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YEAHKA LIMITED
移卡有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9923)

SUPPLEMENTAL ANNOUNCEMENT ON (1) PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND (2) SALE OF SALE SHARES BY SELLING SHAREHOLDER

Reference is made to the announcement (the "**Announcement**") of YEAHKA LIMITED (the "**Company**") dated December 4, 2020 in relation to the placing of existing Shares and subscription of new Shares under the General Mandate and sale of existing Shares by the Selling Shareholder. Unless otherwise specified, capitalized terms used herein shall have the same meanings as defined in the Announcement.

The Company would like to provide the following supplemental information relating to the Vendor Placing and the Subscription to the Shareholders and potential investors of the Company.

USE OF IPO PROCEEDS

As disclosed in the section headed "Fund Raising Activities in the Past 12 Months" in the Announcement, the IPO Proceeds amounted to approximately HK$1,698.8 million. Set out below is the planned allocation of the IPO Proceeds, the actual utilization and timeframe for the utilization of the unused balance:

Intended use	Allocation percentage as set out in the Prospectus	Allocation based on the amount of the IPO Proceeds *(HK$' million)*	Planned utilization for the year ending December 31, 2020 *(HK$' million)*	Actual utilization as of November 30, 2020 *(HK$' million)*	Timeframe for the utilization of the unused balance as set out in the Prospectus	Updated timeframe for the utilization of the unused balance
1. *Expansion of customer base:*						
(a) strategic alliances with, investment in, or acquisition of payment platforms	10%	169.9	51.0	16.2	By 2022	By the first half of 2022
(b) marketing and promotion	10%	169.9	51.0	50.4	By 2022	By the first half of 2022

Intended use		Allocation percentage as set out in the Prospectus	Allocation based on the amount of the IPO Proceeds *(HK$' million)*	Planned utilization for the year ending December 31, 2020 *(HK$' million)*	Actual utilization as of November 30, 2020 *(HK$' million)*	Timeframe for the utilization of the unused balance as set out in the Prospectus	Updated timeframe for the utilization of the unused balance
2.	***Expansion of products and services offerings:***						
	(c) developing and enhancing merchant SaaS products	10%	169.9	51.0	16.3	By 2022	By the first half of 2021
	(d) developing and enhancing marketing services	10%	169.9	51.0	57.0	By 2022	By the first half of 2021
	(e) developing and enhancing fintech services	5%	84.9	25.4	14.2	By 2022	By the first half of 2021
	(f) recruiting business specialists and product managers	5%	84.9	25.4	26.0	By 2022	By the first half of 2021
	(g) strategic alliances with, investment in, or acquisition of business service providers	5%	84.9	25.4	22.1	By 2022	By December 2020
3.	***Investment in research and technology capabilities:***						
	(h) recruiting technical talents	15%	254.8	51.0	39.1	By 2022	By the second half of 2022
	(i) upgrading cloud computing and big data system infrastructure	10%	169.9	51.0	22.5	By 2022	By the second half of 2022
	(j) supporting research and development efforts of AI laboratory	10%	169.9	51.0	20.1	By 2022	By the second half of 2022
4.	***Working capital and general corporate purposes***	10%	169.9	51.0	74.9	By 2022	By the first half of 2021

Based on the above, although the actual utilization as of November 30, 2020 allocated to categories (d), (f) and (4) exceeded the planned utilization for the year ending December 31, 2020 for the respective purposes, the utilization by the Group as of November 30, 2020 has not exceeded the IPO Proceeds allocated to each of the above categories. In addition, the Company expects the utilization of the IPO Proceeds allocated to categories (c) and (e) will be expedited in the first half of 2021. While the Company accelerated the utilization of the IPO Proceeds, the Company does not intend to reallocate its IPO proceeds and will continue to use the IPO Proceeds for the same purposes with the same proportions as set out in the Prospectus.

Reasons for accelerated utilization of the IPO Proceeds

IPO Proceeds allocated to developing and enhancing marketing services

The utilization of IPO Proceeds allocated to developing and enhancing marketing services accelerated primarily because the Group's marketing services which were provided primarily via an offline, payment-based advertising platform built by the Group in the past, were further expanded to online third party platforms, so as to provide more attractive and broader marketing solutions to customers and allow customers to effectively reach their target markets. The Group commenced the placing of advertisements on third party platforms in the second half year of 2020, and has increased the scale of such business since November 2020, which requires the Company to make prepayments to third party platforms for acquisition of advertising spaces and traffic.

As disclosed in the section headed "Reasons for and benefits of the Acquisition" in the Discloseable Transaction Announcement, from July 1, 2020 to October 31, 2020, total impression of the Company's marketing platform for precision advertising nearly doubled compared with that of the first half of 2020. As mentioned in the section headed "Outlook" in the interim report for the six months ended June 30, 2020 published by the Company on September 10, 2020 (the "**Interim Report**"), the Company will continue to concentrate on media channel diversification, advertiser resources acquisition as well as big data mining and algorithmic optimization in order to improve the precision of advertisement placement across different use case scenarios.

IPO Proceeds allocated to recruiting business specialists and product managers

The expedited utilization of IPO Proceeds allocated to recruiting business specialists and product managers was primarily because the Group accelerated the recruitment of relevant personnel since September 2020 to (i) enhance the Group's data management platform and marketing solutions to support the expansion of the marketing services to third party platforms; and (ii) develop and expand the variety of the Group's merchant SaaS products. As mentioned in the section headed "Outlook" in the Interim Report, the Company will rapidly expand the scale of its marketing platform for precision advertising and data management platform, with an aim of achieving a sustainable and rapid business development.

IPO Proceeds allocated to strategic alliances with, investment in, or acquisition of business service providers

As disclosed in the Discloseable Transaction Announcement, the Company proposed to acquire Beijing Chuangxinzhong at the consideration of RMB170 million, and the first instalment of consideration of RMB85 million is expected to be paid to the relevant vendor in December 2020. The Group intends to finance the first instalment of RMB85 million by utilizing the IPO Proceeds allocated to strategic alliances with, investment in, or acquisition of business service providers and the shortfall will be paid out of the Group's internal resources. The Group does not intend to use IPO Proceeds allocated to other categories to finance the acquisition.

IPO Proceeds allocated to working capital and general corporate purposes

The utilization of the IPO Proceeds allocated to working capital and general corporate purposes accelerated primarily because (i) taking into account the rapid growth of the marketing services as illustrated above, the Group recruited additional administrative staff in the human resources, finance and investor relationship management department, resulting in higher general office expenses and salaries; and (ii) as a result of the recruitment of additional administrative and other staff, the Group incurred additional rental and decoration expenses since September 2020 relating to a new office premise rented by the Group.

IPO Proceeds allocated to developing and enhancing merchant SaaS products

The Company expects the utilization of IPO Proceeds allocated to developing and enhancing merchant SaaS products will accelerate considering the increasing demands of the merchant SaaS products for digital transformation of small and micro merchants. The Group's revenue from merchant SaaS products rapidly increased from approximately RMB3.6 million for the six months ended June 30, 2019 to approximately RMB11.7 million for the six months ended June 30, 2020, representing an increase of 227.7% from that of the corresponding period in 2019.

The outbreak of the novel coronavirus pneumonia (COVID-19) pandemic (the "**Pandemic**") has accelerated the need for digital transformation of small and micro merchants and increased the demands towards merchant SaaS products, which provide the customers with intelligent business solution to effectively manage their businesses. Furthermore, the merchant SaaS products can be integrated with the Company's marketing products, thus jointly provide one-stop solutions to merchants. Through scenario-specific merchant SaaS products, the Group is able to accumulate offline traffic covering a variety of use case scenarios, which enable the Company to refine the traffic label of the customer profiles and bring synergy to its marketing business. As mentioned in the section headed "Outlook" in the Interim Report, the Group will continue to deepen the reach of merchant SaaS products in the offline market, and launch more SaaS products by leveraging the Group's merchants and consumers insights. As a result, the Company will be able to provide comprehensive and highly-efficient products that enable merchants to achieve intellgentization.

IPO Proceeds allocated to developing and enhancing fintech services

The Company expects the utilization of IPO Proceeds allocated to developing and enhancing fintech services will be expedited primarily because (i) the Company intends to promote the loan facilitation services after the Pandemic and expects to incur additional marketing expenses in the first half of 2021; and (ii) the Company plans to inject more capitals in the first half of 2021 to upgrade and optimize risk management capabilities and data management system of the Group to better assess the creditworthiness of loan applicants and improve the insurance referral capabilities of the Group.

The Group's revenue from fintech services increased from approximately RMB15.2 million for the six months ended June 30, 2019 to approximately RMB36.0 million for the six months ended June 30, 2020, representing an increase of 136.9% from that of the corresponding period in 2019. As mentioned in the section headed "Outlook" in the Interim Report, the Company will continue to be dedicated to providing small and micro merchants with a wide variety of fintech services and the Company believes that its resilient fintech services will grow rapidly once the economy rebounds.

Based on the foregoing, the accelerated utilization of the IPO Proceeds for the year ending December 31, 2020 is primarily due to the Group's rapid business growth after the listing. In particular, the marketing business grew faster than anticipated, resulting in additional funding needs of the Group.

REASONS FOR THE VENDOR PLACING AND THE SUBSCRIPTION

As disclosed in the Announcement, the Vendor Placing and the Subscription are being undertaken to supplement the Group's long-term funding of its expansion plan and growth strategies. In particular, additional fund is required to support the rapid expansion and growth of the Group's current business, such as marketing business, which has achieved year-on-year growth of 1,182.5% in revenue for the six months ended June 30, 2020 as compared with that of the corresponding period in 2019. As disclosed in the section headed "Reasons for and benefits of the Acquisition" in the Discloseable Transaction Announcement, as of October 31, 2020, the number of consumers covered by the Company's payment service has reached nearly 600 million, and it continues to maintain a quarter-on-quarter growth. The number of transactions of app-based payment services continues to grow rapidly from July to October 2020, which increases by 30% compared with that of the first half of 2020.

Further, after the closing of the proposed acquisition of Beijing Chuangxinzhong, the Group needs to provide financial resources to support Beijing Chuangxinzhong's future business operations. As disclosed in the section headed "The Equity Transfer Agreement – Shareholder's Loan" in the Discloseable Transaction Announcement, the Group is obligated to provide a minimum shareholder's loan of RMB120 million to Beijing Chuangxinzhong to support its business development.

The Company also expects that additional cash may be needed for new initiatives regarding value-added services to be developed based on insights on the fast-growing merchant and consumer base of the Group to complement its existing business.

Given that the IPO Proceeds have been allocated to the usages and in the proportions as set out in the Prospectus, it is inappropriate for the Company to reallocate IPO Proceeds to intended usages of the net proceeds from the Subscription as set out in the Announcement. Thus, the Board considers that there is a need for the Company to conduct the Subscription to raise additional funds to finance the Group's future expansion.

ADDITIONAL INFORMATION REGARDING INTENDED USE OF NET PROCEEDS FROM THE SUBSCRIPTION

As disclosed in the Discloseable Transaction Announcement, the Company currently intends to acquire additional 42.5% equity interest of Beijing Chuangxinzhong. Such acquisition will be funded by issuing consideration Shares or using the Group's internal resources, as appropriate. The Group does not intend to use the IPO Proceeds or the proceeds from the Subscription to finance the acquisition. Apart from Beijing Chuangxinzhong, the Company has not identified any specific type of companies or target companies for future acquisition for developing and enhancing marketing services.

The Group is exploring new initiatives, such as offering value-added services to customers which are complementary to the Company's existing payment services business including solutions for online shop setting up, membership management or social media marketing to merchants. However, as of the date of this announcement, the Company has not identified any specific type of companies or companies as the targets for future acquisition.

By order of the Board
YEAHKA LIMITED
Liu Yingqi
Chairman

Hong Kong, December 10, 2020

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