36 to 72 were approved and authorized for issue by the Board of Directors on 27 August 2020 and were signed on its behalf.

Liu Yingqi
Director

Yao Zhijian
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Unaudited Attributable to equity holders of the Company					Total RMB'000
		Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	
Balance at 1 January 2019		30	147,102	-	(44,561)	(900,535)	(797,964)
Loss for the period		-	-	-	-	(18,648)	(18,648)
Other comprehensive loss		-	-	-	(3,351)	-	(3,351)
Total comprehensive loss		-	-	-	(3,351)	(18,648)	(21,999)
Transaction with owners							
Business combination		-	236,657	-	-	-	236,657
Share repurchase		-	(760)	(68,023)	-	-	(68,783)
Employee share schemes							
- value of employee services		-	2,300	-	-	-	2,300
		-	238,197	(68,023)	-	-	170,174
Balance at 30 June 2019		30	385,299	(68,023)	(47,912)	(919,183)	(649,789)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Unaudited Attributable to equity holders of the Company					Total RMB'000
		Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	
Balance at 1 January 2020		37	324,899	(6)	(64,554)	(815,872)	(555,496)
Profit for the period		-	-	-	-	222,641	222,641
Other comprehensive loss		-	-	-	(41,191)	-	(41,191)
Total comprehensive income		-	-	-	(41,191)	222,641	181,450
Transaction with owners							
Issuance of ordinary shares relating to initial public offering, net of share issuance costs	15	20	1,617,727	-	-	-	1,617,747
Conversion of convertible redeemable preferred shares to ordinary shares	18	14	1,276,395	-	-	-	1,276,409
Employee share schemes - value of employee services		-	7,000	-	-	-	7,000
		34	2,901,122	-	-	-	2,901,156
Balance at 30 June 2020		71	3,226,021	(6)	(105,745)	(593,231)	2,527,110

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited	
		For the six months ended 30 June	
		2020	2019
	Note	RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations		22,622	43,515
Interest received		4,502	357
Interest paid		(4,587)	(2,353)
Income taxes paid		(9,230)	(2,075)
Net cash generated from operating activities		13,307	39,444
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(2,839)	(4,010)
Payment for other non-current assets		(9,130)	(70,942)
Prepayment for investments	14	(6,500)	(20,000)
Net cash acquired for business combination		-	4,968
Payments for investment in associates		(11,713)	(5,149)
Amount due from an associate	19	(9,500)	-
Purchase of financial assets at fair value through profit or loss		-	(400,050)
Disposal of financial assets at fair value through profit or loss		-	401,016
Net cash used in investing activities		(39,682)	(94,167)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited	
		For the six months ended 30 June	
		2020	2019
	Note	RMB'000	RMB'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares relating to initial public offering		1,684,646	-
Repurchase of convertible redeemable preferred shares		-	(26,079)
Payments for listing expenses		(59,894)	(1,642)
Proceeds from bank borrowing and other payables		20,000	80,000
Amount due to a shareholder	19	1,930	-
Repayments of borrowings and other payables		(91,500)	(65,600)
Payment of lease liabilities		(5,485)	(4,334)
Net cash generated/(used in) from financing activities		1,549,697	(17,655)
Net increase/(decrease) in cash and cash equivalents		1,523,322	(72,378)
Cash and cash equivalents at beginning of period		441,315	479,839
Effects of exchange rate changes on cash and cash equivalents		(652)	60
Cash and cash equivalents at end of period		1,963,985	407,521

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION, REORGANIZATION AND BASIS OF PRESENTATION

1.1 General information

YEAHKA LIMITED (the “Company”) was incorporated in the Cayman Islands on 8 September 2011, as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Vistra (Cayman) Limited, P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 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 payment services and technology-enabled business services to retail merchants and consumers in the People’s Republic of China (the “PRC”).

This condensed consolidated interim financial report for the six months ended 30 June 2020 (“Interim Financial Information”) is presented in Renminbi (“RMB”), unless otherwise stated. This interim financial information was approved for issue on 27 August 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Interim Financial Information has been prepared in accordance with IAS 34 Interim Financial Reporting.

The Interim Financial Information does not include all the notes of the type normally included in an annual financial statement. Accordingly, it should be read in conjunction with the Accountant’s Report included in Appendix I to the Company’s listing prospectus dated 25 May 2020 (the “Prospectus”) which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The accounting policies applied used in the preparation of this Interim Financial Information are consistent with those used in the Accountant’s Report included in Appendix I to the Prospectus.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 New standards, amendments and interpretations to existing standards adopted by the Group

The Group has adopted the following standards, amendments and interpretations to existing standards which have become effective on January 1, 2020:

- Amendments to IFRS 9 and IFRS 7 - Interest rate benchmark reform
- Amendment to IAS 1 - Classification of liabilities as current or non-current
- Amendments to IAS 1 and IAS 8 - Definition of Material and presentation of current/non-current liabilities
- Amendments to IFRS 3 - Definition of a Business
- Conceptual Framework for Financial Reporting 2018

These standards, amendments and interpretations to existing standards did not result in significant impact on the Group's financial position and results of operation.

2.3 New standards and amendments to existing standards not yet adopted

Standards and amendments to existing standards that have been issued but not yet effective on January 1, 2020 and not been early adopted by the Group as of 30 June 2020 are as follows:

		Effective for annual periods beginning on or after
Amendment to IAS 1	Classification of liabilities as current or non-current	1 January 2022
Amendments to IFRS 10 and International Accounting Standards ("IAS") 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 17	Insurance Contracts	1 January 2023

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3 ESTIMATES

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements in the Accountant's Report included in Appendix I to the Prospectus.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

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

This Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Appendix I to the Prospectus. There have been no significant changes in the risk management policies since 31 December 2019.

4.2 Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, trade and other receivables. Starting from the last quarter in 2019, 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.2 Credit risk *(Continued)*

(i) Risk management

For cash and cash equivalents and restricted cash, management manages the credit risk by placing deposits in state-owned financial institutions in the PRC or reputable banks, financial institutions having high-credit-quality in the PRC and Cayman Island.

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

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

As at 30 June 2020, the maximum exposure arisen from the provision of financial guarantee to certain loan facilitation parties amounted to approximately RMB3.7 million (2019: RMB7.2 million), being the principals and interests of the underlying loans which were granted by the Group's loan facilitation partners by or after mid of December 2019 with terms from 3 to 12 months. As at 30 June 2020, an immaterial portion of the underlying loans from these financial guarantees were overdue and underperforming. Based on management's credit risk assessment, the corresponding expected credit loss provision was not material and therefore no financial guarantee liability was recognised in the Group's condensed consolidated statement of financial position as at 30 June 2020.

(ii) Impairment of financial assets

Impairment of trade receivables

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

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the number of days the balances are past due. For the balances as at 30 June 2020, the directors of the Company considered their short aging and assessed that the credit risk is not significant. Therefore, the related loss allowance is immaterial, if there is any.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.2 Credit risk *(Continued)*

(ii) Impairment of financial assets *(Continued)*

Impairment of other receivables

Other receivables are subject to the ECL model. The Group's other receivables comprise receivable from payment networks, loan receivables, amounts due from related parties and deposits. The directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the third-party debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the third-party debtor;
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor.

All amounts due from related parties are all repayable on demand. Except for the impairment identified in amount due from Shenzhen Chaomeng Financial Technology Information Service Co., Ltd. ("Chao Meng") and the provision being made as at 30 June 2020 (Note 14), there has been no default history in the past and the related loss allowance limited to 12 months ECL is immaterial.

Receivables from payment networks are settled within several days and most of the deposits are made to payment networks or financial institution. The Group is exposed to limited credit risk from such receivable balances and there is no significant increase in credit risk since initial recognition, therefore related loss allowance limited to 12 months ECL is immaterial.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.2 Credit risk *(Continued)*

(ii) Impairment of financial assets *(Continued)*

Impairment of other receivables *(Continued)*

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

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group writes off receivables when a debtor fails to make contractual payments/repayable demanded greater than 180 days past due. The Group continues enforcement activities to recover the receivables which have been written off. When the loans or receivables written off are recovered, the amount is recognised in profit or loss.

As at 30 June 2020 and 31 December 2019, the Group provided for credit losses against loan receivables as follows:

Loan receivables	Basis for recognition of expected credit loss provision	Expected credit loss rate	Unaudited As at 30 June 2020		Expected credit loss rate	Audited As at 31 December 2019	
			Gross amount RMB'000	Carrying amount (net of impairment provision) RMB'000		Gross amount RMB'000	Carrying amount (net of impairment provision) RMB'000
- Performing	12 months expected losses	3%	245,063	237,196	2%	228,069	223,964
- Underperforming	Lifetime expected losses	75%	21,103	5,226	42%	14,546	8,407
			266,166	242,422		242,615	232,371

The directors of the Company assessed and determined the 12 month expected loss rate of performing loans based on the Group's actual historical loss rate, adjusted by forward-looking information on macro-economic factors affecting customers' repayment ability.

No significant changes to estimation techniques or assumptions were made in the six months ended 30 June 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.2 Credit risk *(Continued)*

(ii) Impairment of financial assets *(Continued)*

Impairment of other receivables *(Continued)*

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

	Unaudited As at 30 June 2020 RMB'000	Audited As at 31 December 2019 RMB'000
At the beginning of the period/year	10,244	1,871
Provision for impairment	26,845	17,907
Write off of bad debts	(13,345)	(9,534)
At the end of the period/year	23,744	10,244

4.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2019 and 30 June 2020 by level of inputs adopted in the valuation techniques used for measuring fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.3 Fair value estimation *(Continued)*

The following table presents the Group's liabilities that are measured at fair value as at 31 December 2019.

	Audited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Assets				
Contingent consideration	-	-	41,046	41,046
Liabilities				
Preferred shares	-	-	1,373,447	1,373,447

The following table presents the Group's liabilities that are measured at fair value as at 30 June 2020.

	Unaudited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Assets				
Contingent consideration	-	-	41,726	41,726

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.3 Fair value estimation *(Continued)*

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 six months ended 30 June 2019 and 2020, there was no transfer between level 1 and 2 for recurring fair value measurements. The significant unobservable inputs used to determine the fair value and the fair value changes in level 3 financial instruments are presented in Notes 12 and 18.

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 half financial year end the finance department:

- verifies all major inputs to the valuation report;
- assesses valuation movements when compared to the prior 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, trade and other receivables, accounts payables, other payables and borrowings approximate to their fair values due to their short maturities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION

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

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

6 REVENUE

	Unaudited	
	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
One-stop payment services	885,110	994,559
Technology-enabled business services	191,980	30,005
	1,077,090	1,024,564

For the six months ended 30 June 2020, interest income from entrusted loans and small-sized retail loans amounting to RMB26,079,000 (six months ended 30 June 2019: RMB9,159,000) was included in revenue derived from technology-enabled business services. Except for interest income, revenues of the Group are recognised at a point in time according to the provision prescribed under IFRS 15.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7 EXPENSES BY NATURE

Expenses included in cost of revenue, selling expenses and administrative expenses mainly comprised:

	Unaudited	
	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Commissions	691,181	667,029
Employee benefit expenses		
- Research and development	38,678	19,174
- Others	48,899	39,208
Amortization of non-current assets	30,070	27,532
Office expenses	14,401	6,252
Advertising and promotion expenses	13,399	18,107
System development consulting and data validation	11,655	2,669
Depreciation of property, plant and equipment	7,713	5,957
Professional service fees	5,427	2,606
Amortization of intangible assets	5,242	1,123
Rental expense relating to short-term leases	5,071	2,546
Merchants validation fee	3,204	1,445
Auditor's remuneration	1,500	407
Processing fees to payment networks	9	33,352
Listing expenses	27,496	8,922

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 INCOME TAX EXPENSES

	Unaudited	
	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Current income tax		
- Current period provision	18,623	18,377
- Over-provision in prior year	(2,834)	-
Deferred income tax	5,920	17,231
	21,709	35,608

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

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

(b) Hong Kong profits tax

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

(c) PRC CIT

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25%.

Certain subsidiaries of the Group in the PRC are subject to a preferential CIT rate of 15% either due to their qualification for "High and New Technology Enterprise" ("HNTE"), or their engagement in business that falls within the catalogue for CIT preferential treatments of Qianhai Shenzhen-Hong Kong Modern Services Industry Cooperation Zone ("Qianhai Zone").

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Unaudited	
	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
At the beginning of the period	31,067	37,426
Additions	11,713	5,149
Share of losses	(4,265)	(6,367)
At the end of the period	38,515	36,208

The associates and joint venture of the Group are private companies and there are no quoted market prices available for their shares. There were no contingent liabilities relating to the Group's interest in the associates and joint venture as at 30 June 2020.

With the assistance of valuation performed by a third-party independent valuer by using the market approach, the directors of the Company assessed that the recoverable amount of investment in Chao Meng as at 30 June 2020 was higher than the carrying amount of RMB12,880,000, and accordingly considered that there were no impairment provision needed.

As at 30 June 2020, the director of the Company assessed that the recoverable amounts of other investments, other than Chao Meng, were not less their carrying values.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 PROPERTY, PLANT AND EQUIPMENT

	Right-of- use assets RMB'000	Equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
As at 31 December 2019					
Cost	52,965	14,367	3,250	7,846	78,428
Accumulated depreciation	(26,433)	(6,076)	(801)	(5,264)	(38,574)
Net book amount	26,532	8,291	2,449	2,582	39,854
Unaudited For the six months ended 30 June 2020					
Opening net book amount	26,532	8,291	2,449	2,582	39,854
Additions	-	628	-	876	1,504
Reassessment of lease term	(3,579)	-	-	-	(3,579)
Depreciation charge	(4,699)	(1,782)	(325)	(907)	(7,713)
Currency translation difference	-	-	48	39	87
Closing net book amount	18,254	7,137	2,172	2,590	30,153
As at 30 June 2020					
Cost	49,386	14,995	3,250	8,722	76,353
Accumulated depreciation	(31,132)	(7,858)	(1,078)	(6,132)	(46,200)
Net book amount	18,254	7,137	2,172	2,590	30,153

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Right-of-use assets RMB'000	Equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
As at 31 December 2018					
Cost	37,651	8,182	3,355	6,545	55,733
Accumulated depreciation	(18,774)	(3,799)	(338)	(3,681)	(26,592)
Net book amount	18,877	4,383	3,017	2,864	29,141
Unaudited					
For the six months ended					
30 June 2019					
Opening net book amount	18,877	4,383	3,017	2,864	29,141
Additions	4,881	2,543	-	865	8,289
Business combination	-	154	-	-	154
Disposals	-	(6)	-	-	(6)
Depreciation charge	(4,007)	(946)	(300)	(704)	(5,957)
Closing net book amount	19,751	6,128	2,717	3,025	31,621
As at 30 June 2019					
Cost	42,532	10,839	3,202	7,415	63,988
Accumulated depreciation	(22,781)	(4,711)	(485)	(4,390)	(32,367)
Net book amount	19,751	6,128	2,717	3,025	31,621

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 INTANGIBLE ASSETS

	Goodwill RMB'000	Customer relationship RMB'000	Software RMB'000	Total RMB'000
As at 31 December 2019				
Cost	151,364	29,800	1,698	182,862
Accumulated amortization and impairment	(5,524)	(5,794)	(868)	(12,186)
Net book amount	145,840	24,006	830	170,676
Unaudited				
For the six months ended 30 June 2020				
Opening net book amount	145,840	24,006	830	170,676
Additions	-	-	928	928
Amortization charge	-	(4,967)	(275)	(5,242)
Closing net book amount	145,840	19,039	1,483	166,362
As at 30 June 2020				
Cost	151,364	29,800	2,626	183,790
Accumulated amortization and impairment	(5,524)	(10,761)	(1,143)	(17,428)
Net book amount	145,840	19,039	1,483	166,362
As at 31 December 2018				
Cost	5,524	-	1,285	6,809
Accumulated amortization and impairment	(5,524)	-	(357)	(5,881)
Net book amount	-	-	928	928
Unaudited				
For the six months ended 30 June 2019				
Opening net book amount	-	-	928	928
Additions	-	-	374	374
Business combination	144,865	31,100	-	175,965
Amortization charge	-	(889)	(234)	(1,123)
Closing net book amount	144,865	30,211	1,068	176,144
As at 30 June 2019				
Cost	150,389	31,100	1,659	183,148
Accumulated amortization and impairment	(5,524)	(889)	(591)	(7,004)
Net book amount	144,865	30,211	1,068	176,144

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 INTANGIBLE ASSETS *(Continued)*

(a) Impairment tests for goodwill related to Tuo-zhanbao

Goodwill acquired in a business combination is allocated to the CGU that are expected to benefit from that business combination.

The carrying amounts of goodwill allocated to the CGU of Tuo-zhanbao are RMB145,840,000 as at 30 June 2020.

The recoverable amount of a CGU was determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU.

The recoverable amount of Tuo-zhanbao CGU was determined to be higher than its carrying amount and no impairment loss was recognised as at 30 June 2020.

Key assumptions used for determination of recoverable amount are set out below:

Gross profit margin	65.7%-66.9%
Terminal value growth rate	3.0%
Pre-tax discount rate	67.1%

The revenue growth rate applied are 0.4%, 30.0%, 5.0%, 5.0% and 5.0% for each of the 5 years from 2020 to 2024, respectively.

(i) Revenue growth rate and gross profit margin

Revenue growth rate and gross profit margin are determined by management of the Company based on past performance and the future business plan of Tuo-zhanbao and synergy expected to be achieved from the business combination.

(ii) Terminal value growth rate

A terminal growth rate of 3%, which is based on the expected inflation rate, has been applied to the terminal year's cash flow.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 INTANGIBLE ASSETS *(Continued)*

(a) Impairment tests for goodwill related to Tuo-zhan-bao *(Continued)*

(iii) Discount rate

67.1% pre-tax discount rate was applied, which reflected the nature and stage of development of the underlying business acquired and the returns required by the Company in the acquisition.

Based on the result of the goodwill impairment test performed by the directors of the Company, the estimated recoverable amount exceeded its carrying value as at 30 June 2020. Accordingly, no impairment provision was required to be made as at 30 June 2020.

The directors of the Company had performed a sensitivity analysis on the key assumptions used in management's impairment test of goodwill. Any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the cash-generating unit to exceed its recoverable amount.

12 FINANCIAL ASSETS AT FVPL

	Unaudited As at 30 June 2020 RMB'000	Audited As at 31 December 2019 RMB'000
Contingent consideration	41,726	41,046

The balance arose from contingent consideration in relation to the acquisition of Tuo-zhan-bao, which was completed in June 2019.

The directors of the Company determined the fair value of the contingent consideration as at 30 June 2020 by applying probability weighted scenario analysis which is consistent with the methodology used in the valuation performed for the fair value as at 31 December 2019.

During the six months ended 30 June 2020, change in fair value of the contingent consideration amounting to approximately RMB680,000 was recognized under "Other gains - net" in the condensed consolidated statement of comprehensive income.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 TRADE RECEIVABLES

	Unaudited As at 30 June 2020 RMB'000	Audited As at 31 December 2019 RMB'000
Due from third party customers (b)	100,092	43,528
Due from a related party customer (Note 19(b))	998	-
	101,090	43,528

- (a) The carrying amounts of the trade receivables balances were approximate to their fair value as at 30 June 2020. 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 4.2.
- (c) The Group allows a credit period within 30-180 days to its customers. Aging analysis of trade receivables based on invoice date is as follows:

	Unaudited As at 30 June 2020 RMB'000	Audited As at 31 December 2019 RMB'000
Up to 3 months	77,667	43,430
3 to 6 months	23,325	-
Over 6 months	98	98
	101,090	43,528

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 PREPAYMENTS AND OTHER RECEIVABLES

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

	Unaudited As at 30 June 2020 RMB'000	Audited As at 31 December 2019 RMB'000
Prepayments for:		
- Investment in Hanzhou Shouzhan Technology Co., Ltd ("Shouzhan") (i)	20,000	20,000
- Investment in Fushi Technology (Shenzhen) Co., Ltd ("Fushi") (ii)	15,000	10,000
Lease deposits	2,393	2,279
	37,393	32,279

- (i) The Group entered into an investment agreement with third parties in January 2019, pursuant to which the Group has agreed to invest approximately 1.6% equity interest (subject to revision) in Shouzhan at a consideration of RMB20,000,000. The Group prepaid the consideration in full in January 2019. The completion of the acquisition is subject to certain prerequisites including the completion of establishment of Shouzhan's oversea group structure, which had not been satisfied as at 30 June 2020.
- (ii) In December 2019, the Group and RYK Capital Partners Limited, an associate of the Group, agreed to make capital contributions into Fushi together in 2020. In 2019 and during the six months ended 30 June 2020, the Group deposited, respectively, prepayments of RMB10,000,000 and RMB5,000,000 with Fushi arising from such arrangement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

(b) Prepayments and other receivables in current assets

	Unaudited As at 30 June 2020 RMB'000	Audited As at 31 December 2019 RMB'000
Prepayments		
Prepaid listing expenses	-	8,010
Prepayments for payment terminals	16,519	18,490
Others	14,631	7,227
Sub-total	31,150	33,727
Other receivables		
Amounts due from related parties (Note 19)	38,230	30,810
Receivables from payment networks (i)	733,852	800,658
Deposits	5,825	5,907
Payment network deposits	2,000	1,500
Loan receivables (ii)	266,166	242,615
Deposits placed with financial institutions	119,603	40,366
Others	8,929	23,378
Less: allowance for impairment of loan receivables (iii)	(23,744)	(10,244)
Less: allowance for amount due from Chao Meng (iv)	(15,504)	(9,504)
Sub-total	1,135,357	1,125,486
	1,166,507	1,159,213

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

(b) Prepayments and other receivables in current assets *(Continued)*

- (i) The amount represents funds processed by the Group during the course of providing its one-stop payment services to merchants, which had been received by the payment networks, and would be then transferred to the respective merchants through the Group in accordance with the terms of agreements entered into between the Group and the merchants.
- (ii) The loan receivables mainly comprise entrusted loans and small-sized retail loans granted by the Group to various debtors through various financial institutions. The debtors are primarily merchants and consumers of the Group for its one-stop payment services. The loans bore interest rate from 8% to 36% per annum and with lending periods of less than one year.
- (iii) The movements of impairment of loan receivables and the Group's exposure to credit risk are disclosed in Note 4.2.
- (iv) For the six months ended 30 June 2020, the directors of the Company had made an impairment provision of RMB6,000,000 against the carrying amount of balance due from Chao Meng, which resulted in an aggregate amount of impairment provision of RMB15,504,000 against the carrying amount of balance due from Chao Meng as at 30 June 2020, based on the assessment of the expected cashflows to be generated by Chao Meng in its future operations and the amounts that they would repay to the Group. The directors consider that the provision set up reflected the current best estimate on the recoverable amount of such balance up to the date of approval of the financial statements.

15 SHARE CAPITAL

	Number of shares	Nominal value	
		In USD	In RMB Equivalent
Balance at 31 December 2019	58,173,575	5,817	37,340
Effect of share subdivision (a)	174,520,725	-	-
Issuance of new shares upon listing (b)	110,126,400	2,753	19,619
Issuance of new shares for conversion of preferred shares to ordinary shares (c)	83,384,372	2,085	14,866
Less: shares held by restricted share units nominees	(38,452,952)	(961)	(6,724)
Balance at 30 June 2020	387,752,120	9,694	65,101

- (a) On April 30, 2020, pursuant to the shareholders' resolution, each existing issued and unissued share of US\$0.0001 each in the share capital of the Company were subdivided into 4 shares of US\$0.000025 each.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15 SHARE CAPITAL *(Continued)*

- (b) Upon completion of the initial public offering (“IPO”), the Company issued 110,126,400 new shares at par value of US\$0.000025 per share for a total of cash consideration of HK\$16.64 each and raised gross proceeds of approximately HK\$1,832,503,000 (equivalent to RMB1,684,646,000). After netting off these gross proceeds with share issuance costs amounting to approximately RMB66,899,000, the respective share capital amount was approximately RMB20,000 and share premium arising from the issuance was approximately RMB1,617,727,000. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers’ fees, reporting accountant’s fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These share issuance costs were treated as a deduction against the share premium arising from the issuance.
- (c) Upon completion of the IPO, each issued preferred share were converted into 4 ordinary shares by re-designation and reclassification of every preferred share in issue as an ordinary share on a one for one basis. As a result, the financial liabilities for preferred shares were derecognised and recorded as share capital and share premium which amounted to approximately RMB14,000 and approximately RMB1,276,395,000, respectively.

16 TRADE AND OTHER PAYABLES

	Unaudited As at 30 June 2020 RMB’000	Audited As at 31 December 2019 RMB’000
Trade payables (a)	49,480	74,112
Amounts due to related parties (Note 19)	1,930	480
Deposits from distribution channels (b)	53,656	38,337
Payables to merchants (c)	783,398	957,760
Employee benefit payables	24,273	31,147
Other taxes payables	6,942	7,998
Entry fees received from distribution channels (d)	35,534	56,880
Listing expenses payables	20,745	5,111
Payables to creditors (e)	25,201	38,738
Others	8,274	11,168
	1,009,433	1,221,731

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 TRADE AND OTHER PAYABLES *(Continued)*

(a) *(Continued)*

As at 30 June 2020 and 31 December 2019, the aging analysis of trade payables based on the invoice date was as follows:

	Unaudited As at 30 June 2020 RMB'000	Audited As at 31 December 2019 RMB'000
Up to 3 months	44,876	58,248
3 to 6 months	-	15,859
Over 6 months	4,604	5
	49,480	74,112

- (b) 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.
- (c) 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.
- (d) The amount represents one-off and upfront entry fees received from distribution channels, which is credited to profit or loss to off-set cost of revenue-commission to distribution channels using the straight-line method over the expected beneficial period of 3 years.
- (e) The balance represents fund raised from third party creditors in relation to the small-sized retail loans granted to customers. The balance bore interest at a rate of 8.0% to 8.5% per annum.

As at 30 June 2020 and 31 December 2019, trade and other payables were all denominated in RMB and the fair values of these balances were approximated to their carrying amounts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17 BORROWINGS

	Unaudited As at 30 June 2020 RMB'000	Audited As at 31 December 2019 RMB'000
Current		
Bank borrowings		
- unsecured with guarantee (a)	70,000	116,500
Borrowings from other non-banking financial institution		
- unsecured with guarantee (b)	10,000	20,000
	80,000	136,500

- (a) For the six months ended 30 June 2020, bank borrowings with guarantee bore effective interest rate of 5.5% (2019: 5.5%) per annum.

As at 30 June 2020, bank borrowing of RMB30,000,000 of Leshua Technology Co., Ltd ("Leshua") was guaranteed by Shenzhen Yeahka Technology Co., Ltd. ("Shenzhen Yeahka").

As at 30 June 2020, bank borrowings of RMB40,000,000 of Shenzhen Yeahka were guaranteed by Leshua and the Company.

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

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

- (b) As at 30 June 2020, other borrowing of RMB10,000,000 bore effective interest rate of 6.5% per annum and was guaranteed by Shenzhen Hi-tech Investment and Financing Guarantee Co., Ltd., Shenzhen Yeahka and the Company.

As at 31 December 2019, other borrowings of RMB10,000,000 and RMB10,000,000 bore effective interest rates of 12% and 6.5% per annum, respectively, and were both guaranteed by Shenzhen Hi-tech Investment and Financing Guarantee Co., Ltd., Shenzhen Yeahka Technology Co., Ltd., Mr. Liu and his wife Ms. Luo Haiying.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	Unaudited For the six months ended 30 June 2020 RMB'000
Opening balance	1,373,447
Changes in fair value	(125,822)
Currency translation differences	28,784
Conversion to ordinary shares	(1,276,409)
Closing balance	-

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

19 SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

Name of the related parties	Nature of relationship
Shenzhen Xunxiang Technology Co., Ltd. ("Xun Xiang")	Associate of the Group
Chao Meng	Associate of the Group
RYK Capital Partners Limited	Associate of the Group
Fushi	Associate of the Group

In the opinion of the Company's directors, the following related party transactions were carried out in the normal course of business and at terms mutually agreed between the Group and the respective related parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(a) Continuing transaction with related parties

(i) Technology service income

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
RYK Capital Partners Limited	726	-
Fushi	942	-
	1,668	-

(ii) Commissions to distribution channels

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Chao Meng	21,389	50,898
Xun Xiang	229	122
Fushi	1,032	-
	22,650	51,020

(iii) Marketing service income

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Chao Meng	-	3,774

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(a) Continuing transaction with related parties *(Continued)*

(iv) Marketing service cost

	Unaudited Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Xun Xiang	12	-
Fushi	2,772	-
	2,784	-

(b) Balances with related parties

	Unaudited As at 30 June 2020 RMB'000	Audited As at 31 December 2019 RMB'000
Trade receivables from Fushi	998	-
Prepayments to Fushi (Note 14(a))	15,000	10,000
Other receivables from:		
Chao Meng	28,451	30,000
RYK Capital Partners Limited	279	810
Fushi	9,500	-
	38,230	30,810
Less: allowance for amount due from Chao Meng (Note 14(b)(iv))	(15,504)	(9,504)
	22,726	21,306
Other payables to Chao Meng	-	480
Other payables to Mr. Liu	1,930	-
	1,930	480

All the other receivables and payables balances with related parties above were unsecured, interest free and repayable on demand.

Other payables to Mr. Liu was fully settled in July 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20 CONTINGENCIES

Saves as disclosed elsewhere in this condensed interim information, the Group had no material contingent liabilities outstanding as at 30 June 2020.

21 EVENTS AFTER BALANCE SHEET DATE

In August 2020, the board of directors of the Company passed a resolution, according to which the sum of approximately RMB861,158,000 standing to the credit of the share premium of the Company will be applied to set off the accumulated losses and other reserves of the Company. Accordingly, the accumulated losses of approximately RMB773,923,000 will be set off and the related currency translation difference of approximately RMB87,235,000 will be released.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“China” or “the PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, Macau and Taiwan
“Company”, “our Company”	YEAHKA LIMITED (移卡有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on September 8, 2011, and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries
“Director(s)”	the director(s) of our Company
“Fushi”	Fushi Technology (Shenzhen) Co., Ltd (深圳市富匙科技有限公司), a company established in the PRC on April 12, 2016 with limited liability and owned as to 55% by Shanghai Tatata Network Technology Co., Ltd. (上海他她它互聯網科技有限公司), an independent third party, and 45% by Qianhai Saosao, an indirect wholly-owned subsidiary of our Company
“GPV”	gross payment volume
“Group”, “our Group”, “we”, “our” or “us”	our Company, its subsidiaries and the PRC Consolidated Entities from time to time, or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the business operated by such subsidiaries or their predecessors (as the case may be)
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Accounting Standards, International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board

DEFINITIONS

“independent third party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons
“Leshou Cloud”	Shenzhen Leshou Cloud Technology Co., Ltd. (深圳市樂售雲科技有限公司), a limited liability company established in the PRC on April 28, 2014 and an indirect wholly-owned subsidiary of our Company
“Leshua Technology”	Leshua Technology Co., Ltd. (樂刷科技有限公司), a limited liability company established under the laws of the PRC on July 31, 2013, a wholly-owned subsidiary of Shenzhen Yeahka, the financial results of which have been consolidated and accounted for as a subsidiary of our Company by virtue of a series of contractual arrangements set out in the Prospectus, and one of the PRC Consolidated Entities
“Letuobao”	Shenzhen Letuobao Technology Co., Ltd. (深圳樂拓寶科技有限公司), a limited liability company established in the PRC on August 1, 2019 and an indirect wholly-owned subsidiary of our Company
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	the date, being June 1, 2020, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Mr. Liu”	Mr. Liu Yingqi (劉穎麒), chairman of the Board, executive Director and chief executive officer of our Company
“Pandemic”	respiratory illness caused by a novel coronavirus, COVID-19
“Penguin Financial”	Shenzhen Penguin Financial Technology Co., Ltd. (深圳市企鵝金融科技有限公司), a limited liability company incorporated in the PRC on June 4, 2014, which is a subsidiary of Shenzhen Shiji Kaixuan Technology Co., Ltd. (深圳市世紀凱旋科技有限公司)
“Period” or “Reporting Period”	the six months ended June 30, 2020

DEFINITIONS

“PRC Consolidated Entities”	Shenzhen Yeahka, Leshua Technology, and Guangzhou Feiquan, the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of a series of contractual arrangements set out in the Prospectus
“PRC Government”	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
“Pre-IPO Stock Incentive Scheme”	the pre-IPO stock incentive scheme of the Company approved and adopted by the Board on January 1, 2013, and as subsequently amended
“Prospectus”	the prospectus of the Company dated on May 20, 2020
“Qianhai Saosao”	Shenzhen Qianhai Saosao Technology Co., Ltd (深圳市前海掃掃科技有限公司), a limited liability company established in the PRC on September 13, 2016 and an indirect wholly-owned subsidiary of our Company
“Reorganization”	the reorganization of the Group in preparation of the Listing, details of which are set out in “History, Reorganization and Corporate Structure — Corporate Reorganization” in the Prospectus
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share unit(s)
“RSU Eligible Person”	persons eligible to receive RSUs under the RSU Scheme who are existing directors (whether executive or non-executive, but excluding independent non-executive directors), senior management or officers of the Company or any of the subsidiaries of the Company
“RSU Nominees”	RSU Nominee 1 and RSU Nominee 2
“RSU Nominee 1”	Yeah Talent Holding Limited, a company incorporated in the BVI on November 6, 2019, a wholly-owned subsidiary of the RSU Trustee and will hold 13,500,968 Shares underlying the RSUs granted and to be granted for the benefit of eligible participants pursuant to the RSU Scheme upon Listing
“RSU Nominee 2”	Yeah United Holding Limited, a company incorporated in the BVI on November 6, 2019, a wholly-owned subsidiary of the RSU Trustee and will hold 24,951,984 Shares underlying the RSUs granted and to be granted for the benefit of eligible participants pursuant to the RSU Scheme upon Listing
“RSU Participant(s)”	the participant(s) in the RSU Scheme
“RSU Scheme”	the restricted share unit scheme of our Company approved and adopted by our Board on August 1, 2019

DEFINITIONS

“RSU Trustee”	TMF Trust (HK) Limited, an independent and professional trustee appointed by our Company to act as the trustee of the RSU Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“Share Subdivision”	the share subdivision referred to in “Statutory and General Information — A. Further Information about our Group — 3. Resolutions in Writing of the Shareholders of Our Company Passed on April 30, 2020” in Appendix IV in the Prospectus
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares in the capital of our Company with nominal value of US\$0.000025 each
“Shenzhen Feiquan”	Shenzhen Feiquan Cloud Data Services Co., Ltd. (深圳市飛泉雲數據服務有限公司), a limited company established in the PRC on February 23, 2016 and an indirect wholly-owned subsidiary of our Company
“Shenzhen Yeahka”	Shenzhen Yeahka Technology Co., Ltd. (深圳市移卡科技有限公司), a limited company established in the PRC on June 16, 2011, the financial results of which have been consolidated and accounted for as a subsidiary of our Company by virtue of a series of contractual arrangements set out in the Prospectus, and one of the PRC Consolidated Entities
“Shenzhen Zhizhanggui”	Shenzhen Zhizhanggui Cloud Service Co., Ltd. (深圳市智掌櫃雲服務有限公司) a limited company established under the laws of the PRC on June 23, 2017 and an indirect wholly-owned subsidiary of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tuozhanbao”	Tuozhanbao Internet Financial Services (Shenzhen) Co., Ltd. (拓展寶互聯網金融服務(深圳)有限公司), a limited liability company established in the PRC on December 24, 2015
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “USD”	United State dollars, the lawful currency for the time being of the United States
“Zhibaiwei”	Shenzhen Zhibaiwei Technology Development Co., Ltd (深圳市智百威科技發展有限公司)

In this interim report, the terms “associate”, “close associate”, “connected person”, “connected transaction”, “continuing connected transaction”, “core connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

