



Yeahka Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9923.HK

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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

19/F, A4 Building, Kexing Science Park
15 Keyuan Road, Nanshan District
Shenzhen
China

Principal Place of Business in Hong Kong

5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong, China
(With effect from August 27, 2024)

Company's Website

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

Board of Directors

Executive Directors

Mr. Liu Yingqi (*Chairman*)
Mr. Yao Zhijian
Mr. Luo Xiaohui
Ms. Liang Shengtian (*appointed with effect from June 5, 2024*)

Non-executive Director

Mr. Akio Tanaka

Independent non-executive Directors

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

CORPORATE INFORMATION

Company Secretary

Mr. Lai Chun Tat (*appointed with effect from August 27, 2024*)
Ms. Tang King Yin (*appointed with effect from August 27, 2024*)
(*an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom*)
Ms. Mak Po Man Cherie (*resigned with effect from August 27, 2024*)

Authorized Representatives

Mr. Yao Zhijian
Ms. Tang King Yin (*appointed with effect from August 27, 2024*)
Ms. Mak Po Man Cherie (*resigned with effect from August 27, 2024*)

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

Environmental, Social and Governance Committee

Mr. Liu Yingqi (*Chairman*)
Mr. Yao Zhijian
Mr. Yao Wei

Hong Kong Legal Advisor

Han Kun Law Offices LLP
Rooms 4301-10, 43/F
Gloucester Tower, The Landmark
15 Queen's Road Central
Hong Kong, China

CORPORATE INFORMATION

Independent Auditor

PricewaterhouseCoopers

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

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, China

Principal Banks

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

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

China Everbright Bank, Shenzhen Fortune Branch

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

Stock Code

9923

BUSINESS REVIEW AND OUTLOOK

Business and Financial Summary

- Our one-stop payment services continue to lead the industry and our market-leading position in app-based payments is solidified, with peak daily transaction counts reaching nearly 60 million;
- Against the backdrop of the high base in the same period last year and macroeconomic volatility, our GPV for the six months ended June 30, 2024 was RMB1,166.2 billion, representing a decrease of 17.8% compared to the same period in 2023;
- We enhanced our commercialization capability with our payments fee rate¹ maintaining at 12.3 bps;
- Revenue for the six months ended June 30, 2024 was RMB1,577.7 million, representing a decrease of 23.5% from the same period in 2023;
- Revenue contribution from non-payment services, comprising merchant solutions and in-store e-commerce services, continue to increase, with their percentage to total revenue increasing from 11.0% for the six months ended June 30, 2023 to 14.6% for the same period in 2024;
- Overall gross profit margin increased from 17.7% for the six months ended June 30, 2023 to 19.0% for the same period in 2024;
- Gross profit contribution from non-payment services continue to increase, with their percentage to total gross profit increasing from 52.6% for the six months ended June 30, 2023 to 69.1% for the same period in 2024;
- Driven by our wider application of artificial intelligence, selling and administrative expenses decreased by 11.2% for the six months ended June 30, 2024 compared to the same period in 2023;
- Finance costs reduced by 6.2% for the six months ended June 30, 2024 compared to the same period in 2023;
- Profit for the Period amounted to RMB32.6 million for the six months ended June 30, 2024, exceeding the amount for the full year of 2023; and
- Gearing ratio decreased to 41.1% as at June 30, 2024 on the back of the Company's early repurchase of its convertible bonds using its internal cash flow.

1. After eliminating the impact of the "Non-Recurring Adjustment on Revenue" (as defined in the 2023 Annual Report). For details, see "Management Discussion and Analysis – Non-IFRS Measures."

BUSINESS REVIEW AND OUTLOOK

About Yeahka

Yeahka is a leading commerce enablement technology platform dedicated to creating value for merchants and consumers. We strive to expand an independent commercial digitalized ecosystem to (i) provide seamless, convenient and reliable payment services to both merchants and consumers through our one-stop payment services; (ii) enable merchants to better manage and drive business growth through our merchant solutions; and (iii) provide consumers with local lifestyle services of great value through our in-store e-commerce services.

Strategic Progress and Outlook

During the first half of 2024, we navigated thorough externalities including macroeconomic volatility and maintained our market leadership and business development domestically and internationally. We focused further on higher quality and/or more profitable customers and partners that sustainably deliver value to our businesses, as well as verticals and segments that helped strengthen the resilience of our business model. In addition, we successfully enhanced synergies across our business lines and other value-added services' commercialization capabilities. Our proactive overseas business expansion has also achieved significant progress, further strengthening the foundation of our internationalization strategies that we have believed in for long term. By using technologies including artificial intelligence and streamlined processes, we continued to enhance operational efficiency across business lines. We have been providing merchants with a full range of services from payment platform to digitalization technology. This unique edge enhances our downside protection and ability to continually meet customer needs in various settings. It also allows us to be more agile and enjoy better scalability and stronger profit prospects, as we play a more important role in the global journey of digitalization.

The backdrop of the high base in the first half of 2023 and macroeconomic volatility had a temporary impact on the payment industry in terms of maintaining transaction volume in the first half of 2024. Our GPV decreased 17.8% year-on-year from RMB1,419.2 billion for the six months ended June 30, 2023 to RMB1,166.2 billion for the six months ended June 30, 2024. As a result, our revenue reached RMB1,577.7 million for the six months ended June 30, 2024, down 23.5% from RMB2,062.2 million for the comparative period in 2023. Meanwhile, the composition of our revenue has been further optimized, with both our non-payment business' revenue and its share of contribution to the Company's overall revenue increasing, making the Company's business model more comprehensive and diversified. In particular, our merchant solutions business' revenue increased 21.2% year-on-year from RMB166.9 million in the first six months of 2023 to RMB202.3 million in the comparative period of 2024. The contribution of our non-payment business to our revenue has increased from 11.0% in the first half of 2023 to 14.6% in the corresponding period in 2024.

Our gross profit margin increased to 19.0% in the first half of 2024 from 17.7% in the first half of 2023. The improvement in gross profit margin is primarily attributed to the abovementioned increase in the share of revenue derived from our merchant solutions and in-store e-commerce services, whose gross profit margins are both higher than that of our payment business. Their gross margins also further increased to 90.9% and 81.5%, respectively, in the first half of 2024, on the back of increased monetization and cross-sell synergies amongst our three major business lines, and benefiting from past investments made in relevant research & development as part of our long-term business strategies. These factors have increased the diversity in the composition of our profits. The contribution of non-payment business to our gross profit has increased from 52.6% in the first half of 2023 to 69.1% in the corresponding period in 2024, further increasing the sustainability of our profits.

BUSINESS REVIEW AND OUTLOOK

We continued harnessing artificial intelligence in various regards. For example, we launched a series of AI-driven products and services to assist merchants' precision marketing and improve productivity per personnel and lower their operating cost, including (i) the use of large model to train marketing content and script to improve conversion efficiency; (ii) AI-powered business analytics tools to interpret marketing campaign data; (iii) seamless, automatic customer interaction and scenarios configuration based on merchants' dynamics with their customers; and (iv) automatic generation of unique and creative brand content according to merchants' brand philosophies to enhance their exposure and boost sales conversions. We have also strengthened our capabilities in (i) language conversion tools for merchants' customer servicing chat bots to seamlessly generate responses interchangeable in multiple languages; (ii) automated reward programs on merchant platforms to increase customers' loyalty; and (iii) price setting automation for merchants to optimize monetization. We integrated large language models into our products upgrade and test automation to streamline internal workflows and reduce operational costs. As a result, we raised AI programming code adoption rate and, in particular, automated customers service efficacy rate to over 80%. Our selling expenses and administrative expenses in the first half of 2024 has decreased by 11.2% compared to the corresponding period in 2023.

Our profit for the Period increased to RMB32.6 million in the first half of 2024 compared to RMB30.4 million in the comparative period of 2023. Our profit margin for the Period also increased to 2.1% in the first half of 2024 from 1.5% in the first half of 2023.

The following table sets forth the comparative figures for the six months ended June 30, 2024 and June 30, 2023, respectively:

	For the six months ended June 30,		
	2024 RMB'000	2023 RMB'000	Year-on-year change (%)
Revenue	1,577,719	2,062,235	(23.5)
– One-stop payment services	1,346,561	1,835,337	(26.6)
– Merchant solutions	202,319	166,922	21.2
– In-store e-commerce services	28,839	59,976	(51.9)
Gross profit	300,219	366,001	(18.0)
Gross profit margin	19.0%	17.7%	1.3 ⁽¹⁾
– One-stop payment services	6.9%	9.5%	(2.6) ⁽¹⁾
– Merchant solutions	90.9%	87.6%	3.3 ⁽¹⁾
– In-store e-commerce services	81.5%	76.9%	4.6 ⁽¹⁾
Profit for the Period	32,580	30,350	7.3
Profit margin for the Period	2.1%	1.5%	0.6 ⁽¹⁾

Note:

(1) Percentage points

BUSINESS REVIEW AND OUTLOOK

Below are the key highlights from our three business lines during the Reporting Period:

One-Stop Payment Services: Sustained Market Leadership with Foundation Reinforced for High-Quality Long-Term Growth

Despite macroeconomic volatility driving the decrease in average transaction amount per customer and the high base in the same period last year, our peak daily count of app-based payment transactions still reached 60 million in the first half of 2024, reflecting our market leadership in the industry. Meanwhile, our fee rate² remained stable at 12.3bps during the Reporting Period, demonstrating our pricing power as China's leading payment technology brand and merchants' preference for our high-quality one-stop services. During the Reporting Period, our payment revenue was impacted by our GPV decrease as mentioned above. The Non-Recurring Adjustment on Revenue (as defined in the 2023 Annual Report) carried on its impact on the revenue and gross profit of the one-stop payment services in the first half of 2024 but such impact will cease in the second half of 2024 and the revenue and gross profit of the one-stop payment services will no longer be further netted-off in the second half of 2024.

We focused on maintaining and enhancing the organic growth drivers of our business and strengthening the fundamental quality of our business model: (i) leveraging our extensive nationwide network and resources, we further explored opportunities in lower-tier regions, where many merchants are still underserved, to gain early mover advantage. In particular, we deepened cooperation with our partners to serve such customers across various industries, for example in North China and Southwest China regions; (ii) in addition to the expansion of our customer base, we further diversified our verticals exposure with stronger resilience to economic downturns, including sports and fitness, healthcare, energy and services, etc.; (iii) through review of different regions' market characteristics and competitive landscapes, we selectively collaborated with more profitable customers, including serving large- and medium-sized merchants with payment solutions specific to their industry needs; (iv) we had diverse customer acquisition channels, including strengthened partnerships with approximately 5,200 SaaS providers, allowing us to offer one-stop payment services to a broader clientele; (v) we collaborated with over a hundred banks for joint merchant acquiring. This benefited both our partners by bringing in new customers for them, as well as our merchants that might otherwise not have access to the banks by providing such merchants with more banking services to support their business growth and promote their transaction volumes. Our one-stop commerce enablement services, including the tailor-made in-store e-commerce and merchant solutions specific to each vertical's scenarios, continued to synergize and support the development of our payment services and enhance the long-term stickiness of our customers. The interconnection between our payment services and other business segments is our unique edge, allowing us to better meet the end-to-end digitalization needs of merchants and thus be more capable of serving larger merchants.

2. After eliminating the impact of the "Non-Recurring Adjustment on Revenue" (as defined in the 2023 Annual Report). For details, see "Management Discussion and Analysis – Non-IFRS Measures."

BUSINESS REVIEW AND OUTLOOK

Meanwhile, our proactive expansion of overseas business has achieved remarkable progress under the internationalization strategy we have believed in for long, thereby enhancing the long-term profitability of our payment services. In the first half of 2024, we maintained rapid growth in our overseas payment operations. For example, our GPV in Singapore grew over 50% year-on-year. We achieved a breakthrough in acquiring local customers, winning over internationally well-known brands including Bvlgari, Chow Tai Fook Jewellery, Rolex, MCM, Mikimoto, TWG Tea, Bacha Coffee, Lacoste, Fred Perry, and Bee Cheng Hiang. For overseas products, we have also expanded services such as local wallets, international wallets, credit cards, joint merchant acquiring, foreign exchange and cross-border remittances to meet customers' demands in various regions. Based on local business environments, we actively explored various customer acquisition channels, such as collaborating with chain stores, large shopping malls and food courts, thereby enhancing the efficiency of acquiring payment transaction volume. We will continue to leverage our overseas competitive advantage, including multifaceted payment channels, efficient service delivery capabilities as well as synergies with our investee company, Fushi to develop our business. For example, we can acquire new and sticky customers from Fushi through cross-selling.

Merchant Solutions: Increased Market Penetration and Profit Contribution driven by Further Commercialization of AI and Data Technology

Revenue from our merchant solutions grew 21.2% year-on-year from RMB166.9 million for the six months ended June 30, 2023 to RMB202.3 million in the comparative period in 2024, reflecting our strong capabilities in digitizing businesses and enhancing efficiencies for merchants. During the same period, the number of active merchants we served with our merchant solutions also increased by 5.8% year-on-year. The growth was attributed to our enhanced offerings and monetization across our solutions, leveraging strengthened synergies between merchant solutions and our other business lines. We provided a wider variety of commerce-enablement value-added services to address our merchants' entire lifecycle demands, including online operations, marketing, customer acquisition and financial services.

Gross profit margin for our merchant solutions increased to 90.9% for the six months ended June 30, 2024 from 87.6% for the comparative period in 2023, led by the shift in product mix with increased revenue contribution from higher-margin services. This is also a result of operating leverage benefiting from past investments made in relevant research & development as part of our long-term business strategies. We strive to further harness our existing leading position in the market, technology capabilities as well as our wide business network and coverage to drive more profits from this business line.

BUSINESS REVIEW AND OUTLOOK

In-store E-commerce Services: Strategic Upgrades for Sustainable Growth and Profitability

We strategically upgraded our business model in this rather nascent industry segment. Based on continuous review and research of market dynamics in each locality, and in line with the latest industry development trends, we focused on higher quality and/or more profitable customers and used various content formats such as short videos and livestreaming to increase our services offered to large-sized customers. For example, our latest customers include numerous chain stores such as Naixue Tea House (奈雪的茶), Yuanji Dumplings (袁記雲餃), Tastien Burgers (塔斯汀漢堡) and Daddy Sweet Toast (爸爸糖吐司). The strategic upgrades have enabled us to improve sales efficiency. The number of brand stores we served increased from over 13,000 at the end of 2023 to over 18,000 as at June 30, 2024, representing an increase of approximately 35% year-on-year. At the same time, merchants' stickiness to us and willingness to pay for our services also increased. As a result, compared to the same period last year, the revenue generated by each merchant and our per personnel revenue both recorded year-on-year growth.

As a result of the strategic upgrade in business model and the phase out of customers with lower profitability, the revenue in our in-store e-commerce services decreased by 51.9% year-on-year for the six months ended June 30, 2024. We believe that such business positioning would lay a more solid foundation for more sustainable higher-quality and more profitable growth in the longer term.

In addition, we refined our monetization model through increasing upfront fees, based on our more established execution capabilities and thorough understanding of local market dynamics, in addition to the typical commission fees which are based on the merchants' GMV on corresponding services provided by us. As the upfront fees are fixed by nature in advance of the launch of our services, they provided protection on profitability of each project we select. As a result, the gross profit margin of our in-store e-commerce services increased by 4.6 percentage points year-on-year to 81.5% for the six months ended June 30, 2024.

Furthermore, we also strategically reviewed our business development practices and set-up to increase overall efficiencies. Both gross profit generated from each merchant and our per personnel gross profit during the first half of 2024 increased year-on-year. This led to the continuing decrease of in-store e-commerce services' net loss to RMB15.6 million in the first half of 2024, representing a 39.6% decrease year-on-year, or a 11.1% decrease compared to the net loss in the second half of 2023, paving the way for our progress towards sustainable profitability by the second half of this year for this business line and continuous growth in the future.

Overseas Expansion: Remarkable Progress Building upon the Foundation of Our Long-term Internationalization Strategy

In the first half of 2024, we maintained rapid growth in our overseas payment operations. For example, our GPV in Singapore grew over 50% year-on-year. The customers we served there include internationally well-known brands such as Bvlgari, Chow Tai Fook Jewellery, Rolex, MCM, Mikimoto, TWG Tea, Bacha Coffee, Lacoste, Fred Perry, and Bee Cheng Hiang. We believe the abovementioned clientele will present attractive opportunities for us to expand the offerings of our broader suite of commerce enablement solutions to merchants in Asia-Pacific, by allowing us to leverage our proprietary technology stacks, established payment channels, big data algorithm as well as first-hand experiences of working with numerous merchants for over a decade.

BUSINESS REVIEW AND OUTLOOK

We entered into overseas markets that are economically attractive with customers' high willingness to pay, thereby increasing the quality of our profits. Our investee company, Fushi, has promoted digital merchant solutions in overseas markets serving over 200 global and regional brands such as Starbucks, MUJI, PizzaHut, Sunway, New Balance and Levi's, and covering over 20,000 stores in Southeast Asia, including Singapore, Indonesia, Vietnam and Malaysia. As these brands expand their footprint in the region, Fushi is also naturally positioned to provide various proprietary and self-developed products to help these brands to extend their coverages in the new geographies. It also cross-sold other products including payment services to merchants as part of our synergies across business lines. As Fushi established its reputation overseas, it also won over more new global and regional brands from a wider variety of verticals such as energy, real estate and business services.

Localized products and operations are crucial. Fushi continually reviews market attributes and customer preferences of different verticals overseas, actively enriches its proprietary and self-developed product portfolio and improves service efficiency. For example, Fushi customized applications and websites for enterprise customers, enhancing the breadth and depth of its commerce enablement for customers and increasing such customers' long-term stickiness to us. Our unique edge is our capability to provide merchants with a full range of services from payment platform to digitalization technology. Such edge enhances our ability to continually meet customer needs in various settings and allows us to be more agile and enjoy better scalability and stronger profit prospects, as we play a more important role in the global journey of digitalization.

AI Technology: Wider Application to Step Up Profit and Efficiency Enhancement

As a company founded with technology in our DNA since a decade ago, we remained relentless in pursuing innovation and excellence in the application of artificial intelligence onto our product suites and deliver value-added services to our customers. Our artificial intelligence laboratory (AI Lab) and the Shenzhen Development and Science Center (DSC) coordinated and focused on our AI-related initiatives across large model, algorithm creation and content generation for different businesses. Such setup positioned us for wider application and deeper penetration of AI usage in various commerce scenarios for merchants both domestically and internationally.

We continued harnessing artificial intelligence in various regards. For example, we launched a series of AI-driven products and services to assist merchants' precision marketing and improve productivity per personnel and lower their operating cost, including (i) the use of large model to train marketing content and script to improve conversion efficiency; (ii) AI-powered business analytics tools to interpret marketing campaign data; (iii) seamless, automatic customer interaction and scenarios configuration based on merchants' dynamics with their customers; and (iv) automatic generation of unique and creative brand content according to merchants' brand philosophies to enhance their exposure and boost sales conversions.

We have also strengthened our capabilities in (i) language conversion tools for merchants' customer servicing chat bots to seamlessly generate responses interchangeable in multiple languages; (ii) automated reward programs on merchant platforms to increase customers' loyalty; and (iii) price setting automation for merchants to optimize monetization. We integrated large language models into our products upgrade and test automation to streamline internal workflows and reduce operational costs. As a result, we raised AI programming code adoption rate and, in particular, automated customers service efficacy rate to over 80%.

BUSINESS REVIEW AND OUTLOOK

Financial Planning: Active Measures to Optimize Capital Structure

To reduce interest expenses and lower our gearing ratio to support the long-term development of our businesses, we repurchased at a discount an aggregate of US\$35 million of our convertible bonds in the first half of 2024 and fully redeemed the remaining outstanding amount of another US\$35 million in July 2024 ahead of their maturities in 2027 using our internal cash flows.

After the Reporting Period, our Board has also approved an aggregated amount of US\$10 million for share repurchase purposes, which aims to enhance our shareholder return.

Company Outlook

We are committed to being the go-to commerce enablement services provider for merchants. Whilst maintaining our established market leadership in the one-stop payment services segment. We strive to continue accelerating the growth and profit contribution of other services including merchant solutions and in-store e-commerce services as we upgrade our intrinsically synergistic business model. We have a strong foundation underscored by technical set-up, merchants servicing insights and business network domestically and beyond to further our progress in international expansion into attractive segments and widespread application of AI tools for both commercialization and efficiency purposes. We believe by being steadfast to our vision and business model upheld for over a decade, such strategies will build a natural moat against further externalities whilst equipping us with early mover advantage capturing emerging opportunities on a much wider scale in the long-term.

Share Purchase by our Controlling Shareholder, Share Purchase Pursuant to the RSU Scheme, and Convertible Bonds Repurchase

We are informed by our controlling shareholder, Creative Brocade International Limited (an entity controlled by our founder, chairman of the Board, and chief executive officer, Mr. Liu Yingqi) (“**Creative Brocade International**”), that as of August 27, 2024, it has purchased a total of 1,448,400 Shares from the open market since January 1, 2024, representing 0.33% of the issued Shares as of the date of this Interim Report. By increasing their shareholding in the Company, Mr. Liu and Creative Brocade International have expressed their confidence in the future prospects for the development of the Group and recognized its intrinsic value.

Meanwhile, during the Reporting Period, the trustee of RSU Scheme has utilized an aggregate of approximately HKD49.5 million (including commissions and transaction costs) to purchase 3,966,000 Shares from the open market at a consideration ranging from HKD10.00 to HKD14.76 per Share. The Shares purchased during such period represent 0.90% of the issued Shares as of June 30, 2024. The purchased Shares will be used as share awards to incentivize key personnel of our Group and/or its related entities.

Since January 1, 2024, the Company has also early redeemed the entire 6.25% convertible bonds due 2027 in the aggregate principal amount of US\$70 million (the “**Convertible Bonds**”). As of the date of this Interim Report, all the Convertible Bonds were redeemed and cancelled. The Convertible Bonds were delisted from the Stock Exchange on July 23, 2024. The Board believes that the early redemption of the Convertible Bonds will significantly reduce the Company’s interest expenses and optimize its capital structure.

BUSINESS REVIEW AND OUTLOOK

Environmental, Social and Governance (“ESG”)

We are committed to integrating sustainable development concepts into our daily operations and management, fulfilling corporate citizenship responsibilities, continuously optimizing our corporate governance system, and comprehensively assessing our environmental and social impact. Guided by the UN Sustainable Development Goals and driven by the concerns of various stakeholders, we formulated our ESG governance strategy and continuously strengthened our ESG management. During the Reporting Period, we were once again recognized in S&P Global’s 2024 Sustainability Yearbook (China Edition) and ranked first in our industry in China, demonstrating our outstanding sustainability performance.

On the environment front, we actively responded to the national call for energy conservation and emission reduction by constructing green data centers. Through the centralized management and allocation of resources via Yeahka’s private cloud, we promoted the “half-cloud, half-physical” deployment method. During the Reporting Period, we have allocated 160 private cloud servers and reduced the purchase of 50 physical servers in aggregate, increasing the utilization rate of our total energy usage by approximately 7%. We have also enriched the contents on Task Force on Climate-Related Financial Disclosures (TCFD) and climate-related opportunities and supplemented the climate change response measures categorized by impact time frame in the ESG Report.

On the social front, our business model intrinsically addressed very broad social and inclusion needs by assisting underserved micro, small, and medium-sized merchants in digitizing operations and maintaining business relevance to provide consumers with local lifestyle services of great value, thereby raising consumers’ quality of life in communities domestically and internationally. We also continued to strengthen the levels of transaction risk control. During the Reporting Period, we made approximately 9 billion risk decisions and performed risk treatment on more than 12 million risky transactions. We also actively built an equal and diverse talent team, added the dimensions of “work satisfaction” and “employee happiness” in the employee satisfaction survey and were committed to achieving, maintaining, and developing the fundamental rights of all employees. Moreover, we strictly adhered to occupational health and safety, providing our employees with a variety of benefits and care measures, including flexible working hours arrangement and parental leave. During the Reporting Period, all employees have participated in labor union. Together with various sectors of the community, we strive to build a better future.

On the corporate governance front, we actively maintain gender diversity in our board composition. During the Reporting period, Ms. Liang Shengtian, who has demonstrated outstanding professional ability in fintech business and insights into risk management with a proven track record with us and across many other institutions previously, joined our Board bringing great character, integrity and experience. On August 27, 2024, the Board also appointed Mr. Lai Chun Tat, who has over 10 years of relevant financial, corporate secretarial and compliance experience for Hong Kong listed companies, as one of the joint company secretaries of the Company. We attach great importance to information security and have updated technical standards such as administrative measures for source code control on upgrading, Java code guidelines, and C++ code guidelines. We systematically improved the ESG governance structure. The ESG Committee identifies sustainable development opportunities and risks, regularly evaluates the integrity and effectiveness of our ESG governance structure, reviews our ESG performance and goal progress, and reports ESG governance matters to the Board, incorporating feedback from internal and external investors. During the Reporting Period, we newly formulated the ‘Yeahka Tax Guidelines’ and supplemented and emphasized anti-money laundering and anti-terrorist financing contents in our ‘Anti-Money Laundering Policy Statement’. Meanwhile, we conducted anti-corruption and anti-money laundering training for employees, achieving a 100% training coverage rate.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Performance for the Six Months ended June 30, 2024

	For the six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	1,577,719	2,062,235
<i>Including: interest revenue</i>	84,365	48,298
Cost of revenue	(1,277,500)	(1,696,234)
Gross profit	300,219	366,001
Selling expenses	(52,280)	(82,906)
Administrative expenses	(155,705)	(151,257)
Research and development expenses	(128,286)	(122,703)
Net impairment losses on financial assets	(42,105)	(7,856)
Other income	18,626	29,632
Fair value changes of financial assets and financial liabilities at fair value through profit or loss	94,184	60,756
Other gains - net	22,189	2,389
Operating profit	56,842	94,056
Finance costs	(41,872)	(44,662)
Share of profits/(losses) of investments accounted for using the equity method	21,408	(5,487)
Profit before income tax	36,378	43,907
Income tax expenses	(3,798)	(13,557)
Profit for the Period	32,580	30,350
Profit for the Period attributable to:		
Equity holders of the Company	31,628	33,163
Non-controlling interests	952	(2,813)

Revenue

We generate revenue primarily through our three main types of business, namely (i) one-stop payment services; (ii) merchant solutions; and (iii) in-store e-commerce services. Our revenue decreased by 23.5% from RMB2,062.2 million for the six months ended June 30, 2023 to RMB1,577.7 million for the comparative period in 2024, primarily due to the adverse impacts on our one-stop payment services driven by macroeconomic dynamics, partially offset by the increased revenue from our gradually expanding merchant solutions.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended June 30,			
	2024		2023	
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Revenue from one-stop payment services	1,346,561	85.4	1,835,337	89.0
Revenue from merchant solutions	202,319	12.8	166,922	8.1
Revenue from in-store e-commerce services	28,839	1.8	59,976	2.9
Total	1,577,719	100.0	2,062,235	100.0

One-stop payment services

Revenue from our one-stop payment services decreased by 26.6% from RMB1,835.3 million for the six months ended June 30, 2023 to RMB1,346.6 million for the comparative period in 2024, primarily due to the decrease in our total GPV we processed, which was impacted by macroeconomic dynamics.

Merchant solutions

Revenue from our merchant solutions increased by 21.2% from RMB166.9 million for the six months ended June 30, 2023 to RMB202.3 million for the comparative period in 2024 due to our enhanced offerings and monetization across our solutions leveraging strengthened synergies between merchant solutions and our other business lines.

In-store e-commerce services

Revenue from in-store e-commerce services decreased by 51.9% from RMB60.0 million for the six months ended June 30, 2023 to RMB28.8 million for the comparative period in 2024, primarily due to the strategic upgrade in business model and the phase out of customers with lower profitability.

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,			
	2024		2023	
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Commission and fees	1,199,748	93.9	1,625,299	95.8
Amortization of non-current assets	52,783	4.1	43,708	2.6
Raw materials and consumables	4,568	0.4	8,321	0.5
Others	20,401	1.6	18,906	1.1
Total	1,277,500	100.0	1,696,234	100.0

Our cost of revenue decreased by 24.7% from RMB1,696.2 million for the six months ended June 30, 2023 to RMB1,277.5 million for the comparative period in 2024, primarily due to lower commission and fees following the decrease in the total GPV of one-stop payment services.

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,			
	2024		2023	
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
One-stop payment services	1,253,703	98.1	1,661,679	98.0
Merchant solutions	18,465	1.5	20,727	1.2
In-store e-commerce services	5,332	0.4	13,828	0.8
Total	1,277,500	100.0	1,696,234	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,			
	2024		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%
	(unaudited)		(unaudited)	
One-stop payment services	92,858	6.9	173,658	9.5
Merchant solutions	183,854	90.9	146,195	87.6
In-store e-commerce services	23,507	81.5	46,148	76.9
Total	300,219	19.0	366,001	17.7

Our gross profit decreased by 18.0% from RMB366.0 million for the six months ended June 30, 2023 to RMB300.2 million for the comparative period in 2024 mainly as a result of the decrease in our revenue.

Our gross profit margin increased from 17.7% for the six months ended June 30, 2023 to 19.0% for the comparative period in 2024 as a result of the increase in the share of revenue derived from merchant solutions and in-store e-commerce services, whose gross profit margins are higher than that of the one-stop payment business and whose combined shares of revenue rose to 14.6% in the first half of 2024 from 11.0% for the six months ended June 30, 2023.

Gross profit margin of our one-stop payment services decreased from 9.5% for the six months ended June 30, 2023 to 6.9% for the comparative period in 2024 as the Non-Recurring Adjustment on Revenue (as defined in the 2023 Annual Report) carried on its impact on the gross profit of the payment business in the first half of 2024. Such impact will cease in the second half of 2024.

Gross profit margin of merchant solutions increased from 87.6% for the six months ended June 30, 2023 to 90.9% for the comparative period in 2024, led by the shift in product mix with increased revenue contribution from higher profit margin services.

Gross profit margin of in-store e-commerce services increased from 76.9% for the six months ended June 30, 2023 to 81.5% for the comparative period in 2024 as a result of our focus on more profitable customers.

Selling Expenses

Our selling expenses decreased by 36.9% from RMB82.9 million for the six months ended June 30, 2023 to RMB52.3 million for the comparative period in 2024, primarily due to our wider application of artificial intelligence and the decrease in employee benefits and outsourcing service fees in our in-store e-commerce services.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

Our administrative expenses increased by 2.9% from RMB151.3 million for the six months ended June 30, 2023 to RMB155.7 million for the comparative period in 2024.

Research and Development Expenses

Our research and development expenses increased by 4.6% from RMB122.7 million for the six months ended June 30, 2023 to RMB128.3 million for the comparative period in 2024.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets increased by 436.0% from RMB7.9 million for the six months ended June 30, 2023 to RMB42.1 million for the comparative period in 2024 because we adopted a more refined credit risk model and drew more impairment provision along with the solid growth in our fintech services.

Other Income

Our other income decreased by 37.1% from RMB29.6 million for the six months ended June 30, 2023 to RMB18.6 million for the comparative period in 2024, primarily due to the decrease in interest income from bank deposits.

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

We recorded fair value changes of financial assets and financial liabilities at fair value through profit or loss of a gain of RMB60.8 million for the six months ended June 30, 2023 and a gain of RMB94.2 million for the six months ended June 30, 2024 respectively, primarily due to the fair value gains from the investments in preferred shares and related financial instruments of an investee company, Fushi.

Other Gains – Net

We recorded other gains – net of RMB2.4 million for the six months ended June 30, 2023 and other gains – net of RMB22.2 million for the six months ended June 30, 2024 respectively, the increase in other gains was primarily due to the gain on repurchase of Convertible Bonds during the Reporting Period.

Operating Profit

As a result of the foregoing, we recorded operating profit of RMB94.1 million for the six months ended June 30, 2023 and RMB56.8 million for the comparative period in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

Our finance costs decreased by 6.2% from RMB44.7 million for the six months ended June 30, 2023 to RMB41.9 million for the comparative period in 2024, primarily due to the decrease in interest expenses on our borrowings and Convertible Bonds.

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

Our share of profits/(losses) of investments accounted for using the equity method improved from a loss of RMB5.5 million for the six months ended June 30, 2023 to a profit of RMB21.4 million for the comparative period in 2024, primarily due to the increase in the carrying amount of our equity interests in an associate of the Group.

Profit Before Income Tax

As a result of the foregoing, our profit before income tax decreased by 17.2% from RMB43.9 million for the six months ended June 30, 2023 to RMB36.4 million for the comparative period in 2024.

Income Tax Expenses

Our income tax expenses decreased by 72.0% from RMB13.6 million for the six months ended June 30, 2023 to RMB3.8 million for the comparative period in 2024. Our effective tax rate was 30.9% for the six months ended June 30, 2023 and 10.4% for the six months ended June 30, 2024. The decrease was mainly due to the narrowing of the net loss of our in-store e-commerce services during the Reporting Period as the losses were not recognized as deferred tax assets due to our prudent approach.

Profit for the Period

As a result of the foregoing, our profit increased by 7.4% from RMB30.4 million for the six months ended June 30, 2023 to RMB32.6 million for the six months ended June 30, 2024.

Non-IFRS Measures

We adopt adjusted EBITDA, 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 EBITDA facilitates comparisons of operating performance from period to period and company to company, by eliminating potential impacts of items that our management does not consider indicative of our operating performance. In addition, our adjusted EBITDA excludes certain non-cash or non-recurrent items such as share-based compensation expenses, and fair value changes of financial assets and financial liabilities at fair value through profit or loss. We believe that the non-IFRS measure is commonly adopted by our industry peers and provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of the non-IFRS measures 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

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

	For the six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Profit for the period	32,580	30,350
Add:		
Finance costs	41,872	44,662
Amortization of non-current assets	52,783	43,708
Depreciation of property, plant and equipment	15,191	20,798
Amortization of intangible assets	9,055	9,230
Income tax expenses	3,798	13,557
EBITDA	155,279	162,305
Add:		
Share-based compensation expenses	40,803	26,921
Non-Recurring Adjustment on Revenue ⁽¹⁾	86,100	162,453
Deduct:		
Gain on repurchase of Convertible Bonds	(24,727)	-
Fair value changes of financial assets and financial liabilities at fair value through profit or loss	(94,184)	(60,756)
Adjusted EBITDA	163,271	290,923

Note:

- (1) As defined in the 2023 Annual Report. During the respective periods, we paid certain amount to a suspended account of the payment networks in relation to interchange fee rate adjustments as requested by them. We netted off such payments from our one-stop payment services revenue for the respective periods in accordance with the Group's accounting policies of revenue recognition and based on our preliminary communications with the payment networks. Such non-recurring adjustment was ended during the six months ended June 30, 2024.

Our adjusted EBITDA for the Period decreased by 43.9% from RMB290.9 million for the six months ended June 30, 2023 to RMB163.3 million for the comparative period in 2024, primarily due to the lower amount of Non-Recurring Adjustment on Revenue as the adjustment was ended and the gain on repurchase of Convertible Bonds during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Structure

Our total assets decreased from RMB8,420.4 million as of December 31, 2023 to RMB7,575.1 million as of June 30, 2024. Our total liabilities decreased from RMB5,803.0 million as of December 31, 2023 to RMB4,993.8 million as of June 30, 2024. Liabilities-to-assets ratio decreased from 68.9% as of December 31, 2023 to 65.9% as of June 30, 2024.

Our current ratio, being current assets divided by current liabilities as of the respective date decreased from 1.24 as of December 31, 2023 to 1.16 as of June 30, 2024.

Liquidity, Capital Resources and Gearing

The Group has adopted a prudent approach in financial resources management. For the six months ended June 30, 2024, we financed our operations primarily through cash generated from business operations, bank borrowings and proceeds from fundraising activity. Our cash and cash equivalents decreased by 23.0% from RMB887.9 million as of December 31, 2023 to RMB683.7 million as of June 30, 2024, primarily attributable to the cash used in repurchase of the Convertible Bonds during the Reporting Period. As of June 30, 2024, the cash and cash equivalents of the Group were mainly denominated in RMB, USD and HKD. The Group maintains a strong cash position to meet potential needs for business expansion and development.

Our gearing ratio, being total debt (which includes total borrowings and convertible bonds) divided by total equity and multiplied by 100%, decreased from 45.3% as of December 31, 2023 to 41.1% as of June 30, 2024, primarily attributable to the early repurchase of the Convertible Bonds using internal cash flow.

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 86.3% from RMB99.4 million for the six months ended June 30, 2023 to RMB13.6 million for the six months ended June 30, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Indebtedness

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

	As of June 30, 2024 RMB'000 (unaudited)	As of December 31, 2023 RMB'000 (audited)
Non-current		
Convertible Bonds	-	405,539
Bank borrowings	3,000	-
Lease liabilities	19,706	28,896
Current		
Bank and other borrowings	857,657	780,062
Convertible Bonds	200,622	-
Lease liabilities	20,241	22,521
Total	1,101,226	1,237,018

Please refer to notes 23 and 25 to the interim condensed consolidated financial information for details of our Convertible Bonds and bank and other borrowings and their respective interest rates, respectively.

Contingent Liabilities

As of June 30, 2024, 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, 2024, we pledged trade receivables of RMB15.0 million to one bank. Please refer to notes 18(b) and 25 to the interim condensed consolidated financial information for details.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Disposals and Future Plans for Material Investments or Capital Assets

During the six months ended June 30, 2024, we did not conduct any material investments, acquisitions or disposals of subsidiaries, associates and joint ventures. Saved as disclosed in this Interim Report, the Board has not authorized any specific plan for material investments or capital assets as of the date of this Interim Report. However, we will continue to identify new opportunities for business development.

Significant Investment Held

As of June 30, 2024, we were interested in 4,500,000 (17.0%) of the ordinary shares in Fushi, our associate company, and held 7,272,780 (27.4%) of preferred shares of Fushi, which was classified as financial assets at fair value through profit or loss. The carrying amount of our investment in Fushi's ordinary shares and the fair value of the preferred shares amounted to approximately RMB834,335,000 (as of December 31, 2023: RMB731,898,000), which accounted for approximately 11.0% of our total assets as of June 30, 2024. The investment costs for our investment in the preferred shares of Fushi was approximately RMB351,600,000. Net unrealized fair value gains of approximately RMB102,437,000 was recognized by us for the six months ended June 30, 2024 in respect of our investment in the preferred shares of Fushi. No dividend has been received from Fushi for the six months ended June 30, 2024.

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

Significant Events After the Reporting Period

Except as disclosed in this Interim Report, there are no material events subsequent to June 30, 2024 which could have a material impact on our operating and financial performance as of the date of this Interim Report.

Interim Dividend

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: 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, 2024, we had a total of 1,015 employees, substantially all of whom were based in China. Please refer to note 9 to the interim condensed consolidated financial information for the amount of our employee benefit expenses.

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

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at June 30, 2024, 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 and Underlying Shares

Name of Director/chief executive	Capacity/Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding (%) ⁽⁸⁾
Mr. Liu Yingqi ⁽²⁾	Founder of a discretionary trust	161,666,870 ⁽³⁾	36.49
Mr. Yao Zhijian	Beneficial owner	3,414,579 ⁽⁴⁾	0.77
Mr. Luo Xiaohui	Beneficial owner	2,265,478 ⁽⁵⁾	0.51
Ms. Liang Shengtian	Beneficial owner	223,000 ⁽⁶⁾	0.05
Mr. Akio Tanaka ⁽⁷⁾	Interest in controlled corporation	19,644,832	4.43

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 Cantrust (Far East) Limited (the trustee of the Brocade Creation Trust); and (ii) 0.1% by Creative Brocade Ltd., which is wholly-owned by Mr. Liu Yingqi. The Brocade Creation Trust is a discretionary trust established by Mr. Liu Yingqi (as the settlor) and the discretionary beneficiary is Mr. Liu Yingqi. Therefore, each of Mr. Liu Yingqi, Cantrust (Far East) Limited, Brocade Creation Limited and Brocade Creation Investment Limited is deemed under the SFO to be interested in the 161,666,870 Shares and underlying Shares held by Creative Brocade International Limited.
- The interest comprises of 672,907 underlying Shares which can be converted at an initial conversion price of HK\$23.32 per Share from convertible bonds in the principal amount of USD2,000,000. For details, see “- Interests of Directors and Chief Executives in the Debentures” below.
- The interest comprises of 300,000 underlying Shares in respect of the share options granted under the Share Option Scheme. For details, see “Other Information – Share Option Scheme” below.
- The interest comprises of 100,000 underlying Shares in respect of the share options granted under the Share Option Scheme. For details, see “Other Information – Share Option Scheme” below.
- The interest comprises of 90,000 underlying Shares in respect of the share options granted under the Share Option Scheme. For details, see “Other Information – Share Option Scheme” below.
- Each of IVP Fund II A, L.P. and IVP Fund II B, L.P. held 12,868,084 Shares and 6,776,748 Shares, respectively. Mr. Akio Tanaka held the entire issued share capital of Growth Tree Ltd which in turn held 100% 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, each of Growth Tree Ltd and Mr. Akio Tanaka is deemed under the SFO to be interested in the 12,868,084 Shares and 6,776,748 Shares held by IVP Fund II A, L.P. and IVP Fund II B, L.P., respectively.
- The percentage represents the number of shares interested divided by the total number of ordinary shares of the Company in issue as at June 30, 2024, i.e. 443,012,442.

OTHER INFORMATION

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

Name of Director/chief executive	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, 2024, no Directors or chief executives of the Company had or was deemed to have 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 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.

Interests of Directors and Chief Executives in the Debentures

Name of Director/ chief executive	Capacity/ Nature of interest	Amount of debenture held (USD)	Outstanding amount of debenture in same class in issue (USD)
Mr. Liu Yingqi ⁽¹⁾	Founder of a discretionary trust	2,000,000	35,000,000

Note:

- (1) Creative Brocade International held the 6.25% Convertible Bonds Due 2027 in the principal amount of USD2,000,000. Therefore, each of Mr. Liu Yingqi, Cantrust (Far East) Limited, Brocade Creation Limited and Brocade Creation Investment Limited was deemed under the SFO to be interested in the USD2,000,000 convertible bonds held by Creative Brocade International.

OTHER INFORMATION

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

As at June 30, 2024, to the best knowledge of the Directors, 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 Shares ⁽¹⁾	Approximate percentage of shareholding (%) ⁽⁵⁾
Creative Brocade International Limited ⁽²⁾	Beneficial owner	161,666,870(L)	36.49
Brocade Creation Investment Limited ⁽²⁾	Interest in controlled corporation	161,666,870(L)	36.49
Brocade Creation Limited ⁽²⁾	Interest in controlled corporation	161,666,870(L)	36.49
Cantrust (Far East) Limited ⁽²⁾	Trustee of a trust	161,666,870(L)	36.49
Ms. Luo Haiying ⁽³⁾	Interest of spouse	161,666,870(L)	36.49
Recruit Holdings Co., Ltd	Beneficial Owner	30,051,196(L)	6.78
TMF Trust (HK) Limited ⁽⁴⁾	Trustee of a trust	81,121,253(L)	18.31

Notes:

- (L) denotes long position; (S) denotes short positions; (P) denotes lending pool.
- Creative Brocade International Limited is owned as to (i) 99.9% by Brocade Creation Investment Limited, which is wholly-owned by Brocade Creation Investment Limited, the holding vehicle used by Cantrust (Far East) Limited (the trustee of the Brocade Creation Trust); and (ii) 0.1% by Creative Brocade Ltd., which is wholly-owned by Mr. Liu Yingqi. The Brocade Creation Trust is a discretionary trust established by Mr. Liu Yingqi (as the settlor) and the discretionary beneficiary is Mr. Liu Yingqi. Therefore, each of Mr. Liu Yingqi, Cantrust (Far East) Limited, Brocade Creation Limited and Brocade Creation Investment Limited is deemed under the SFO to be interested in the 161,666,870 Shares and underlying Shares held by Creative Brocade International Limited.
- Ms. Luo Haiying, the spouse of Mr. Liu Yingqi, is deemed under the SFO to be interested in the 161,666,870 Shares and underlying Shares in which Mr. Liu Yingqi is deemed to be interested.
- TMF Trust (HK) Limited directly holds the entire issued share capital of each of RSU Nominee 1 and RSU Nominee 2. Based on the latest disclosure of interests notice filed as of June 30, 2024 (date of relevant event: June 13, 2024), RSU Nominee 1 and RSU Nominee 2 held 52,125,681 and 28,995,572 underlying Shares in respect of the restricted share units granted and to be granted under the RSU Scheme for the benefit of eligible participants pursuant to the RSU Scheme, respectively. Therefore, TMF Trust (HK) Limited is deemed under the SFO to be interest in the 52,125,681 and 28,995,572 Shares held by RSU Nominee 1 and RSU Nominee 2, respectively.
- The percentage represents the number of shares interested divided by the total number of ordinary shares of the Company in issue as at June 30, 2024, i.e. 443,012,442.

Save as disclosed above, as of June 30, 2024, to the best knowledge of the Directors, no other persons (not being Directors or 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.

OTHER INFORMATION

RSU Scheme

The RSU Scheme, as amended from time to time, was initially approved and adopted by the Board on August 1, 2019. As part of the reorganization and for the convenience of the governance of the Company, the Company adopted the RSU Scheme to replace 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. 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 of our Group and holding companies, fellow subsidiaries or associated companies of the Company, 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.

The RSU Scheme was adopted before the new Chapter 17 of the Listing Rules coming into effect (effective on January 1, 2023). Starting from June 5, 2024, being the date of the second annual general meeting after January 1, 2023, the Company will not grant any new Shares under the RSU Scheme and the RSU Scheme shall be entirely funded by existing Shares received from any Shareholder or purchased (either on-market or off-market) by the trustee of the RSU Scheme in accordance with the rules of the RSU Scheme.

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, 2024, the remaining life of the RSU Scheme is approximately five 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. As at the date of this Interim Report, the total number of Shares held by the trustee for the purpose of RSU Scheme was 79,077,330, representing 17.8% of the Shares in issue as of the same date. The trustee holding unvested shares of the RSU Scheme, whether directly or indirectly, shall abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given. The Company may direct and procure the trustee to receive existing shares from any shareholder of the Company or purchase existing Shares (either on-market or off-market) to satisfy the RSUs upon exercise. The Company shall procure that sufficient funds are provided to the trustee by whatever means as the Board may in its absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration of the RSU Scheme. There is no maximum entitlement for each RSU Eligible Person under the rules of the RSU Scheme.

OTHER INFORMATION

An Eligible Person selected by the Board to be granted RSUs under the RSU Scheme may accept the RSUs in such manner (including any amount payable on acceptance of the RSUs as determined by the Board in its absolute discretion and the period within which payments may be made, if any) set out in the grant letter. The Board can determine the vesting criteria, conditions, and the time schedule when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the grant letter. RSUs held by a RSU Participant that are vested as evidenced by the vesting notice may be exercised (in whole or in part) by the RSU Participant serving an exercise notice in writing on the RSU Trustee and copied to the Company. Any exercise of RSUs must be in respect of a board lot of 400 Shares each or an integral multiple thereof (except where the number of RSUs which remains unexercised is less than one board lot). Upon receipt of an exercise notice, the Board shall direct and procure the RSU Trustee to, within a reasonable time, transfer the Shares underlying the RSUs exercised (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the RSU Participant which the Company has allotted and issued to the RSU Trustee as fully paid up Shares or which the RSU Trustee has either acquired by purchasing existing Shares or by receiving existing Shares from any shareholder, subject to the RSU Participant paying the exercise price (as determined by the Board in its absolute discretion, if any) and all tax, stamp duty, levies and charges applicable to such transfer to the RSU Trustee or as the RSU Trustee directs.

The Company has appointed TMF Trust (HK) Limited as the RSU Trustee 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. As of June 30, 2024, RSUs in respect of an aggregate of 12,913,662 underlying Shares, representing approximately 2.92% of the total number of issued Shares as of the date of this Interim Report, were granted but have not been vested (excluding the RSUs lapsed or cancelled) remain to be held by RSU Nominee 1 and RSU Nominee 2.

OTHER INFORMATION

Details of the RSUs granted under the RSU Scheme and the movements in RSUs during the six months ended June 30, 2024 are set below:

Name of RSU grantee	Date of grant	Granted during the Period ⁽¹⁾	Closing Price of Shares immediately before the date of grant during the Period (HKD)	Fair value of RSUs at the date of grant during the Period (HKD)	Vesting period	Number of Shares					Exercise price of RSUs vested or cancelled (HKD)	Closing price of Shares immediately before the vesting (HKD)
						As at January 1, 2024	Vested during the Period	Cancelled during the Period	Lapsed during the Period	As at June 30, 2024		
Director of the Company												
Luo Xiaohui	January 21, 2022	-	-	-	January 24, 2023 - January 24, 2026	60,000	20,000	-	-	40,000	0.01	13.58
	March 28, 2023	-	-	-	March 28, 2024 - March 28, 2027 ⁽²⁾	100,000	25,000	-	-	75,000	0.01	12.18
	June 5, 2024	200,000	10.38	10.29	June 5, 2025 - June 5, 2028 ⁽²⁾	-	-	-	-	200,000	0.01	-
Yao Zhijian	January 21, 2022	-	-	-	January 24, 2023 - January 24, 2026	90,000	30,000	-	-	60,000	0.01	13.58
	March 28, 2023	-	-	-	March 28, 2024 - March 28, 2027 ⁽²⁾	200,000	50,000	-	-	150,000	0.01	12.18
	June 5, 2024	200,000	10.38	10.29	June 5, 2025 - June 5, 2028 ⁽²⁾	-	-	-	-	200,000	0.01	-
Liang Shengtrian ⁽⁴⁾	March 28, 2023	-	-	-	March 28, 2024 - March 28, 2027 ⁽²⁾	38,000	9,500	-	-	28,500	0.01	12.18
	June 5, 2024	95,000	10.38	10.29	June 5, 2024 - June 5, 2028 ⁽²⁾	-	-	-	-	95,000	0.01	-
Other employee of the Group												
6 other employees	January 7, 2021	-	-	-	July 1, 2021 - July 1, 2024	70,000	-	-	-	70,000	16.64	-
63 other employees	January 21, 2022	-	-	-	January 24, 2023 - January 24, 2026	612,840	204,280	-	1,600	406,960	0.01	13.58
161 other employees	March 28, 2023	-	-	-	May 8, 2023 - March 28, 2027 ⁽²⁾	6,283,933	1,933,145	-	13,500	4,337,288	0.01	12.18
241 other employees	June 5, 2024	7,250,914	10.38	10.29	June 5, 2024 - June 5, 2028 ⁽²⁾	-	-	-	-	7,250,914	0.01	10.38
Total		7,745,914				7,454,773	2,271,925	-	15,100	12,913,662		

Notes:

- (1) Further details of the grants were set out in the Company's announcement dated June 5, 2024. The RSU Trustee will transfer the existing Shares purchased by the RSU Trustee directly to the RSU grantees and no new Shares will be issued as a result of the grant of RSUs.
- (2) The exercise period of the RSUs is 15 years from their respective dates of grant.

OTHER INFORMATION

- (3) Particulars of the performance targets: upon each vesting date, the portion of the RSUs that vests shall depend on the RSU grantee meeting a specified threshold in their performance evaluations during the one-year period prior to each vesting date. With respect to each RSU grantee, upon each vesting date, the portion of the RSUs that vests shall depend on the RSU grantee meeting a specified threshold in their regular performance evaluations during the one-year period prior to each vesting date. The performance evaluations are based on a matrix of indicators that vary according to the roles and responsibilities of the RSU grantee. The indicators include, but are not limited to, work quality, efficiency, collaboration and management skills.
- (4) Ms. Liang Shengtian was appointed as an executive Director with effect from June 5, 2024.

Further information of the RSU Scheme and the fair value of the RSUs granted are set out in note 22 to the interim condensed consolidated financial information.

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 RSU Trustee for the purpose of the RSU Scheme from time to time. As of January 1, 2024 and June 30, 2024, the total number of Shares held by the RSU Trustee for the purpose of RSU Scheme were 76,396,682 and 78,993,730, respectively, representing 17.1% and 17.8% of the Shares in issue as of the relevant dates, respectively.

Save as disclosed above, for the six months ended June 30, 2024 and up to the date of this Interim Report, no further RSUs have been or would be granted by the Company pursuant to the RSU Scheme.

Share Option Scheme

The Share Option Scheme was adopted at the extraordinary general meeting of the Company held on October 13, 2020. A summary of the Share Option Scheme is as follows:

The purpose of the Share Option Scheme is to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. The Share Option Scheme will link the value of the Company with the interests of the participants, enabling the participants and the Company to develop together and promote the Company's corporate culture.

OTHER INFORMATION

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within the period of ten years after October 13, 2020 to grant options to any participants as the Board may in its absolute discretion select. As of June 30, 2024, the remaining life of the Share Option Scheme was approximately six years and three and a half months. No offer shall be made and no option shall be granted to any participants in circumstances prohibited by the Listing Rules at a time when the participants would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of: (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period; and (ii) the deadline for the Company to publish its interim or annual results announcement under the Listing Rules, and ending on the date of actual publication of such results announcement.

The participants of the Share Option Scheme include any Director or employee or officer of any member of the Group, who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

The maximum number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes adopted by the Company shall not exceed 10% of the aggregate of the Shares in issue on October 13, 2020, i.e. 42,620,507 Shares (the "**Scheme Mandate Limit**"), representing 9.6% of the shares of the Company in issue as of the date of this Interim Report, unless Shareholders' approval has been obtained. Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit. The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the renewal of the Scheme Mandate Limit.

The maximum number of Shares issued and to be issued upon exercise of the share options granted and to be granted to each participant (including both exercised, cancelled and outstanding share options) under the Share Option Scheme or any other share option schemes adopted by the Company in any 12-month period is limited to 1% of the Shares in issue, unless otherwise separately approved by Shareholders in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting.

The offer of a grant of share options may be accepted within 28 days from the date of offer. Upon acceptance of the share options, a nominal consideration of HKD1.00 is payable for the grant of options and such payment shall not be refundable. Subject to such terms and conditions as the Board may determine, there is no minimum period for which a share option must be held before it can be exercised and no performance target need to be achieved by a grantee before the share options can be exercised.

OTHER INFORMATION

Subject to the terms of grant of any option, an option may be exercised by the grantee of the option at any time during the option period and in accordance with the vesting schedule and other terms specified in the offer. No option may be vested more than ten years after the date of the offer made.

The exercise price shall be at a price determined by the Board at its absolute discretion and shall be at least the highest of (i) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of offer; (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of a Share on the date of offer.

Further details of the principal terms of the Share Option Scheme are set out in circular of the Company dated September 24, 2020.

The table below sets out the movements of the share options of our Company during the period from January 1, 2024 to June 30, 2024 granted under the Share Option Scheme:

Name of grantee	Date of grant ⁽⁴⁾	Granted during the Period	Closing Price of Shares immediately before the date of grant during the Period (HKD)	Fair value of share options at the date of grant during the Period (HKD)	Vesting period ⁽⁴⁾	Exercise period	Number of Share Options				Outstanding as at June 30, 2024	Exercise price per Share (HKD)	Closing price of Shares immediately before the exercising date during the Period (HKD)
							Outstanding as at January 1, 2024	Exercised during the Period	Cancelled during the Period	Lapsed during the Period			
Director of the Company													
Yao Zhijian	January 7, 2021	-	-	-	July 1, 2021 - July 1, 2024	January 7, 2021 - January 6, 2031	300,000	-	-	-	300,000	44.20 ⁽¹⁾	-
Luo Xiaohui	January 7, 2021	-	-	-	July 1, 2021 - July 1, 2024	January 7, 2021 - January 6, 2031	100,000	-	-	-	100,000	44.20 ⁽¹⁾	-
Liang Shengtian ⁽³⁾	May 12, 2021	-	-	-	May 12, 2022 - May 12, 2025	May 12, 2021 - May 11, 2031	50,000	-	-	-	50,000	58.60 ⁽²⁾	-
	January 21, 2022	-	-	-	January 24, 2023 - January 24, 2026	January 21, 2022 - January 20, 2032	40,000	-	-	-	40,000	25.56 ⁽⁶⁾	-
Employee of the Group													
119 other employees	January 7, 2021	-	-	-	July 1, 2021 - July 1, 2024	January 7, 2021 - January 6, 2031	2,867,250	-	-	6,250	2,861,000	44.20 ⁽¹⁾	-
67 other employees	May 12, 2021	-	-	-	May 12, 2022 - May 12, 2025	May 12, 2021 - May 11, 2031	1,092,500	-	-	3,250	1,089,250	58.60 ⁽²⁾	-
209 other employees	January 21, 2022	-	-	-	January 24, 2023 - January 24, 2026	January 21, 2022 - January 20, 2032	847,500	-	-	10,000	837,500	25.56 ⁽⁶⁾	-
Total		-					5,297,250	-	-	19,500	5,277,750		

OTHER INFORMATION

Notes:

- (1) Being the highest of (i) HKD44.20 per Share, the closing price of the Shares on the date of grant as stated in the daily quotation sheet issued by the Stock Exchange, (ii) HKD39.45 per Share, the average closing price of the Shares for the five business days immediately preceding the date on which the options were granted, and (iii) US\$0.000025 per Share, the nominal value. The closing price of the Shares immediately before the date on which the options were granted was HKD43.55.
- (2) Being the highest of (i) HKD52.75 per Share, the closing price of the Shares on the date of grant as stated in the daily quotation sheet issued by the Stock Exchange, (ii) HKD58.60 per Share, the closing price of the Shares for the five business days immediately preceding the date on which the options were granted, and (iii) US\$0.000025 per Share, the nominal value. The closing price of the Shares immediately before the date on which the options were granted was HKD53.60.
- (3) Being the highest of (i) HKD24.70 per Share, the closing price of the Shares on the date of grant as stated in the daily quotation sheet issued by the Stock Exchange; (ii) HKD25.56 per Share, the average closing price of the Shares for the five business days immediately preceding the date on which the options were granted; and (iii) the nominal value of US\$0.000025 per Share. The closing price of the Shares immediately before the date on which the options were granted was HKD25.10.
- (4) Further details of the grants were set out in the Company's announcements dated January 7, 2021, May 12, 2021 and January 24, 2022.
- (5) Ms. Liang Shengtian was appointed as an executive Director with effect from June 5, 2024.

Further information of the Share Option Scheme and the fair value of share options granted are set out in note 22 to the interim condensed consolidated financial information.

As of June 30, 2024, the number of Shares in respect of which options had been granted and but not yet exercised/cancelled/lapsed under the Share Option Scheme was 5,277,750, representing 1.2% of the Shares in issue as of that date. As at January 1, 2024 and June 30, 2024, the total number of Shares available for issue in respect of the options that can be further granted under the Share Option Scheme was 37,323,257 and 37,342,757, respectively, representing 8.4% and 8.4% of the total number of Shares in issue as of the relevant dates, respectively.

For the six months ended June 30, 2024 and up to the date of this Interim Report, no further options have been or would be granted by the Company pursuant to the Share Option Scheme.

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

As all awards granted will be satisfied by existing Shares and no options were granted during the six months ended June 30, 2024, no Shares may be issued in respect of options and awards granted under all schemes of the Company during the six months ended June 30, 2024 for the purpose of Rule 17.07(3) of the Listing Rules.

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

During the Reporting Period, the trustee of the RSU Scheme has utilized an aggregate of approximately HKD49.5 million (including commission and transaction cost) to purchase 3,966,000 Shares on market at a consideration ranging from HKD10.00 to HKD14.76 per Share. The Shares purchased during such period represent 0.90% of issued Shares as at June 30, 2024, and will be used as awards for the participant(s) in the RSU Scheme.

During the Reporting Period, in accordance with the terms and conditions of the Convertible Bonds, the Company repurchased the Convertible Bonds with a principal amount of US\$35 million representing 50.0% of the aggregate principal amount of the Convertible Bonds originally issued. The aggregate consideration for the repurchases of the Convertible Bonds was approximately US\$34.5 million. Details of the repurchases are set out below.

In April 2024, the Company repurchased the Convertible Bonds with an aggregate principal amount of US\$15 million with the right to convert into 5,046,806 Shares, representing approximately 21.4% of the aggregate principal amount of the Convertible Bonds originally issued. For details, please refer to the Company's announcement dated April 30, 2024.

In May 2024, the Company repurchased the Convertible Bonds with an aggregate principal amount of US\$20 million with the right to convert into 6,729,073 Shares, representing approximately 28.6% of the aggregate principal amount of the Convertible Bonds originally issued. For details, please refer to the Company's announcement dated June 3, 2024.

As of June 30, 2024, Convertible Bonds with a principal amount of US\$35 million, representing 50.0% of the aggregate principal amount of the Convertible Bonds originally issued, were outstanding.

After the Reporting Period, on July 13, 2024, pursuant to the terms and conditions of the Convertible Bonds, the bondholders holding an aggregate principal amount of US\$35 million representing 50.0% of the aggregate principal amount of the Convertible Bonds originally issued, exercised their option to require the Company to redeem all Convertible Bonds held by them at the principal amount, together with interest accrued but unpaid up to but excluding such date (the "**Redemption**").

On July 15, 2024, the Company completed the Redemption in full. For details, please refer to the Company's announcements dated June 14, 2024 and July 15, 2024.

As of the date of this Interim Report, there are no outstanding Convertible Bonds in issue. The Convertible Bonds were delisted from the Stock Exchange on July 23, 2024.

Saved as disclosed above, neither the Company nor any of its subsidiaries has redeemed, purchased or sold any of the Company's listed securities (including any sale of treasury shares) during the Reporting Period.

OTHER INFORMATION

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 contained in Appendix C1 of the Listing Rules. The Board is of the view that for the six months ended June 30, 2024 and up to the date of this Interim Report, the Company has complied with most of the code provisions as set out in the CG Code, except for the deviation from code provision C.2.1 of Part 2 of the CG Code as explained below.

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

While this will constitute a deviation from code provision C.2.1 of Part 2 of the CG Code, the Board believes this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of our Directors; (ii) Mr. Liu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act 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 set out in Appendix C3 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the Model Code since our last reporting and up to June 30, 2024.

The Board has also adopted written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of Part 2 of the CG Code. No incident of non-compliance with the Employees Written Guidelines by the Company's relevant employees had been noted since our last reporting and up to June 30, 2024 and the date of this Interim Report after making reasonable enquiry.

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 Interim 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 has reviewed the Group's unaudited interim financial information for the six months ended June 30, 2024. 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

As disclosed in the Company's announcement dated June 5, 2024, Ms. Liang Shengtian was appointed as an executive Director with effect from June 5, 2024.

Save as above, there is no change in the Directors' biographical details which is required to be disclosed pursuant to rules 13.51(2) and 13.51B(1) of the Listing Rules for the six months ended June 30, 2024.

Use of Proceeds from Convertible Bonds

Reference is made to the Company's announcements dated July 4, 2022, July 5, 2022 and July 13, 2022. In July 2022, the Company issued US\$70 million 6.25% convertible bonds due 2027. The Group successfully raised total net proceeds (after deducting all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses) of approximately US\$68.1 million (equivalent to HKD533.3 million) through the issuance of the Convertible Bonds. The Convertible Bonds were subsequently fully redeemed and cancelled on July 15, 2024. For details of the redemption of the Convertible Bonds, please refer to the Company's announcement dated June 14, 2024 and July 15, 2024.

OTHER INFORMATION

As of December 31, 2022 and 2023, the unutilized net proceeds from the Convertible Bonds were approximately HKD475.5 million and HKD368.8 million, respectively.

The following table sets forth the status of the use of net proceeds from the Convertible Bonds up to June 30, 2024:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the issuance of Convertible Bonds ⁽¹⁾ (In HKD millions)	Actual usage during the year ended December 31, 2022 ⁽¹⁾ (In HKD millions)	Actual usage during the year ended December 31, 2023 ⁽¹⁾ (In HKD millions)	Actual usage during the six months ended June 30, 2024 ⁽¹⁾ (In HKD millions)	Unutilized net proceeds as of June 30, 2024 ⁽¹⁾ (In HKD millions)	Expected timeline for utilizing the remaining net proceeds ⁽²⁾
Expansion of the Group's overseas business, including cross-border e-commerce foreign exchange/RMB collection and payment business, acquiring and mobile payment business, software as a service (SaaS) digital solution and in-store e-commerce services and for new business opportunities to accelerate the Group's development in upstream and downstream industries	80.0	426.6	47.8	82.6	40.7	255.5	-
Strengthen the Group's competitiveness in the PRC such as product research and development, marketing and promotion and recruitment to further establish and reinforce the commercial digitalized ecosystem of the Group	20.0	106.7	10.0	24.1	17.3	55.3	-
Total:	100.0	533.3	57.8	106.7	58.0	310.8	

Notes:

- (1) The figures in the table are approximate figures.
- (2) The Convertible Bonds were fully redeemed and cancelled on July 15, 2024 at the option of the bondholders and, as a result, all the unutilized net proceeds were used up as of the date of this Interim Report. For details, see "Other Information - Purchase, Sale or Redemption of Listed Securities" above.

Rounding

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
	Note		
Revenue	6	1,577,719	2,062,235
<i>Including: interest revenue</i>	6	84,365	48,298
Cost of revenue	9	(1,277,500)	(1,696,234)
Gross profit		300,219	366,001
Selling expenses	9	(52,280)	(82,906)
Administrative expenses	9	(155,705)	(151,257)
Research and development expenses	9	(128,286)	(122,703)
Net impairment losses on financial assets	4.2(a)	(42,105)	(7,856)
Other income	7	18,626	29,632
Fair value changes of financial assets and financial liabilities at fair value through profit or loss-net	16, 26	94,184	60,756
Other gains - net	8	22,189	2,389
Operating profit		56,842	94,056
Finance costs	10	(41,872)	(44,662)
Share of profits/(losses) of investments accounted for using the equity method	13	21,408	(5,487)
Profit before income tax		36,378	43,907
Income tax expense	11	(3,798)	(13,557)
Profit for the period		32,580	30,350

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	
		For the six months	
		ended 30 June	
	Note	2024	2023
		RMB'000	RMB'000
Attributable to:			
Equity holders of the Company		31,628	33,163
Non-controlling interests		952	(2,813)
		32,580	30,350
Other comprehensive (loss)/income:			
Items that will not be subsequently reclassified to profit or loss			
Currency translation differences		7,856	31,436
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive income/(losses) of investments accounted for using the equity method		553	(611)
Currency translation differences		(12,605)	(25,757)
		(12,052)	(26,368)
Other comprehensive (losses)/income for the period, net of tax		(4,196)	5,068
Total comprehensive income for the period		28,384	35,418
Attributable to:			
Equity holders of the Company		27,432	38,231
Non-controlling interests		952	(2,813)
		28,384	35,418
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
— Basic	12	0.09	0.09
— Diluted	12	0.09	0.09

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

		Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	14	52,654	66,539
Intangible assets	15	488,510	478,865
Investments accounted for using the equity method	13	159,281	134,721
Prepayments and other receivables	19(a)	43,265	42,362
Financial assets at fair value through profit or loss	16	936,992	827,342
Long-term bank deposits	17	-	80,996
Deferred tax assets		66,521	57,853
Other non-current assets		143,967	185,199
		1,891,190	1,873,877
Current assets			
Inventories		2,085	2,433
Loan receivables	20	741,443	882,332
Trade receivables	18	413,754	355,059
Prepayments and other receivables	19(b)	2,637,630	2,292,171
Financial assets at fair value through profit or loss	16	5,658	13,594
Restricted cash		1,187,823	2,097,246
Cash and cash equivalents		683,711	887,909
Other current assets		11,852	15,740
		5,683,956	6,546,484
Total assets		7,575,146	8,420,361
EQUITY			
Share capital and share premium		3,091,336	3,094,193
Reserves		(1,376,543)	(1,310,601)
Retained earnings		956,083	924,284
Equity attributable to equity holders of the Company		2,670,876	2,707,876
Non-controlling interests		(89,523)	(90,475)
Total equity		2,581,353	2,617,401

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Lease liabilities		19,706	28,896
Deferred tax liabilities		86,680	78,264
Convertible bonds	23	-	405,539
Bank and other borrowings	25	3,000	-
		109,386	512,699
Current liabilities			
Trade and other payables	24	3,642,997	4,321,666
Contract liabilities		19,339	26,073
Current tax liabilities		117,235	115,059
Lease liabilities		20,241	22,521
Convertible bonds	23	200,622	-
Bank and other borrowings	25	857,657	780,062
Financial liabilities at fair value through profit or loss	26	26,316	24,880
		4,884,407	5,290,261
Total liabilities		4,993,793	5,802,960
Total equity and liabilities		7,575,146	8,420,361

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

The interim condensed consolidated financial information on pages 39 to 84 were approved and authorized for issue by the Board of Directors on 27 August 2024 and were signed on its behalf.

Liu Yingqi
Director

Yao Zhijian
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited
Attributable to equity holders of the Company

Note	Reserves									
	Share capital and share premium	Conversion			Other reserves	Sub-total	Retained earnings	Sub-total	Non-controlling interests	Total
		Treasury shares	option reserves							
		RMB'000	RMB'000	RMB'000						
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2024	3,094,193	(1,282,364)	97,861	(126,098)	(1,310,601)	924,284	2,707,876	(90,475)	2,617,401	
Profit for the period	-	-	-	-	-	31,628	31,628	952	32,580	
Other comprehensive income	-	-	-	(4,196)	(4,196)	-	(4,196)	-	(4,196)	
Total comprehensive income	-	-	-	(4,196)	(4,196)	31,628	27,432	952	28,384	
Transactions with equity holders										
Buy-back of shares for the purpose of cancellation	(41,285)	41,285	-	-	41,285	-	-	-	-	
Buy-back of shares for the purpose of share award schemes	-	(44,965)	-	-	(44,965)	-	(44,965)	-	(44,965)	
Repurchase of convertible bonds	23	-	(51,003)	-	(51,003)	-	(51,003)	-	(51,003)	
Share award schemes:	22(b)									
- value of employee services	-	-	-	37,083	37,083	-	37,083	-	37,083	
- transfer shares to awardees upon vesting	38,428	-	-	(47,695)	(47,695)	-	(9,267)	-	(9,267)	
Share option schemes:	22(a)									
- value of employee services	-	-	-	3,720	3,720	-	3,720	-	3,720	
Profit appropriations to risk reserves	-	-	-	(171)	(171)	171	-	-	-	
	(2,857)	(3,680)	(51,003)	(7,063)	(61,746)	171	(64,432)	-	(64,432)	
Balance at 30 June 2024	3,091,336	(1,286,044)	46,858	(137,357)	(1,376,543)	956,083	2,670,876	(89,523)	2,581,353	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Attributable to equity holders of the Company									
	Note	Reserves					Retained earnings	Sub-total	Non- controlling interests	Total
		Share capital and share premium	Treasury shares	Conversion option reserves	Other reserves	Sub-total				
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000				
Balance at 1 January 2023	3,069,939	(1,147,025)	97,861	(167,246)	(1,216,410)	916,806	2,770,335	(89,068)	2,681,267	
Profit for the period	-	-	-	-	-	33,163	33,163	(2,813)	30,350	
Other comprehensive income	-	-	-	5,068	5,068	-	5,068	-	5,068	
Total comprehensive income	-	-	-	5,068	5,068	33,163	38,231	(2,813)	35,418	
Transactions with equity holders										
Buy-back of shares for the purpose of cancellation	(10,144)	9,750	-	-	9,750	-	(394)	-	(394)	
Buy-back of shares for the purpose of share award schemes	-	(30,971)	-	-	(30,971)	-	(30,971)	-	(30,971)	
Share award schemes: 22(b)										
- value of employee services	-	-	-	26,744	26,744	-	26,744	-	26,744	
- transfer shares to awardees upon vesting	7,794	-	-	(8,801)	(8,801)	-	(1,007)	-	(1,007)	
Share option schemes: 22(a)										
- value of employee services	-	-	-	177	177	-	177	-	177	
Profit appropriations to statutory reserves	-	-	-	1,233	1,233	(1,233)	-	-	-	
Profit appropriations to risk reserves	-	-	-	19	19	(19)	-	-	-	
	(2,350)	(21,221)	-	19,372	(1,849)	(1,252)	(5,451)	-	(5,451)	
Balance at 30 June 2023	3,067,589	(1,168,246)	97,861	(142,806)	(1,213,191)	948,717	2,803,115	(91,881)	2,711,234	

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	
		2024	2023
Note		RMB'000	RMB'000
Cash flows from operating activities			
Cash used in operations	27	(26,066)	(215,752)
Interest received		14,403	20,959
Interest paid		(37,869)	(33,964)
Income tax paid		(1,874)	(2,658)
Net cash used in operating activities		(51,406)	(231,415)
Cash flows from investing activities			
Prepayment for construction of office building		(2,387)	(17,044)
Purchase of property, plant and equipment and intangible assets		(1,319)	(911)
Payments for other non-current assets		(9,927)	(81,484)
Payment for investments in an associate	13	(2,221)	(1,834)
Payments for purchase of financial assets at fair value through profit or loss		-	(5,000)
Advance to an associate		-	(20,000)
Proceeds from disposal of long-term bank deposits	17	80,996	-
Proceeds from disposal of financial assets at fair value through profit or loss	16	1,019	3,716
Proceeds from acquisition of subsidiaries, net of cash paid		1,326	1,013
Proceeds from disposal of property, plant and equipment		4	-
Net cash generated from/(used in) investing activities		67,491	(121,544)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
	Note		
Cash flows from financing activities			
Buy-back of ordinary shares		(44,965)	(31,365)
Proceeds from bank and other borrowings		525,379	617,800
Repayments of bank and other borrowings		(444,784)	(503,850)
Repurchase of convertible bonds	23	(245,391)	-
Payments for the principal elements of lease liabilities (including interest paid)		(12,361)	(14,001)
Net cash (used in)/generated from financing activities		(222,122)	68,584
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		887,909	1,591,508
Effects of exchange rate changes on cash and cash equivalents		1,839	16,157
Cash and cash equivalents at end of period		683,711	1,323,290

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 INFORMATION

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 one-stop payment services, merchant solution services and in-store e-commerce services to retail merchants and consumers in the People’s Republic of China (the “**PRC**”).

This condensed consolidated interim financial report for the six months ended 30 June 2024 (the “**Interim Financial Information**”) is presented in RMB, unless otherwise stated. The Interim Financial Information was approved for issue on 27 August 2024.

2 Summary of significant accounting policies

2.1 Basis of preparation

The Interim Financial Information has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 Interim Financial Reporting issued by the International Accounting Standards Board and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2023, which have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, as set out in the 2023 annual report of the Company dated 21 March 2024 (the “**2023 Financial Statements**”).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

2 Summary of significant accounting policies (Continued)

2.2 Amended standards adopted by the Group

The Group has adopted the following amendments to existing standards which have been adopted by the Group for the first time for the financial year beginning on 1 January 2024:

- Amendments to IAS 1 – Classification of liabilities as current or non-current
- Amendments to IAS 1 – Non current liabilities with covenants
- Amendments to IFRS 16 – Lease liability in sale and leaseback
- Amendment to IAS 7 and IFRS 7 – Supplier finance arrangements

These amendments 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 1 January 2024 and not been early adopted by the Group as of 30 June 2024 are as follows:

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 18	Presentation and disclosure in financial statements	1 January 2027
Amendments to IFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 Estimates

The preparation of the 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 the 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 2023 Financial Statements.

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.

The 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 2023 Financial Statements. There have been no significant changes in the risk management policies since 31 December 2023.

4.2 Credit risk

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Financial risk management (Continued)

4.2 Credit risk (Continued)

(a) Maximum exposure to credit risk

As at 30 June 2024, the maximum exposure arising from the provision of financial guarantee to certain loan facilitation parties amounted to approximately RMB650 million (31 December 2023: RMB552 million), being the principals and interests of the underlying loans, which were granted by the Group's loan facilitation partners with terms ranging from 3 to 12 months.

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

	Unaudited As at 30 June 2024			Audited As at 31 December 2023		
	Gross carrying amount	Loss allowance	Carrying amount	Gross carrying amount	Loss allowance	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost (IFRS 9)						
Cash and cash equivalents	683,711	-	683,711	887,909	-	887,909
Restricted cash	1,187,823	-	1,187,823	2,097,246	-	2,097,246
Trade receivables (i)	433,016	(19,262)	413,754	376,012	(20,953)	355,059
Loan receivables (ii)						
- Stage 1	749,514	(12,258)	737,256	899,129	(22,065)	877,064
- Stage 2	9,216	(6,940)	2,276	13,754	(9,790)	3,964
- Stage 3	18,607	(16,696)	1,911	13,216	(11,912)	1,304
Other receivables (iii)						
- Stage 1	2,573,731	(8,179)	2,565,552	2,290,060	(7,965)	2,282,095
- Stage 3	34,262	(34,262)	-	35,754	(35,754)	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Financial risk management (Continued)

4.2 Credit risk (Continued)

(a) Maximum exposure to credit risk (Continued)

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

Unaudited 30 June 2024	Current	Less than 90 days past due	90-180 days past due	180-270 days past due	more than 270 days past due	Total
Expected loss rate	0.71%	13.94%	60.17%	45.90%	100.00%	4.45%
Gross carrying amount	416,183	330	462	122	15,919	433,016
Loss allowance	2,963	46	278	56	15,919	19,262

Audited 31 December 2023	Current	Less than 90 days past due	90-180 days past due	180-270 days past due	more than 270 days past due	Total
Expected loss rate	0.68%	9.32%	19.51%	27.87%	100.00%	5.57%
Gross carrying amount	348,177	9,684	492	122	17,537	376,012
Loss allowance	2,383	903	96	34	17,537	20,953

The loss allowances for trade receivables as at 30 June 2024 and 31 December 2023 reconcile to the opening loss allowances as follows:

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
At the beginning of the period/year	20,953	29,531
Reversal of expected credit loss	(1,691)	(8,578)
At the end of the period/year	19,262	20,953

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Financial risk management (Continued)

4.2 Credit risk (Continued)

(a) Maximum exposure to credit risk (Continued)

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

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
At the beginning of the period/year	43,767	14,836
Provision for expected credit loss	43,021	61,056
Write-off	(50,894)	(32,125)
At the end of the period/year	35,894	43,767

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

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
At the beginning of the period/year	43,719	38,349
Provision for expected credit loss	775	5,365
Write off of bad debts	(2,058)	-
Currency translation difference	5	5
At the end of the period/year	42,441	43,719

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Financial risk management (Continued)

4.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2024 and 31 December 2023 by level of inputs adopted in the valuation techniques used for measuring fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2024.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through profit or loss ("FVPL")	5,658	-	936,992	942,650
Liabilities				
Contingent consideration and others	-	-	26,316	26,316

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at FVPL	13,594	-	827,342	840,936
Liabilities				
Contingent consideration and others	-	-	24,880	24,880

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Financial risk management (Continued)

4.3 Fair value estimation (Continued)

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

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

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

Specific valuation techniques used to value financial instruments include:

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

During the six months ended 30 June 2024 and 2023, there was no transfer between level 1 and 2 for recurring fair value measurements.

Valuation processes of the Group (Level 3)

A team in the finance department of the Group performs the valuations of financial instruments required for financial reporting purposes, including the Level 3 fair values. This team reports directly to the 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Financial risk management (Continued)

4.3 Fair value estimation (Continued)

Valuation processes of the Group (Level 3) (Continued)

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, trade and other payables and borrowings approximate to their fair values due to their short maturities.

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 chief executive officer ("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 considers 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	
	2024	2023
	RMB'000	RMB'000
One-stop payment services	1,346,561	1,835,337
Merchant solutions services	202,319	166,922
In-store e-commerce services	28,839	59,976
	1,577,719	2,062,235

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 Revenue (Continued)

For the six months ended 30 June 2024, interest income from entrusted loans and small-sized retail loans amounting to approximately RMB84,365,000 (six months ended 30 June 2023: approximately RMB48,298,000) was included in revenue derived from merchant solutions services. Except for interest income which is recognised over time, revenues of the Group are recognised at a point in time according to the related provisions prescribed under IFRS 15.

During the period, the Group paid approximately RMB86 million in aggregate in relation to interchange fee rate adjustments to a suspense account of the payment networks as requested by the payment networks. Such payments were netted off from the Group's one-stop payment services revenue for the period ended 30 June 2024 in accordance with the Group's accounting policies of revenue recognition and based on the Group's preliminary communications with the payment networks.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the six months ended 30 June 2024 and 2023.

7 Other income

	Unaudited For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Government grants	3,262	8,310
Interest income from bank deposits	14,403	20,959
Interest income from advance to an associate	961	363
	18,626	29,632

8 Other gains – net

	Unaudited For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Gains on repurchase of convertible bonds	24,727	-
Impairment reversal on prepayments	293	1,405
Net exchange losses	(599)	(851)
Gains on disposal of property, plant and equipment	163	610
Gains on disposal of financial assets at FVPL	-	1,568
Others	(2,395)	(343)
	22,189	2,389

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9 Expenses by nature

Costs and expenses included in cost of revenue, selling expenses, administrative expenses and research and development expenses are analysed as follows:

	Unaudited For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Commissions and marketing costs	1,199,748	1,625,299
Employee benefit expenses	222,583	220,239
Amortization of other non-current assets	52,783	43,708
Outsourcing service fees	37,996	53,914
Depreciation of property, plant and equipment	15,191	20,798
Office expenses	12,128	10,908
Advertising and promotion expenses	9,598	8,866
Amortization of intangible assets	9,055	9,230
System development, consulting and data validation	7,394	11,389
Professional service fees	6,271	8,854
Rental expenses relating to short-term leases	6,612	5,849
Travel and transportation	6,016	6,445
Raw materials and consumables	4,568	8,321
Others	23,828	19,280
	1,613,771	2,053,100

10 Finance costs

	Unaudited For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest expenses on convertible bonds (Note 23)	23,488	24,592
Interest expenses on bank and other borrowings	16,905	19,244
Interest expenses on lease liabilities	1,479	826
	41,872	44,662

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11 Income tax expense

	Unaudited For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Current income tax	4,050	8,856
Deferred income tax	(252)	4,701
	3,798	13,557

(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 current income tax

Current income tax 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 current income tax rate is 25%.

Certain subsidiaries of the Group in the PRC are subject to a preferential current income tax rate of 15% due to their qualification for “High and New Technology Enterprise” (“HNTE”). And certain subsidiaries of the Group in the PRC are exempt from current income tax or subject to a preferential current income tax rate of 12.5% due to their qualification for “Software Enterprise”.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 Earnings per share

(a) Basic earnings per share

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

	Unaudited For the six months ended 30 June	
	2024	2023
Profit attributable to equity holders of the Company (in RMB thousands)	31,628	33,163
Weighted average number of ordinary shares in issue (in thousands) (i)	364,535	375,720
Basic earnings per share (expressed in RMB per share)	0.09	0.09

(i) Weighted average number of ordinary shares in issue for the six months ended 30 June 2024 and 2023 has been determined based on the number of shares in issue, excluding the shares held for the purpose of share award schemes.

(b) Diluted earnings per share

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

The Group has three categories of potential ordinary shares in the six months ended 30 June 2024 which were the convertible bonds as disclosed in Note 23, the share options as disclosed in Note 22(a) and the restricted share units (“RSU”) as disclosed in Note 22(b).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 Earnings per share (Continued)

(b) Diluted earnings per share (Continued)

For the convertible bonds, they are assumed to have been converted into ordinary shares. Interest savings on convertible bonds are adjusted to the extent of the amount charged to the profit attributable to owners of the Company. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the conversion of convertible bonds. For the six months ended 30 June 2024, the effect of the convertible bonds was anti-dilutive and therefore not included in the calculation of the diluted earnings per share.

	Unaudited For the six months ended 30 June	
	2024	2023
Profit attributable to equity holders of the Company (in RMB thousands)	31,628	33,163
Weighted average number of ordinary shares in issue (in thousands)	364,535	375,720
Adjustments for unvested restricted share units and share options (in thousands)	1,739	563
Weighted average number of ordinary shares for the calculation of diluted earnings per share (in thousands)	366,274	376,283
Diluted earnings per share (expressed in RMB per share)	0.09	0.09

13 Investments accounted for using the equity method

	Unaudited For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
At the beginning of the period	134,721	131,711
Capital injection	2,221	1,834
Share of profits/(losses)	21,408	(5,487)
Share of other comprehensive income/(loss)	553	(611)
Currency translation difference	378	1,832
At the end of the period	159,281	129,279

The associates 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 as at 30 June 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 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 2023					
Cost	146,169	41,915	4,987	33,633	226,704
Accumulated depreciation	(95,671)	(31,246)	(3,276)	(29,972)	(160,165)
Net book amount	50,498	10,669	1,711	3,661	66,539
Unaudited					
For the six months ended 30 June 2024					
Opening net book amount	50,498	10,669	1,711	3,661	66,539
Additions	-	991	-	141	1,132
Business combination	603	-	-	620	1,223
Reassessment of lease terms	(316)	-	-	-	(316)
Disposal	(735)	(6)	-	-	(741)
Depreciation charge	(10,979)	(3,123)	(152)	(937)	(15,191)
Currency translation difference	(5)	-	8	5	8
Closing net book amount	39,066	8,531	1,567	3,490	52,654
As at 30 June 2024					
Cost	143,203	42,900	4,995	34,399	225,497
Accumulated depreciation	(104,137)	(34,369)	(3,428)	(30,909)	(172,843)
Net book amount	39,066	8,531	1,567	3,490	52,654

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 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 2022					
Cost	105,714	38,212	4,055	31,713	179,694
Accumulated depreciation	(80,215)	(24,437)	(2,709)	(24,000)	(131,361)
Net book amount	25,499	13,775	1,346	7,713	48,333
Unaudited					
For the six months ended 30 June 2023					
Opening net book amount	25,499	13,775	1,346	7,713	48,333
Additions	23,470	457	-	-	23,927
Reassessment of lease terms	(1,323)	-	-	-	(1,323)
Depreciation charge	(12,285)	(3,737)	(384)	(4,392)	(20,798)
Currency translation difference	-	-	22	-	22
Closing net book amount	35,361	10,495	984	3,321	50,161
As at 30 June 2023					
Cost	120,374	38,669	4,077	31,713	194,833
Accumulated depreciation	(85,013)	(28,174)	(3,093)	(28,392)	(144,672)
Net book amount	35,361	10,495	984	3,321	50,161

The depreciation of property, plant and equipment has been charged to the consolidated statement of comprehensive income as follows:

	Unaudited	
	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Administrative expenses	13,239	18,559
Research and development expenses	1,821	2,179
Selling expenses	131	60
	15,191	20,798

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 Intangible assets

	Goodwill RMB'000	Customer relationship RMB'000	Software RMB'000	Platform RMB'000	Brand name RMB'000	Total RMB'000
As at 31 December 2023						
Cost	444,641	77,800	6,589	1,300	38,200	568,530
Accumulated amortization and impairment	(5,524)	(60,199)	(3,708)	(1,300)	(18,934)	(89,665)
Net book amount	439,117	17,601	2,881	-	19,266	478,865
Unaudited For the six months ended 30 June 2024						
Opening net book amount	439,117	17,601	2,881	-	19,266	478,865
Additions	-	-	885	-	-	885
Business combination	17,815	-	-	-	-	17,815
Amortization charge	-	(4,800)	(752)	-	(3,503)	(9,055)
Closing net book amount	456,932	12,801	3,014	-	15,763	488,510
As at 30 June 2024						
Cost	462,456	77,800	7,474	1,300	38,200	587,230
Accumulated amortization and impairment	(5,524)	(64,999)	(4,460)	(1,300)	(22,437)	(98,720)
Net book amount	456,932	12,801	3,014	-	15,763	488,510
As at 31 December 2022						
Cost	444,641	77,800	6,200	1,300	38,200	568,141
Accumulated amortization and impairment	(5,524)	(50,599)	(3,078)	(1,300)	(10,953)	(71,454)
Net book amount	439,117	27,201	3,122	-	27,247	496,687
Unaudited For the six months ended 30 June 2023						
Opening net book amount	439,117	27,201	3,122	-	27,247	496,687
Additions	-	-	390	-	-	390
Amortization charge	-	(4,800)	(317)	-	(4,113)	(9,230)
Closing net book amount	439,117	22,401	3,195	-	23,134	487,847
As at 30 June 2023						
Cost	444,641	77,800	6,590	1,300	38,200	568,531
Accumulated amortization and impairment	(5,524)	(55,399)	(3,395)	(1,300)	(15,066)	(80,684)
Net book amount	439,117	22,401	3,195	-	23,134	487,847

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 Intangible assets (Continued)

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

	Unaudited	
	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Cost of revenue	3,600	3,850
Administrative expenses	5,455	5,380
	9,055	9,230

16 Financial assets at FVPL

	Unaudited	Audited
	As at 30 June 2024	As at 31 December 2023
	RMB'000	RMB'000
Current assets		
Investment in listed entities (a)	5,658	13,594
Non-current assets		
Investment in unlisted entities (b)	926,988	817,338
Contingent consideration	10,004	10,004
	936,992	827,342
	942,650	840,936

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 Financial assets at FVPL (Continued)

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

	Unaudited	
	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	840,936	648,556
Acquisition of a subsidiary	7,113	-
Additions	-	5,000
Disposal	(1,019)	(2,157)
Changes in fair value through profit or loss	95,461	69,141
Currency translation differences	159	856
At the end of the period	942,650	721,396

- (a) The balance represented the Group's investments in equity interests of several listed securities on the Hong Kong Main Board of The Stock Exchange of Hong Kong Limited and the New York Stock Exchange, USA.
- (b) The balance primarily comprised the Group's investments in preferred shares related to Fushi Technology (Shenzhen) Co., Ltd ("Fushi") amounting to approximately RMB834,335,000 (as at 31 December 2023: RMB731,898,000).

17 Long-term bank deposits

An analysis of the Group's long term bank deposits as at 30 June 2024 and 31 December 2023 are analysed as below:

	Unaudited	Audit
	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Denominated in:		
RMB	-	80,996

Long-term bank deposits represented bank deposits with original maturities ranging from 2 to 3 years. During the six months ended 30 June 2024, the long-term bank deposits were disposed and transferred to a third party.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18 Trade receivables

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Trade receivables	433,016	376,012
Less: Allowance for expected credit loss (Note 4.2)	(19,262)	(20,953)
	413,754	355,059

- (a) The carrying amounts of the trade receivables balances were approximate to their fair value as at 30 June 2024. The trade receivables balances were mainly denominated in RMB.
- (b) As at 30 June 2024, RMB15,000,000 of trade receivables were pledged for certain bank borrowings of the Group (Note 25).
- (c) The Group generally allows a credit period within 90 days to its customers. Aging analysis of trade receivables based on invoice date is as follows:

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Up to 3 months	416,183	348,177
3 to 6 months	330	9,684
6 to 12 months	584	614
Over 1 year	15,919	17,537
	433,016	376,012

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19 Prepayments and other receivables

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

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Prepayments for:		
Construction of office building	40,317	37,930
Others	-	1,000
Sub-total	40,317	38,930
Other receivables		
Deposits	4,211	4,696
Less: allowance for impairment of other receivables (Note 4.2)	(1,263)	(1,264)
Sub-total	2,948	3,432
	43,265	42,362

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19 Prepayments and other receivables (Continued)

(b) Prepayments and other receivables in current assets

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Prepayments		
Prepayments for SaaS terminals	1,486	1,152
Prepayments to media publishers and advertising agents	66,824	4,156
Others	10,518	12,295
Less: allowance for impairment of prepayments	(3,802)	(4,095)
Sub-total	75,026	13,508
Other receivables		
Receivables from payment networks (i)	2,023,627	1,795,303
Amounts due from related parties (Note 29(b))	331,343	318,312
Deposits on lease and others	68,088	45,763
Deposits placed with financial institutions	33,936	33,663
Amounts due from business partners (ii)	22,337	26,361
Payment network deposits	2,127	1,040
Others	122,324	100,676
Less: allowance for impairment of other receivables (Note 4.2)	(41,178)	(42,455)
Sub-total	2,562,604	2,278,663
	2,637,630	2,292,171

- (i) The balance mainly represents funds processed by the Group during the process of providing its one-stop payment services and in-store e-commerce services to merchants, which had been received by the payment networks, and would be then transferred to the respective merchants through the Group in accordance with the terms of agreements entered between the Group and the merchants.
- (ii) The balance mainly represents advance made by the Group and utility fees to be received for the purpose of developing merchants to its business partners, which would be deducted from their commission fee or returned within contractual period.
- (iii) The carrying amounts of the other receivables balances approximate their fair value as at 30 June 2024 and 31 December 2023. Prepayments and other receivables balances were mainly denominated in RMB.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20 Loan receivables

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Loan receivables (i)	777,337	926,099
Less: allowance for impairment of loan receivables (Note 4.2)	(35,894)	(43,767)
	741,443	882,332

- (i) The loan receivables mainly comprise micro-credit loans and small-sized loans to various borrowers provided by the Group itself or through various financial institutions. The loans bore interest rate from 6% to 36% per annum and with lending periods of less than one year. As at 30 June 2024, approximately RMB610,000,000 (2023: RMB577,800,000) of the loan receivables were either guaranteed or secured.

21 Dividends

No dividends have been paid or declared by the Company for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

22 Share-based payments

(a) Share option schemes

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 Share-based payments (Continued)

(a) Share option schemes (Continued)

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

	No. of options	Average exercise price per share option (HKD)
Outstanding as at 1 January 2024	4,897,250	44.18
Forfeited during the period	(19,500)	37.04
Outstanding as at 30 June 2024	4,877,750	44.21
Vested and exercisable as at 30 June 2024	3,506,000	45.34
Outstanding as at 1 January 2023	5,160,000	47.77
Forfeited during the year	(262,750)	38.81
Outstanding as at 31 December 2023	4,897,250	44.18
Vested and exercisable as at 31 December 2023	3,003,250	45.55

During six months ended 30 June 2024 and 2023, all the forfeiture of share options prior to their respective expiry dates were due to the resignation of certain grantees.

The weighted-average remaining life for the above outstanding share options was 6.79 years as at 30 June 2024 (7.29 years as at 31 December 2023).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 Share-based payments (Continued)

(a) Share option schemes (Continued)

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

	No. of options	Average exercise price per share option (HKD)
Outstanding as at 1 January 2024	400,000	44.20
Outstanding as at 30 June 2024	400,000	44.20
Vested and exercisable as at 30 June 2024	300,000	44.20
Outstanding as at 1 January 2023	400,000	44.20
Outstanding as at 31 December 2023	400,000	44.20
Vested and exercisable as at 31 December 2023	300,000	44.20

The weighted-average remaining life for the above outstanding share options was 6.53 years as at 30 June 2024 (7.02 years as at 31 December 2023).

The share-based compensation expenses recognised during the six months ended 30 June 2024 and 2023 are summarised in the following table:

	Unaudited For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Employee options scheme – value of employee services	3,720	177

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 Share-based payments (Continued)

(b) Share award schemes

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

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

Details of RSUs are as follows:

Grant date (yyyy/mm/dd)	Number of RSU after share subdivision	Vesting period	Exercise price	Expiration terms
2019/01/08	3,524,000	To be vested evenly with in a 4-year period from vesting commencement	USD1.62	15 years from date of grant
2021/07/01	390,000	To be vested evenly with in a 42 months period from vesting commencement	HKD16.64	Same as above
2022/01/21	1,500,000	Note i	HKD0.01	Same as above
2023/03/28	8,151,565	Note ii	HKD0.01	Same as above
2024/06/05	7,745,914	To be vested evenly with 0 to 48 months period from commencement	HKD0.01	Same as above

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

Note ii: There are three types of vesting schedules: (1) to be vested evenly in 4 distributions within a 4-year period from vesting commencement; (2) to be vested evenly in 4 distributions within a 37 months period from vesting commencement; (3) to be vested evenly in 2 distributions within a 2-year period from vesting commencement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 Share-based payments (Continued)

(b) Share award schemes (Continued)

The share-based compensation expenses of the share award schemes recognised during the six months ended 30 June 2024 and 2023 are summarised in the following table:

	Unaudited	
	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Employee share schemes - value of employee services	37,083	26,744

(i) *Movements in the number of RSUs outstanding and their related exercise prices:*

	Number of RSUs	Average exercise price (RMB)
Outstanding balance as at 1 January 2024	7,454,773	0.14
Granted during the period	7,745,914	0.01
Vested during the period	(2,271,925)	0.01
Forfeited during the period	(15,100)	0.01
Outstanding balance as at 30 June 2024	12,913,662	0.08
- Vested but not transferred as at 30 June 2024	3,674,725	4.01
Outstanding balance as at 1 January 2023	2,033,760	5.14
Granted during the year	8,151,565	0.01
Vested during the year	(2,437,672)	4.25
Forfeited during the year	(292,880)	1.10
Outstanding balance as at 31 December 2023	7,454,773	0.14
- Vested but not transferred as at 31 December 2023	3,314,432	6.17

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

The weighted average fair value of awarded shares granted during the six months ended 30 June 2024 was HKD10.29 per share (equivalent to approximately RMB9.37 per share) (2023: HKD24.84 per share (equivalent to approximately RMB21.75 per share)).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

23 Convertible bonds

The Group issued USD70,000,000 convertible bonds at a coupon interest rate of 6.25% per annum on 13 July 2022. The bonds mature in five years from the issue date. The bonds could be converted into the Company's ordinary shares, at the holder's option at any time on or after 23 August 2022 up to the close of business on the 10th day prior to the maturity date (both days inclusive), at HKD23.32 (fixed in USD at USD2.97) per share. The holder of the bonds had the right to require the Company to redeem all or some of the bonds if Mr. Liu Yingqi and his affiliates together ceased (directly or indirectly) to own at least 25% of the equity interest of the Company.

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

During the six months ended 30 June 2024, the Company repurchased 50% of the initial principle amounts of convertible bonds with the principal amounting to USD35,000,000 (approximately to RMB248,749,000) at a discount price of USD34,527,500 (approximately to RMB245,391,000). The repurchase price was allocated between the liability component and the equity component on the same basis that was used in the original allocation process. Any difference between the consideration payable allocated to liability component and the liability component's carrying amount was recognized in profit or loss.

The Company has received optional put exercise notices from the bondholders holding an aggregate principal amount of USD35,000,000 that they will exercise their option to require the Company to redeem all convertible bonds held by them on 13 July 2024 and the Company completed the redemption on 15 July 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

23 Convertible bonds (Continued)

The convertible bonds recognized are calculated as follows:

	RMB'000
Face value of the convertible bonds on the issue date	470,974
Less: transaction costs	(13,915)
Net proceeds	457,059
Less: equity component	(97,861)
Liability component on initial recognition	359,198
Liability component at 1 January 2023	379,320
Interest accrued at amortization cost	50,581
Coupon interest paid	(30,869)
Currency translation differences	6,507
Liability component at 31 December 2023	405,539
Liability component at 1 January 2024	405,539
Interest accrued at amortization cost	23,488
Coupon interest paid	(14,155)
Repurchase	(191,516)
Adjustment of amortized cost of convertible bonds due to repurchase	(24,727)
Currency translation differences	1,993
Liability component at 30 June 2024	200,622

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

24 Trade and other payables

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Trade payables (a)	187,658	274,711
Other payables		
Payables to merchants (c)	3,020,326	3,645,960
Deposits from distribution channels (b)	80,369	86,849
Other taxes payables	47,892	30,101
Employee benefit payables	46,137	60,200
Amounts due to related parties (Note 29(b))	21,899	16,054
Interest payable on convertible bonds	7,795	14,602
Provision for regulatory fines	6,981	27,814
Others	223,940	165,375
	3,455,339	4,046,955
	3,642,997	4,321,666

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

As at 30 June 2024 and 31 December 2023, the aging analysis of trade payables based on the invoice date was as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Up to 3 months	66,269	158,512
3 to 6 months	8,136	30,520
Over 6 months	113,253	85,679
	187,658	274,711

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

24 Trade and other payables (Continued)

- (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) As at 30 June 2024 and 31 December 2023, trade and other payables were mainly denominated in RMB and the fair values of these balances were approximated to their carrying amounts.

25 Bank and other borrowings

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Current		
Bank borrowings		
– unsecured with guarantee	822,657	723,062
– secured with guarantee	15,000	7,000
Borrowing from other non-banking financial institution		
– unsecured with guarantee	20,000	50,000
	857,657	780,062
Non-current		
Bank borrowings		
– unsecured with guarantee	3,000	–

As at 30 June 2024, short-term borrowings of RMB794,667,000 (31 December 2023: RMB747,062,000) were guaranteed by the Company and certain subsidiaries of the Group, and RMB47,990,000 (31 December 2023: RMB26,000,000) were guaranteed by certain independent third parties and Mr. Qin Lingjin (“**Mr. Qin**”), a minority shareholder and key management person of a subsidiary. Long-term bank borrowing of RMB3,000,000 was guaranteed by Mr. Qin.

As at 30 June 2024, bank borrowing of RMB15,000,000 (31 December 2023: RMB7,000,000) was secured by the pledge of certain trade receivables and guaranteed by Tianjin Chuangxinzhong Technology Co., Ltd., and Mr. Qin.

For the six months ended 30 June 2024, these short-term bank and other borrowings bore effective interest rate of 4.14% (31 December 2023: 4.43%) per annum. The long-term bank borrowing bore effective interest rate of 1.6% per annum.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

26 Financial liabilities at FVPL

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Current liabilities		
Contingent consideration (a)	26,316	24,880

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

	Unaudited For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
At the beginning of the period	24,880	30,173
Changes in fair value through profit or loss	1,277	8,385
Currency translation differences	159	1,440
At the end of the period	26,316	39,998

- (a) The balance mainly represented the fair value of the contingent consideration payable relating to the acquisition of a subsidiary, which the ultimate payout is contingent upon the fulfillment of certain guaranteed annual profit targets set for the subsidiary for each of the three years ending 30 November 2021, 2022 and 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

27 Note to the interim condensed consolidated statement of cash flows

	Unaudited For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Profit before income tax	36,378	43,907
Adjustments for:		
Depreciation of property, plant and equipment	15,191	20,798
Amortization of intangible assets	9,055	9,230
Amortization of other non-current assets	52,783	43,708
Gains on disposal of property, plant and equipment	(163)	(610)
Net impairment losses on financial assets	42,105	7,856
Impairment reversal on prepayments	(293)	(1,405)
Equity-settled share-based payments	40,803	26,921
Shares of (profits)/losses of associates	(21,408)	5,487
Gains on repurchase of convertible bonds	(24,727)	-
Net fair value gains on financial assets and liabilities at FVPL	(94,184)	(60,756)
Interest expenses on convertible bonds	23,488	24,592
Interest expenses on bank and other borrowings	16,905	19,244
Interest expenses on lease liabilities	1,479	826
Gains on disposal of financial assets at FVPL	-	(1,568)
Interest income	(15,364)	(21,322)
Changes in working capital:		
Increase in trade receivables	(56,940)	(25,790)
Increase in prepayments and other receivables	(346,816)	(139,750)
Decrease/(increase) in loan receivables	97,867	(244,212)
Decrease in inventories	348	2,368
Decrease in other current assets	3,888	22,949
Decrease/(increase) in restricted cash	909,423	(113,210)
(Decrease)/increase in trade and other payables	(709,065)	187,180
Decrease in contract liabilities	(6,819)	(22,195)
Cash used in operations	(26,066)	(215,752)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

28 Commitments

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Contracted but not provided for:		
Construction of office building	3,291	5,677

29 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
Shenzhen Zhizhanggui Cloud Service Co., Ltd. (“ Zhizhanggui ”)	Associate of the Group
Chaomeng Financial Technology (Shenzhen) Co., Ltd (“ Chao Meng ”)	Associate of the Group
RYK Capital Partners Limited (“ RYK ”)	Associate of the Group
Fushi	Associate of the Group
Tianjin Pinghe Management Consulting Partnership (Limited Partnership)	An entity controlled by Chuangxinzhong’s non-controlling shareholders
Ren Yangbin (“ Mr. Ren ”)	Key management person of a subsidiary
Sun Yang (“ Mr. Sun ”)	Key management person of a subsidiary
Mr. Qin	Minority shareholder and key management person of a subsidiary

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 INFORMATION

29 Significant related party transactions (Continued)

(a) Continuing transactions with related parties

(i) Technology service income

	Unaudited For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
RYK	794	783
Fushi	17,860	29,390
	18,654	30,173

(ii) Commissions to distribution channels

	Unaudited For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Xun Xiang	865	778
Zhizhanggui	1,897	1,312
Fushi	149,056	162,308
	151,818	164,398

(iii) Marketing service costs

	Unaudited For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Fushi	3,073	4,682

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

29 Significant related party transactions (Continued)

(a) Continuing transactions with related parties (Continued)

(iv) Product purchases costs

	Unaudited	
	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Zhizhanggui	21	423

(v) Marketing service income

	Unaudited	
	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Zhizhanggui	100	1,526

(vi) Interest income

	Unaudited	
	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Zhizhanggui	961	363

(vii) Loan to associates

	Unaudited	
	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Zhizhanggui	-	20,000

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

29 Significant related party transactions (Continued)

(b) Balances with related parties

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Investments in preferred shares of Fushi (Note 16(b))	825,154	731,898
- Trade receivables		
Zhizhanggui*	161	162
Fushi	45,913	38,591
	46,074	38,753
Less: allowance for impairment of amount due from related parties	(1,438)	(980)
	44,636	37,773
- Other receivables		
Mr. Ren	420	420
Mr. Sun	2,000	2,000
Zhizhanggui		
- Loan to Zhizhanggui (Note 29(a)(vii))	46,000	46,000
- Others	139,659	138,641
Fushi		
- Loan to Fushi	68,000	68,000
- Others	46,601	34,871
Chao Meng	27,870	27,870
RYK	793	510
	331,343	318,312
Less: allowance for amount due from Chao Meng	(27,870)	(27,870)
Less: allowance for impairment of amount due from other related parties	(4,510)	(3,970)
	298,963	286,472
- Trade payables		
Zhizhanggui	7,343	6,283
Fushi	4,764	20,568
	12,107	26,851

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

29 Significant related party transactions (Continued)

(b) Balances with related parties (Continued)

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
- Other payables		
Zhizhanggui	1,001	780
Fushi	20,898	15,274
	21,899	16,054
- Financial liabilities at FVPL		
Tianjin Pinghe Management Consulting Partnership (Limited Partnership) (Note 26)	17,501	24,880
- Financial guarantee received from		
Mr. Qin	65,990	33,000

(c) Terms and conditions

The above transactions with related parties were made on normal commercial terms and conditions and market rates.

Loans to Zhizhanggui bear an interest rate of 4.38% per annum and unsecured. Other outstanding balances with related parties are interest-free, unsecured and repayable on demand.

30 Contingencies

Saves as disclosed elsewhere in the Interim Financial Information, the Group had no material contingent liabilities outstanding as at 30 June 2024.

31 Events after balance sheet date

Saves as disclosed elsewhere in the Interim Financial Information, the Group had no other significant subsequent event.

DEFINITIONS

In this interim report, unless the context otherwise requires, the following words and expressions shall have the following meanings.

“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of our Company
“bps”	basis points
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China
“Company”, “our Company”	YEAHKA LIMITED (移卡有限公司), an exempted company incorporated in the Cayman Islands with limited liability on September 8, 2011
“Director(s)”	the director(s) of our Company
“EBITDA”	Earnings before interest, taxes, depreciation, and amortization
“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
“GMV”	gross merchandise value
“GPV”	gross payment volume
“Group”, “our Group”, “we”, “our” or “us”	our Company, its subsidiaries and the PRC Consolidated Entities (as defined in the Prospectus) from time to time
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	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
“Interim Report”	this interim report prepared by the Company dated August 27, 2024
“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 C3 to the Listing Rules
“Period” or “Reporting Period”	the six months ended June 30, 2024
“Pre-IPO Stock Incentive Scheme”	the pre-IPO stock incentive scheme of the Company approved and adopted by our Board on January 1, 2013, and as subsequently amended
“Prospectus”	the prospectus of the Company dated on May 20, 2020
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share unit(s)

DEFINITIONS

“RSU Eligible Person(s)”	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, including persons who are granted RSUs under the RSU Scheme as an inducement to enter, and conditional upon their entering, into employment contracts with the Company or any subsidiaries of the Company; directors and employees of holding companies, fellow subsidiaries or associated companies of the Company; or advisers or consultants who provide management, business or professional consulting services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group (“ Service Providers ”). In determining the eligibility of Service Providers, the Board shall also consider a range of factors including the nature and frequency of the services provided, and the current and anticipated contribution of their services to the Group’s financial and business performance, among other indicators
“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
“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
“RSU Participant(s)”	the participant(s) in the RSU Scheme
“RSU Scheme”	the restricted share unit scheme of our Company initially approved and adopted by our Board on August 1, 2019, as amended from time to time
“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

DEFINITIONS

“Share(s)”	ordinary shares in the capital of our Company with nominal value of US\$0.000025 each
“Share Option Scheme”	our share option scheme conditionally adopted pursuant to the written resolutions passed by our Shareholders on October 13, 2020
“Shareholder(s)”	holder(s) of Shares
“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 (as defined in the Prospectus)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” or “USD”	United State dollars, the lawful currency for the time being of the United States
“%”	per cent

In this 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.

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