YEAHKA LIMITED
移卡有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9923)

SUPPLEMENTAL ANNOUNCEMENT ON DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 42.5% EQUITY INTEREST IN THE TARGET COMPANY

Reference is made to the announcement (the "**Announcement**") of YEAHKA LIMITED (the "**Company**") dated November 9, 2020 in relation to the acquisition of 42.5% equity interest in Beijing Chuangxinzhong Technology Co., Ltd. (北京創信眾科技有限公司) (the "**Target Company**") (the "**Acquisition**"). Unless otherwise specified, capitalized terms used herein shall have the same meanings as defined in the Announcement.

The Company would like to provide the following supplemental information in relation to the Acquisition to the shareholders of the Company and potential investors.

BASIS OF CONSIDERATION FOR THE ACQUISITION

As disclosed in the Announcement, the consideration for the Acquisition shall be RMB170,000,000, which was determined after arm's length negotiations between the parties with reference to the value of the Target Group of approximately RMB400 million.

The value of the Target Group as of September 30, 2020 of approximately RMB400 million was determined with reference to the valuation conducted by AVISTA Valuation Advisory Limited, an independent professional valuer engaged by the Company (the "**Valuer**"). The Valuer is a leading professional valuation and financial advisory firm with over 20 years of experience in performing full range of valuation and financial advisory services for various purposes. The diverse team of professionals comes from globally-renowned valuation firms, investment banks, consulting firms and international accounting firms with qualifications such as CFA, HKICPA, CPA Australia, Member of The Royal Institution of Chartered Surveyors and so on.

The Valuer has adopted market approach for the valuation, in which the Valuer considered that enterprise value-to-earnings before interest and tax multiple ("**EV/EBIT**") is the most appropriate valuation multiple for determining the fair value of the Target Group, as this multiple is able to capture the earning abilities of the company by removing interests expense (or income, as appropriate) and normalizing tax effect on earnings. EV/EBIT is a commonly adopted valuation multiple for profit-making company across different industries since it can take the capital structure as well as the earning ability of the company into account while disregard the bias and operational difference in both tax and interest between the Target Group and the comparable companies. The major difference between EV/EBIT and enterprise value-to-earnings before interest, taxes, depreciation, and amortization multiple ("**EV/EBITDA**"), another commonly-used valuation multiple, is that EV/EBIT includes the depreciation and amortization expenses. Given that some companies might require frequent capital expenditure to sustain their profits, EV/EBIT is considered to be more reflective of a company's true financial strength.

Enterprise value is generally derived based on the market capitalization of a company, plus net debt (total debts net of cash and cash equivalents), minority interest and preferred shares. The Valuer has reviewed the calculation of enterprise value of each comparable company.

Selection of Comparable Companies

The selection of the comparable companies was based on the comparability of the overall industry sector. An exhaustive list of comparable public companies is shortlisted based on the following selection criteria:

1. the primary industry of the company is classified as advertising;

2. the company is principally engaged in digital marketing related businesses;

3. over 50% of the total revenue of the company is attributable to digital marketing related businesses;

4. the company is listed on the United States' or Asia's recognized stock exchanges; and

5. the financial information of the company is available to the public.

For the selection of comparable companies, the Valuer has considered factors including but not limited to the business nature, the geographical location, the development stage, the size of the company, etc. Above all, the Valuer has considered the nature of business as the primary factor in the selection of comparable companies, in which companies with majority revenue (i.e. over 50% of revenue) attributable to digital marketing related business are being selected. Meanwhile, given that the business model of digital marketing is similar across different countries, the Valuer considers the geographical locations should not be the constraint in selecting comparable companies and certain overseas listed companies are selected even though their business operations are not in the PRC.

The table below sets out the last-twelve-month ("**LTM**") EV/EBIT multiples of the comparable companies:

No.	Company Name	Exchange: Ticker	LTM EV/ EBIT[1]
1.	Adtiger Corporations Limited	SEHK: 1163	11.3
2.	AM Group Holdings Limited	SEHK: 1849	N/A[2]
3.	Cheil Worldwide Inc.	KOSE: A030000	10.4
4.	eMnet Inc.	KOSDAQ: A123570	8.7
5.	F@N Communications, Inc.	TSE: 2461	5.1
6.	Fluent, Inc.	NasdaqGM: FLNT	24.0
7.	Incross Co., Ltd.	KOSDAQ: A216050	23.9
8.	Joy Spreader Interactive Technology Co., Ltd	SEHK: 6988	N/A[2]
9.	PlayD Co., Ltd.	KOSDAQ: A237820	17.5
10.	ValueCommerce Co., Ltd.	TSE: 2491	19.0

Notes:

1. Data sourced from Bloomberg database. The equity values of the comparable companies are computed based on the market capitalization of the companies as of September 30, 2020. EV/EBIT multiple of the comparable companies are calculated based on the LTM financial data of the comparable companies available as of September 30, 2020.

2. The implied LTM EV/EBIT multiples of AM Group Holdings Limited and Joy Spreader Interactive Technology Co., Ltd are 45.9x and 75.4x respectively, which are considered as outliers, hence these two companies were not adopted in the analysis.

Derivation of the Equity Value

The Valuer hence determined the fair value of the Target Group based on the multiple of (i) the EBIT of the Target Group of RMB24.7 million for the 12-month period ended September 30, 2020 and (ii) the average LTM EV/EBIT multiple of the ten comparable companies (i.e. 15.0x), further adjusted for net debts and the dividend payable of the Target Group as of September 30, 2020.

In addition, given that (i) the Target Group is privately-held; and (ii) the Company has the right to appoint two out of three directors of the Target Company upon completion of the Acquisition, the Valuer has also applied lack of marketability discount ("**LOMD**") and control premium ("**CP**") in the analysis. The marketability discount was determined at 15.8% with reference to "Stout Restricted Stock Study Companion Guide (2020 Edition)" while the control premium was determined at 24.4% with reference to "Control Premium Study – 2nd Quarter 2020" published by FactSet Mergerstat/BVR.

Based on the above, the entire equity interest of the Target Group on a non-marketable and controlling basis is valued at approximately RMB403 million. The following table illustrates the details on the calculation:

(in RMB'000 unless otherwise specified)

Adopted EV/EBIT multiple	*(a)*	15.0
LTM EBIT of the Target Group	*(b)*	24,698
Estimated 100% Enterprise Value of the Target Group	*(c) = (a) × (b)*	370,076
Add: Cash and cash equivalents	*(d)*	20,919
Less: Dividend Payable	*(e)*	(6,000)
Estimated 100% Equity Value of the Target Group (marketable and minority basis)	*(f) = (c) + (d) + (e)*	384,995
Less: LOMD	*(g) = – LOMD × (f)*	(60,829)
Estimated 100% Equity Value of the Target Group (non-marketable and minority basis)	*(h) = (f) + (g)*	324,166
Add: Control Premium	*(i) = CP × (h)*	79,096
Estimated 100% Equity Value of the Target Group (non-marketable and controlling basis)	*(j) = (h) + (i)*	403,262

Note: Total may not foot due to rounding.

The Board consider that the Consideration of the Acquisition is fair and reasonable for the following reasons:

(a) The Target Group is principally engaged in digital marketing business, which is regarded as asset-light industry, there is no substantial machinery or production equipment required for its business operation. Therefore, the net asset value is not considered to be an appropriate benchmark for the valuation of the Target Group as it fails to consider the earning ability of the Target Group and hence is unable to reflect the fair market value of the business.

(b) The Target Group was established in March 2018 and has been growing rapidly since 2019. Notwithstanding the loss incurred for the year ended December 31, 2018, the Target Group has achieved positive earnings for the year ended December 31, 2019 and the net profit has almost doubled from RMB11.1 million for the year ended December 31, 2019 to RMB20.5 million for the nine months ended September 30, 2020, based on its unaudited management account.

(c) The Board has reviewed the valuation report prepared by the Valuer and had discussed with the Valuer to understand its qualifications and experiences, methodology of, and the bases and assumptions adopted for the valuation of the Target Group.

ADJUSTMENTS TO GUARANTEED PROFIT

As disclosed in the Announcement, the Group will provide a minimum shareholder's loans of RMB120,000,000 to support the business development of the Target Group. Such shareholder's loan is essential for the Target Group to expand its revenue and profits, as the Target Group is required to pay cash advances to media publishers for online traffic during its normal course of business and such shareholder's loans will ensure sufficient working capital for its business expansion. In the event that the Group fails to provide the minimum shareholder's loan of RMB120,000,000 to the Target Group, the parties estimate the Guaranteed Profit for the relevant Performance Undertaking Period of the Target Company will decrease around 20%. The formula for the Adjusted Guaranteed Profit as disclosed in the Announcement is determined based on such estimation of decreases in the Guaranteed Profit. The denominator of RMB600 million is determined due to mathematical purpose only. As an example, assuming there will be no shareholder loan being provided, the Adjusted Guaranteed Profit, according to the formula, would be decreased by 20%.

ADJUSTMENT TO THE CONSIDERATION

As disclosed in the Announcement, the Group will be granted the repurchase option pursuant to the Shareholder's Agreement to be entered into among the parties upon Completion. In the event that the Target Group incurs audited net losses in any fiscal year within three years after the Completion, the repurchase option will be triggered and the Group shall have the right to require all Founders to repurchase all or part of equity interest of the Target Company held by it.

In addition, if the Target Group incurs net loss for any Performance Undertaking Period, there will be no Net Profit for such Performance Undertaking Period. Based on the formula of adjusted installment amount, the adjusted installment amount for the relevant Performance Undertaking Period will be zero (as the Net Profit is zero). In this case, there will be no installment payable to the Vendor for the relevant Performance Undertaking Period.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company's proprietary precision marketing business aggregates offline consumption-based traffic that are generated from various QR-code based payment scenarios such as payments from food establishments, car parks, gas stations, etc., and leverages the AI-based data management platform (the "**DMP**") to intelligently match these offline traffic with desired customers profiles required by the advertisers. It enables the Company to design precision marketing solutions for merchants, which intelligently place advertisements to suitable audience.

The advertisers in industries such as e-commerce, travel, online educations, etc. generally require promoting advertising campaigns on both online generic traffic and offline consumption-focused traffic. The Target Company focuses on serving advertisers through audience analysis based on user behavioral data, such as content preferences, and distributing advertisements through leading online media platforms such as Tencent and Tik Tok. The Target Company's rich expertise in analyzing these user behavioral data on various online media greatly complements the Company's user transactional-based data, which enable the Company to refine the traffic label of the customer profiles and strengthens the DMP.

The Directors believe that the strategic cooperation between the Company and the Target Company will enable both companies to strengthen the integration of high-quality resources, unleash online and offline media resources, integrate user data, enhance content creativity, and enable the Company to achieve more effective marketing services for digital content.

STATUS OF THE TARGET COMPANY

Upon the Completion, Yeahka Technology will hold 42.5% equity interest in the Target Company. As Yeahka Technology has the rights to appoint two out of three directors at the board of the Target Company, the Target Company will become an indirect non-wholly owned subsidiary of the Company and its financial results will be consolidated into the Group's financial statements.

By order of the Board
YEAHKA LIMITED
Liu Yingqi
Executive Director

Hong Kong, November 30, 2020

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