

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Yeahka 移卡

YEAHKA LIMITED

移卡有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9923)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of YEAHKA LIMITED (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2023 (the “**Reporting Period**”) together with the comparative figures for the year ended December 31, 2022.

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

BUSINESS REVIEW AND OUTLOOK

Business Highlights

- **One-stop payment services further solidified our industry-leading position:**
 - Total gross payment volume (“GPV”) of one-stop payment services increased by **29.2%** year-on-year to reach **RMB2,882.9 billion**, out of which **71.2%** was app-based payment services;
 - Number of active payment services merchants¹ increased by **13.3%** year-on-year to **9.2 million**;
 - Fee rate² increased to **13.3 basis points (bps)** in 2023 from 12.3 bps in 2022, increasing by 1 bps year-on-year;
 - Peak daily count of app-based payment transactions reached nearly **60 million**;
 - Number of independent sales agents in our nationwide channel network reached nearly **19,000**, and number of application programming interface (API) partners in our cloud payment platform reached nearly **5,000**.
- **In-store e-commerce services sustained strong growth momentum and narrowed losses significantly:**
 - Total gross merchandise value (“GMV”) of in-store e-commerce services exceeded **RMB4.3 billion**, increasing by **30.3%** year-on-year.
- **Merchant solutions benefited from cross-segment synergy and recovery of offline consumption, effectively driving commercialization rate:**
 - Number of active merchant solutions merchants for the year ended December 31, 2023 exceeded **1.6 million**, increasing by **30.8%** year-on-year.

About Yeahka

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

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

2 After eliminating the impact of the “Non-Recurring Adjustment on Revenue” (defined below) to reflect a complete picture of our operations.

Strategic Progress and Outlook

2023 marked a year of China’s economic recovery. Benefiting from our unique positioning in serving small and medium-sized offline merchants, our strategically-built independent and scalable ecosystem, and following the steady recovery of the domestic small and medium economy, our business achieved steady growth. During the Reporting Period, our one-stop payment services GPV and number of active payment services merchants significantly increased year-on-year. The GMV of in-store e-commerce services and the penetration rate of merchant solutions also continued to grow. Furthermore, we operated each of our businesses more efficiently in 2023 and continued to narrow losses from our in-store e-commerce services to achieve a significant year-on-year increase in non-IFRS adjusted EBITDA.

The following table sets forth the comparative figures for the year ended December 31, 2023 and December 31, 2022, respectively, illustrating our solid growth capability, high operating efficiencies and robust synergies across our three business lines:

	For the year ended December 31,		Year-on-year change (%)
	2023 RMB’000	2022 RMB’000	
Revenue ⁽¹⁾	3,950,585	3,418,035	15.6
– One-stop payment services ⁽¹⁾	3,484,960	2,754,252	26.5
– App-based payment services	2,862,544	2,162,111	32.4
– Traditional payment services	622,416	592,141	5.1
– Merchant solutions	362,951	309,562	17.2
– In-store e-commerce services	102,674	354,221	(71.0)
Gross profit ⁽¹⁾	738,164	1,030,944	(28.4)
Gross profit margin ⁽¹⁾	18.7%	30.2%	(11.5) ⁽²⁾
Non-IFRS measure: adjusted EBITDA ⁽³⁾	556,047	213,405	160.6

Note:

- (1) During the Reporting Period, we paid approximately RMB344.4 million in aggregate in relation to interchange fee rate adjustments to a suspended account of the payment networks as requested by the payment networks. We netted off such payments from our one-stop payment services revenue for the year ended December 31, 2023 in accordance with the Group’s accounting policies of revenue recognition and based on our preliminary communications with the payment networks. Such impact on our revenue is non-recurring (“**Non-Recurring Adjustment on Revenue**”).
- (2) Percentage points.
- (3) For details of our Non-IFRS measures, see “Management Discussion and Analysis – Non-IFRS Measures.”

For the year ended December 31, 2023, our total revenue, despite being partially offset by the Non-Recurring Adjustment on Revenue, increased to RMB3,950.6 million, up 15.6% from RMB3,418.0 million for the year ended December 31, 2022. Revenue from our one-stop payment services, despite being partially offset by the Non-Recurring Adjustment on Revenue, increased by 26.5% year-on-year, mainly due to (i) the 29.2% growth in total GPV to RMB2,882.9 billion from RMB2,231.6 billion in 2022, of which we primarily serve small and medium merchants from a wide range of industries, including food and beverages, retail and wholesale, among others, representing the key components of the consumer staples sector which are less susceptible to macro turbulence; and (ii) the increase in our fee rate³ to 13.3 bps from 12.3 bps in 2022.

Our gross profit decreased by 28.4% to RMB738.2 million in 2023 from RMB1,030.9 million in 2022, and our gross profit margin decreased to 18.7% in 2023 from 30.2% in 2022. These decreases were mainly attributable to the netting off of the non-recurring impact of approximately RMB344.4 million in relation to interchange fee rate adjustments from our one-stop payment services revenue for the Reporting Period in accordance with the Group's accounting policies of revenue recognition and based on our preliminary communications with the payment networks. Eliminating this impact, our gross profit was RMB1,082.6 million with a gross profit margin of 25.2%. Adjusted EBITDA, an indication of our core operating results and financial performance, increased to RMB556.0 million in 2023, representing growth of 160.6% compared with 2022. Our in-store e-commerce services net loss narrowed to RMB43.5 million in 2023 from RMB211.3 million in 2022, as a result of the scaling effect and enhanced operating efficiencies. In addition, in-store e-commerce services gross profit margin increased to 80.3% in 2023 from 67.3% in 2022.

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

One-Stop Payment Services: Outstanding Growth Domestically, Rapid Progress Overseas

In 2023, we leveraged the offline consumption recovery trend, improvements in the competitive landscape, and our leading position in the payment industry, to drive a 29.2% year-on-year increase in GPV to RMB2.88 trillion. Furthermore, the number of active payment services merchants exceeded 9.2 million and the peak daily count of app-based payment transactions reached a record high of nearly 60 million, altogether representing a stellar performance that exceeded the industry's growth level. During the Reporting Period, we continued to expand our diversified and extensive channel network and vertical-based payment solutions. With nearly 19,000 independent sales agents in over 300 cities across China and nearly 5,000 SaaS partners through standardized application programming interfaces (APIs), we broadened our coverage to include food and beverages, retail, wholesale, department stores, hotel and tourism, and other verticals, spurring a continuous expansion of our business scale.

During the Reporting Period, our revenue from one-stop payment services increased by 26.5% year-on-year. Our revenue was partially offset by approximately RMB344.4 million as we netted-off payments in relation to interchange fee rate adjustments from our one-stop payment services revenue for the Reporting Period in accordance with the Group's accounting policies of revenue recognition and based on our preliminary communications with the payment networks. Eliminating this impact, our revenue increased by 39.0% year-on-year and fee rate reached 13.3 bps.

³ After eliminating the impact of the "Non-Recurring Adjustment on Revenue" to reflect a complete picture of our operations.

The strong growth in our one-stop payment services was driven by our continued efforts to develop new business growth catalysts. In 2023, we made significant progress in the breadth and depth of our joint merchant acquiring business with commercial banks. We partnered with over 150 commercial banks and the corresponding GPV doubled. At the same time, we have deepened our cooperation with commercial banks by providing merchant discount packages for in-store e-commerce to the bank's customer loyalty program, as well as SaaS interactive game marketing in merchant solutions, further helping banks activate and expand their user base, increasing our differentiated competitive edge in the payment industry, and further enhancing the synergy of the three major businesses lines of Yeahka. Our Digital Currency Electronic Payment (DC/EP) business also reached a new milestone as we became one of the first batches of institutions to access the e-CNY compatible system of the Digital Currency Institute under the People's Bank of China. During the Reporting Period, we provided DC/EP solution to 12,000 merchants, completed 39,000 transactions, and achieved GPV of RMB22 million. In addition, we became one of Mastercard NUCC's first partners for acquiring foreign cards and obtained Visa membership, allowing us to help our merchants accept foreign card payments in China.

We also made breakthroughs in developing one-stop payment services overseas. In 2023, we actively expanded our collaboration with overseas card associations and the world's leading e-wallets and signed a Memorandum of Understanding for global strategic cooperation with Alipay International. We have incorporated Yeahpay Singapore, obtained MPI license and MSO license in Singapore and the Hong Kong Special Administrative Region respectively and launched local QR code and bank card merchant acquiring services, serving over 5,000 well-known local merchants in industries such as catering, retail, hotels, luxury goods, etc., including brands such as Xiabu Xiabu, TWG Tea, Pullman Hotel, Rolex, etc. Moreover, the overseas company we invested in provided merchant SaaS services for brands such as Starbucks, Bread Talk, Pizza Hut, further enhancing our overseas business landscape. Moving through 2024, we will conduct acceptance and remittance, currency exchange and settlement businesses globally to further enrich our overseas product matrix and fortify our global presence.

Going forward, we will continue to strengthen compliance management, deepen our focus on commercialization and promote win-win collaborations in domestic and overseas payment businesses.

In-store E-commerce Services: Comprehensive Digital Marketing Strategy Strengthens Growth, Resulting in Significant Narrowing in Losses

According to iResearch, the market size of the local lifestyle services industry in China is expected to reach RMB35 trillion by 2025, implying broad prospects for our in-store e-commerce services development. During the Reporting Period, while significantly narrowing our losses, we delivered GMV exceeding RMB4.3 billion, an increase of 30.3% year-on-year. In 2023, we propelled growth by servicing merchants' diversified traffic needs in-depth, implementing co-op model to expand the market, and strategically offering concessions to merchants to address intensified short-term market competition. Furthermore, our leading market position and improved operating efficiency boosted our gross profit margin to 80.3% in 2023 from 67.3% in 2022, while net loss continued to narrow by 79.4% year-on-year to RMB43.5 million in 2023.

In 2023, we adhere to our position as a local lifestyle aggregation platform and expanded our diversified traffic partner base to include Meituan, Kuaishou, Xiaohongshu, Weixin Channels, Amap, Pinduoduo, etc. We also continued to build merchants' comprehensive digital marketing capabilities, refined our midstream operational capabilities, and continuously strengthened synergies with other businesses. Leveraging the increasing trend towards digitization of local lifestyle services and our diversified traffic operating ability, we will further develop our comprehensive digital marketing capabilities for merchants. We are cooperating with hundreds of thousands of KOLs to create high-quality live streaming and short videos, coupled with customized tactics targeting different characteristics of traffic platforms and customer groups, and to assist merchants with customer acquisition and retention in one-stop by methods such as live streaming and short videos. Our standardized midstream tools can help merchants to reach target consumer groups accurately and respond to the growing digitalization trend across local lifestyle services.

Looking ahead to 2024, the continued implementation of our comprehensive digital marketing strategy will remain a key driver of our growth and will effectively strengthen the deep binding with our merchants and soften the impact of market competition and policy changes on a single traffic platform. Furthermore, we will adopt more refined and industry-specific operational strategies for verticals such as food and beverages, hotel and tourism, comprehensive services, and e-commerce, while integrating our payment and merchant solutions' capabilities and resources to create synergies. Concurrently, we will continue to use AI technology and cross-platform midstream systems to continuously enhance our overall operational capabilities and efficiency, empowering our merchants' sustainable business operations.

Merchant Solutions: Product Innovation Drove Commercialization Capability Enhancement

The growth in our merchant solutions overall performance reflects our strong merchant servicing capabilities. Merchant solutions' revenue increased by 17.2% year-on-year to RMB363.0 million during the Reporting Period compared to 2022, mainly attributable to the improved product commercialization and offline merchants' growing willingness to pay. During the Reporting Period, we introduced our pioneering metaverse game, "Yverse," to help merchants create an engaging metaverse space and conduct in-depth private domain marketing through immersive metaverse games. After the game's launch, the weekly activity rate of merchants' private domain communities grew from 12% to 37%, and the user retention rate increased from 30% to 70%.

Technological Innovation: Generative AI Technology Reduced Cost and Improved Efficiency

In 2023, benefiting from our forward-thinking planning, we made great advancements in research and development. Our private clouds have been widely applied throughout our technological infrastructure, significantly reducing costs comparing with traditional physical hosts in data centers. Additionally, our private clouds are also made available to our payment partners. More importantly, Yeahka's AI Lab adopted latest large models to develop a number of generative AI products based on our own application scenarios, and greatly improved R&D and operational efficiency. Based on open-source large models, we developed and locally deployed automative programming co-pilot, increased code adoption rate to 10%, and optimized our R&D processes. On content-based interaction front, we have developed proprietary AI content generation platform and AI-powered interactive virtual hosts based on massive data including video, graphics, text, dialogues, etc. We also launched AI-powered customer service kit that provides instant feedback on complex issues and gives customized suggestion. These initiatives significantly reduced content production cost by 90%, increased content generation efficiency by 70%, and boosted customer service self-serve rate to 30%, allowing merchants and consumers to experience smooth and personalized interactive experience in our ecosystem. Looking ahead, we will focus on exploring cutting-edge technology applications in various business lines and our technology infrastructures. We are confident in using generative AI technology to further reduce costs, increase efficiency, and explore new business models.

Company Outlook

Going forward, we will continue to enhance each business's commercialization capabilities to maintain high-quality development in domestic market. At the same time, we will vigorously expand into overseas markets, upgrading local payment infrastructure, and accelerating localization of our products and services, to facilitate the adoption of our fast and stable comprehensive digitalization services by merchants and consumers in cross-border and localized scenarios abroad. To achieve further growth in overseas markets, we are actively expanding cooperation with overseas banks, international card organizations, and local enterprises.

Share Purchase Pursuant to the RSU Scheme and Share Repurchase

During the Reporting Period, the trustee of the RSU Scheme (defined below) has utilized an aggregate of approximately HKD113.3 million (including commissions and transaction costs) to purchase 7,280,400 shares of the Company (“**Share(s)**”) from the market at a consideration ranging from HKD13.26 to HKD21.5 per Share. The Shares purchased during such period represent 1.63% of the issued Shares as of December 31, 2023.

During the Reporting Period, the Company has also utilized an aggregate of approximately HKD45.5 million (including commissions and transaction costs) to repurchase 3,001,600 Shares from the market at a consideration ranging from HKD14.24 to HKD21.25 per Share. The Shares repurchased during such period represent 0.67% of the issued Shares as of December 31, 2023. All of the Shares repurchased during the Reporting Period were subsequently cancelled by the Company.

Environmental, Social and Governance (“ESG”)

We actively integrate ESG into our strategic objectives and daily operations, and continuously improve our ESG governance system, with a focus to realize long-term and high-quality sustainable development. In 2023, we scored 54 in the S&P Global ESG Ratings and A- (54.21) in the Hang Seng Corporate Sustainability Indexes, leading the industry. In addition, we were recognized in the S&P Global's 2023 Sustainability Yearbook (China Edition) during the Reporting Period as one of the 88 companies on the list out of nearly 1,600 participating companies.

On the environmental front, we proactively addressed issues such as climate change, energy conservation and waste management, by implementing a green operation strategy. During the Reporting Period, we continued to optimize the system structure and centralizing resource allocation through Yeahka's private cloud, increasing the overall effective utilization rate of computing resources by more than 8%. Meanwhile, we have increased the proportion of clean energy usage in our data operation centers, constructed green data centers and fully utilized natural cooling sources for energy-saving, thereby decreasing the emission of greenhouse gases. In addition, we enthusiastically promoted green office practices internally and campaigned externally for the International Day of Forests, raising environmental protection awareness and broadening knowledge among consumers.

On the social front, we continued to strengthen the level of transaction risk control. During the Reporting Period, we made more than 17 billion risk decisions and performed risk treatment on more than 15 million risky transactions, effectively ensuring transaction security. At the same time, we provided our employees with compensation incentives and a variety of training, and were committed to building a diversified and high-quality talent team, realizing the mutual development of employees and the enterprise. In addition, we fully utilized our product advantages to provide value-added financial services and non-financial support, such as media promotion, to micro and small merchants to help promote their brands and contribute to the recovery of the hustle and bustle economy.

On the corporate governance front, we continued to improve the governance structure through various measures, such as establishing a health and safety management committee for the Group and a designated team to assist micro and small merchants. We integrated ESG elements into our risk management and governance and continuously carried out compliance and risk-related trainings to fortify our risk management capabilities. During the Reporting Period, we conducted multiple trainings as well as published manuals on anti-corruption, operation compliance, risk management, anti-money laundering, and the Sunshine Code of Conduct, covering 100% of our employees. Besides, we refined our Anti-Money Laundering Policy and established a whistleblowing mechanism to protect the interests of our customers and shareholders of the Company (the “**Shareholders**”). In particular, we listened to the legitimate rights and interests of minority shareholders and maintained consistent communication with them through various means.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2023

	For the year ended December 31,	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	3,950,585	3,418,035
<i>Including: interest revenue</i>	130,805	67,652
Cost of revenue	(3,212,421)	(2,387,091)
Gross profit	738,164	1,030,944
Selling expenses	(124,971)	(386,498)
Administrative expenses	(338,833)	(322,796)
Research and development expenses	(265,572)	(270,273)
Net impairment losses on financial assets	(57,843)	(48,701)
Other income	56,256	54,378
Fair value changes of financial assets and financial liabilities at fair value through profit or loss	144,563	119,530
Other losses – net	(26,750)	(9,758)
Operating profit	125,014	166,826
Finance costs	(89,937)	(52,466)
Share of profits of investments accounted for using the equity method	357	8,098
Profit before income tax	35,434	122,458
Income tax expense	(25,321)	(26,445)
Profit for the year	10,113	96,013
Profit for the year attributable to:		
Equity holders of the Company	11,627	153,922
Non-controlling interests	(1,514)	(57,909)

Revenue

We generate revenue primarily through our three main types of business, namely (i) one-stop payment services, (ii) in-store e-commerce services, and (iii) merchant solutions. Our revenue increased by 15.6% from RMB3,418.0 million for the year ended December 31, 2022 to RMB3,950.6 million for the year ended December 31, 2023, primarily due to the growth in our one-stop payment services.

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

	For the year ended December 31,			
	2023		2022	
	RMB'000	%	RMB'000	%
Revenue from one-stop payment services	3,484,960	88.2	2,754,252	80.6
Revenue from in-store e-commerce services	102,674	2.6	354,221	10.3
Revenue from merchant solutions	362,951	9.2	309,562	9.1
Total	<u>3,950,585</u>	<u>100.0</u>	<u>3,418,035</u>	<u>100.0</u>

One-stop payment services

Revenue from our one-stop payment services increased by 26.5% from RMB2,754.3 million for the year ended December 31, 2022 to RMB3,485.0 million for the year ended December 31, 2023, primarily due to the increase in our GPV and fee rate⁴.

In-store e-commerce services

We commenced to provide in-store e-commerce services in December 2020. Revenue from in-store e-commerce services decreased by 71.0% from RMB354.2 million for the year ended December 31, 2022 to RMB102.7 million for the year ended December 31, 2023, primarily due to the implementation of our co-op model, as well as strategically offering concessions to merchants to address intensified short-term market competition.

Merchant solutions

Revenue from our merchant solutions increased by 17.2% from RMB309.6 million for the year ended December 31, 2022 to RMB363.0 million for the year ended December 31, 2023, primarily due to our improved product monetization and offline merchants' growing willingness to pay.

⁴ After eliminating the impact of the "Non-Recurring Adjustment on Revenue" to reflect a complete picture of our operations.

Cost of Revenue

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

	For the year ended December 31,		2022	
	2023			
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Commissions and marketing costs	3,057,862	95.2	2,291,642	96.0
Amortization of other non-current assets	94,980	2.9	43,650	1.8
Raw materials and consumables	14,829	0.5	13,421	0.6
Others	44,750	1.4	38,378	1.6
Total	3,212,421	100.0	2,387,091	100.0

Our cost of revenue increased by 34.6% from RMB2,387.1 million for December 31, 2022, to RMB3,212.4 million for the year ended December 31, 2023, primarily due to the increase in commission paid to our payment distribution channels following the increase in the total GPV of our one-stop payment services.

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

	For the year ended December 31,		2022	
	2023			
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
One-stop payment services	3,146,532	98.0	2,221,884	93.1
In-store e-commerce services	20,195	0.6	115,975	4.8
Merchant solutions	45,694	1.4	49,232	2.1
Total	3,212,421	100.0	2,387,091	100.0

Gross Profit and Gross Profit Margin

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

	For the year ended December 31,		2022	
	2023			
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
One-stop payment services	338,428	9.7	532,368	19.3
In-store e-commerce services	82,479	80.3	238,246	67.3
Merchant solutions	317,257	87.4	260,330	84.1
Total	738,164	18.7	1,030,944	30.2

Our gross profit decreased by 28.4% from RMB1,030.9 million for the year ended December 31, 2022 to RMB738.2 million for the year ended December 31, 2023. Our gross profit margin decreased from 30.2% for the year ended December 31, 2022 to 18.7% for the year ended December 31, 2023 as a result of the decrease in gross profit margin of our one-stop payment services.

Gross profit margin of our one-stop payment services decreased from 19.3% for the year ended December 31, 2022 to 9.7% for the year ended December 31, 2023 as we (i) offered higher commissions to our payment distribution channels temporarily while increasing our fee rate to facilitate our expansion strategy and (ii) netted off payments in relation to interchange fee rate adjustments from our one-stop payment services revenue for the Reporting Period in accordance with the Group's accounting policies of revenue recognition and based on our preliminary communications with the payment networks.

Gross profit margin of in-store e-commerce services increased from 67.3% for the year ended December 31, 2022 to 80.3% for the year ended December 31, 2023, primarily due to improvement in operating efficiency.

Gross profit margin of merchant solutions increased from 84.1% for the year ended December 31, 2022 to 87.4% for the year ended December 31, 2023.

Selling Expenses

Our selling expenses decreased by 67.7% from RMB386.5 million for the year ended December 31, 2022 to RMB125.0 million for the year ended December 31, 2023, primarily due to the decrease in selling expenses following the streamlining of cost structure of our in-store e-commerce services.

Administrative Expenses

Our administrative expenses increased by 5.0% from RMB322.8 million for the year ended December 31, 2022 to RMB338.8 million for the year ended December 31, 2023, primarily due to the increase in our employee benefits.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB270.3 million and RMB265.6 million for the years ended December 31, 2022 and 2023, respectively.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets increased by 18.8% from RMB48.7 million for the year ended December 31, 2022 to RMB57.8 million for the year ended December 31, 2023 as we adopted a more refined credit risk model and increased impairment on loan receivables prudently.

Other Income

Our other income increased by 3.5% from RMB54.4 million for the year ended December 31, 2022 to RMB56.3 million for the year ended December 31, 2023, primarily due to the increase 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 RMB119.5 million for the year ended December 31, 2022 and RMB144.6 million for the year ended December 31, 2023, respectively, primarily due to the fair value gains from the investments in preferred shares and related financial instruments of an investment company, Fushi Technology (Shenzhen) Co., Ltd (深圳市富匙科技有限公司).

Other Losses – Net

We recorded other losses – net of RMB9.8 million and RMB26.8 million for the years ended December 31, 2022 and 2023, respectively. The increase in other losses – net was primarily due to provision for regulatory fines.

Operating Profit

As a result of the foregoing, we recorded operating profit of RMB166.8 million for the year ended December 31, 2022 and RMB125.0 million for the year ended December 31, 2023.

Finance Costs

Our finance costs increased by 71.4% from RMB52.5 million for the year ended December 31, 2022 to RMB89.9 million for the year ended December 31, 2023, primarily due to the increase in interest expenses on our borrowings and convertible bonds.

Share of Profits of Investments Accounted for Using the Equity Method

We recorded share of profits of investments accounted for using the equity method of RMB8.1 million and RMB0.4 million for the years ended December 31, 2022 and 2023, respectively, the change was primarily due to the decrease in our share of profits in an associate of the Group.

Profit Before Income Tax

As a result of the foregoing, our profit before income tax decreased by 71.1% from RMB122.5 million for the year ended December 31, 2022 to RMB35.4 million for the year ended December 31, 2023.

Income Tax Expense

Our income tax expense decreased by 4.3% from RMB26.4 million for the year ended December 31, 2022 to RMB25.3 million for the year ended December 31, 2023. Our effective tax rate was 21.6% and 71.5% for the year ended December 31, 2022 and 2023, respectively. The increase was mainly due to deferred tax assets of certain businesses not being recognized due to our prudent approach.

Profit for the Year

As a result of the foregoing, our profit decreased by 89.5% from RMB96.0 million for the year ended December 31, 2022 to RMB10.1 million for the year ended December 31, 2023.

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 measure has limitations as an analytical tool, and the investors and Shareholders should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

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

	Unaudited	
	For the year	
	ended December 31,	
	2023	2022
	RMB'000	RMB'000
Profit for the year	10,113	96,013
Adjusted for:		
Finance costs	89,937	52,466
Amortization of other non-current assets	94,980	43,650
Depreciation of property, plant and equipment	37,719	44,852
Amortization of intangible assets	18,211	23,127
Income tax expense	25,321	26,445
EBITDA	276,281	286,553
Add:		
Share-based compensation expenses	79,929	46,382
Non-Recurring Adjustment on Revenue ⁽¹⁾	344,400	–
Deduct:		
Fair value changes of financial assets and financial liabilities at fair value through profit or loss – net	(144,563)	(119,530)
Adjusted EBITDA	556,047	213,405

Note: During the year ended December 31, 2023, we paid approximately RMB344.4 million in aggregate in relation to interchange fee rate adjustments to a suspense account of the payment networks as requested by the payment networks. We netted off such payments made to the suspense account from our one-stop payment services revenue for the year ended December 31, 2023 in accordance with the Group's accounting policies of revenue recognition and based on our preliminary communications with the payment networks. Such impact on our revenue is non-recurring.

Our adjusted EBITDA for the year increased by 160.6% from RMB213.4 million for the year ended December 31, 2022 to RMB556.0 million for the year ended December 31, 2023.

Capital Structure

Our total assets increased from RMB7,290.0 million as of December 31, 2022 to RMB8,420.4 million as of December 31, 2023. Our total liabilities increased from RMB4,608.7 million as of December 31, 2022 to RMB5,803.0 million as of December 31, 2023. Liabilities-to-assets ratio increased from 63.2% as of December 31, 2022 to 68.9% as of December 31, 2023.

Our current ratio, being current assets divided by current liabilities as of the respective date, decreased from 1.39 as of December 31, 2022 to 1.24 as of December 31, 2023.

Liquidity, Capital Resources and Gearing

The Group has adopted a prudent approach in financial resources management. For the year ended December 31, 2023, we financed our operations primarily through cash generated from business operations, proceeds from fundraising activities, and bank borrowings. Our cash and cash equivalents decreased by 44.2% from RMB1,591.5 million as of December 31, 2022 to RMB887.9 million as of December 31, 2023, primarily attributable to (i) the payment to the trustee of the RSU Scheme to purchase Shares on market; (ii) the payment for share repurchase on market; (iii) the long-term bank deposits; and (iv) the cash used in operating activities for expanding merchant solutions business. As of December 31, 2023, 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, increased from 39.5% as of December 31, 2022 to 45.3% as of December 31, 2023, primarily attributable to the increased balance of borrowings.

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 37.4% from RMB237.4 million for the year December 31, 2022 to RMB148.6 million for the year December 31, 2023.

Indebtedness

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

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Non-current		
Convertible bonds	405,539	379,320
Lease liabilities	28,896	6,450
Current		
Bank and other borrowings	780,062	680,390
Lease liabilities	22,521	20,172
Total	1,237,018	1,086,332

Please refer to notes 20 and 22 to the consolidated financial statements for details of our borrowings and convertible bonds and their interest rates.

Contingent Liabilities

As of December 31, 2023, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that was likely to have a material and adverse effect on our business, financial condition or results of operations.

Pledge of Assets

As of December 31, 2023, we pledged account receivables of about RMB7.0 million to one bank.

Loan Receivables

As of December 31, 2023, our loan receivables totaled RMB882.3 million (as of December 31, 2022: RMB588.2 million), as we have enlarged our customer base for our merchant solutions services and extended credit to customers with good credit standing.

As part of our merchant solutions services, we aim to satisfy the working capital needs of our customers. Under prudent loan policies, qualified customers can gain access to credit facilities on our platform to purchase inventory, invest in customer acquisition and manage cash flow. As we are responsible for providing the platform as well as ancillary services, including loan applicant information collection and verification and credit assessment, the experience has been essential for the development of our risk management capabilities.

During the Reporting Period, there was no material impairment or write-off of any single loan transaction. For the risk management policies and basis of impairment assessments of the loan receivables, please refer to note 3 to the consolidated financial statements. For details of the major terms of the loans, please refer to note 15 to the consolidated financial statements.

Foreign Exchange Risk and Hedging

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

Material Acquisitions or Disposals and Future Plans for Major Investments

During the year ended December 31, 2023, we did not conduct any material investments, acquisitions or disposals of subsidiaries, associates and joint ventures. In addition, save for the expansion plans as disclosed in (i) the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus of the Company dated May 20, 2020, and (ii) the section headed "Use of Proceeds" in the Company's announcements dated December 4, 2020 and July 5, 2022, we have no specific plan for major investment or acquisition for major capital assets or other businesses. However, we will continue to identify new opportunities for business development.

Significant Investment Held

As of December 31, 2023, we were interested in 4,500,000 (17.0%) of the ordinary shares in Fushi Technology (Shenzhen) Co., Ltd. (深圳市富匙科技有限公司) (“**Fushi**”), our associate company, and held 7,272,780 (27.4%) of preferred shares of Fushi, which was classified as financial assets at fair value through profit or loss. The carrying amount of our investment in Fushi’s ordinary shares and the fair value of the preferred shares amounted to approximately RMB731,898,000 (as of December 31, 2022: RMB558,553,000), which accounted for approximately 8.5% of our total assets as of December 31, 2023. The investment costs for our investment in the preferred shares of Fushi was approximately RMB351,600,000. Net unrealized fair value gains of approximately RMB173,345,000 was recognized by us for the year ended December 31, 2023 in respect of our investment in the preferred shares of Fushi. No dividend has been received from Fushi for the year ended December 31, 2023.

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

Significant Events After the Reporting Period

There were no material events subsequent to December 31, 2023 which could have a material impact on our operating and financial performance as of the date of this announcement.

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended December 31, 2023.

Annual General Meeting

The annual general meeting of the Company (the “**AGM**”) will be held on June 5, 2024. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

Closure of Register of Members

For the purpose of ascertaining the members’ eligibility to attend and vote at the AGM, the Company’s register of members will be closed from Friday, May 31, 2024 to Wednesday, June 5, 2024, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, May 30, 2024.

Company Information

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

Employees

As of December 31, 2023, we had a total of 1,103 employees, substantially all of whom were based in China. Please refer to note 7 to the consolidated financial statements for 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.

RSU SCHEME

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

The table below sets out the movements in the RSUs during the year from January 1, 2023 to December 31, 2023 granted under the RSU Scheme:

Name of RSU grantee	Date of grant	Granted during the year ⁽¹⁾	Closing price (HKD) of Shares immediately before the date of grant during the year	Fair value (HKD) of RSUs at the date of grant during the year	Vesting period	Number of Shares					Closing price (HKD) of Shares immediately before the vesting date during the year	
						As at January 1, 2023	Vested during the year	Cancelled during the year	Lapsed during the year	As at December 31, 2023		Exercise price of RSUs vested or cancelled during the year
Director of the Company												
Liao Xiaohui	January 21, 2022	-	-	-	January 21, 2023 – January 21, 2026	80,000	20,000	-	-	60,000	HKD0.01	26.50
	March 28, 2023	100,000	22.35	24.84	March 28, 2024 – March 28, 2027 ⁽³⁾	-	-	-	-	100,000	HKD0.01	-
Yao Zhijian	January 21, 2022	-	-	-	January 21, 2023 – January 21, 2026	120,000	30,000	-	-	90,000	HKD0.01	26.50
	March 28, 2023	200,000	22.35	24.84	March 28, 2024 – March 28, 2027 ⁽³⁾	-	-	-	-	200,000	HKD0.01	-
Other connected person of the Group												
Ren Yangbin	August 1, 2019	-	-	-	August 1, 2020 – August 1, 2023	20,000	20,000	-	-	-	USD1.62	19.00
Three directors of a subsidiary of the Company	January 21, 2022	-	-	-	January 21, 2023 – January 21, 2026	210,000	52,500	-	-	157,500	HKD0.01	26.50
	March 28, 2023	560,000	22.35	24.84	March 28, 2024 – March 28, 2027 ⁽³⁾	-	-	-	-	560,000	HKD0.01	-
Other employee of the Group												
41 other employees of the Group	August 1, 2019	-	-	-	August 1, 2020 – August 1, 2023	749,000	714,000	-	35,000	-	USD1.62	19.00
6 other employees of the Group	January 7, 2021	-	-	-	July 1, 2021 – July 1, 2024	135,000	65,000	-	-	70,000	HKD16.64	17.50
60 other employees of the Group	January 21, 2022	-	-	-	January 24, 2023 – January 24, 2026	719,760	178,540	-	85,880	455,340	HKD0.01	26.50
162 other employees of the Group	March 28, 2023	7,291,565	22.35	24.84	May 8, 2023 – March 28, 2027 ⁽³⁾	-	1,357,632	-	172,000	5,761,933	HKD0.01	21.70
Total		8,151,565				2,033,760	2,437,672	-	292,880	7,454,773		

Notes:

- Further details of the grants were set out in the Company's announcement dated March 28, 2023. 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.
- The exercise period of the RSUs is 15 years from their respective dates of grant.
- 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.

The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the RSU Scheme) shall be such number of Shares held or to be held by the trustee for the purpose of the RSU Scheme from time to time. As of January 1, 2023 and December 31, 2023, the total number of Shares held by the trustee for the purpose of RSU Scheme were 70,370,616 and 76,396,682, respectively, representing 15.8% and 17.1% of the Shares in issue as of the relevant dates, respectively. The total number of shares available for issue under the general mandate approved by the Shareholders at the annual general meeting of the Company held on June 5, 2023 was 89,198,568 Shares, representing 20.1% of the total number of issued Shares as of the date of this announcement.

On March 28, 2023, the Company granted a total of 8,151,565 RSUs pursuant to the RSU Scheme to a total of 167 RSU grantees. The RSUs granted represent 8,151,565 underlying Shares and approximately 1.8% of the issued share capital of the Company as at December 31, 2023. The trustee of the RSU Scheme will transfer the Shares directly to the grantees and no new Shares will be issued as a result of the grant of RSUs. For further details, please refer to the Company's announcement dated March 29, 2023.

Save as disclosed above, for the year ended December 31, 2023 and up to the date of this announcement, no further RSUs have been or would be granted by the Company pursuant to the RSU Scheme.

Details of movements in the RSUs and the fair value of RSUs granted are set out in note 23(b) to the consolidated financial statements.

SHARE OPTION SCHEME

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

The table below sets out the movements of the share options of our Company during the year from January 1, 2023 to December 31, 2023 granted under the Share Option Scheme:

Name of grantee	Outstanding as at January 1, 2023	Granted during the year	Date of grant ⁽⁴⁾	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at December 31, 2023	Exercise price (HKD) per Share	Closing price (HKD) of Shares immediately before the exercising date	Fair value (HKD) of share options at the date of grant during the year	Vesting period	Exercise period
Director of the Company												
Yao Zhijian	300,000	-	January 7, 2021	-	-	-	300,000	44.20 ⁽¹⁾	-	-	July 1, 2021 - July 1, 2024	January 7, 2021 - January 6, 2031
Luo Xiaohui	100,000	-	January 7, 2021	-	-	-	100,000	44.20 ⁽¹⁾	-	-	July 1, 2021 - July 1, 2024	January 7, 2021 - January 6, 2031
Employee of the Group												
119 employees of the Group	3,046,000	-	January 7, 2021	-	-	178,750	2,867,250	44.20 ⁽¹⁾	-	-	July 1, 2021 - July 1, 2024	January 7, 2021 - January 6, 2031
68 employees of the Group	1,147,000	-	May 12, 2021	-	-	4,500	1,142,500	58.60 ⁽²⁾	-	-	May 12, 2022 - May 12, 2025	May 12, 2021 - May 11, 2031
210 employees of the Group	967,000	-	January 21, 2022	-	-	79,500	887,500	25.56 ⁽³⁾	-	-	January 24, 2023 - January 24, 2026	January 21, 2022 - January 20, 2032
Total	5,560,000	-		-	-	262,750	5,297,250					

Note:

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

As of December 31, 2023, the number of Shares in respect of which options had been granted and but not yet exercised under the Share Option Scheme was 5,297,250, representing 1.2% of the Shares in issue as of that date. As at January 1, 2023 and December 31, 2023, the total number of Shares available for issue in respect of the options that can be further granted under the Share Option Scheme was 37,060,507 and 37,323,257, respectively, representing 8.3% and 8.4% of the total number of Shares in issue as of the relevant dates, respectively. The total number of Shares available for issue under the Share Option Scheme was 42,620,507 Shares, representing 9.6% of the total number of issued Shares as of the date of this announcement.

For the year ended December 31, 2023 and up to the date of this announcement, no further options have been or would be granted by the Company pursuant to the Share Option Scheme.

Details of movements in the share options and the fair value of share options granted are set out in note 23(a) to the consolidated financial statements.

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

Disclosure under Rule 17.07(3) of the Listing Rules

As all awards granted will be satisfied by existing Shares and no options were granted during the year ended December 31, 2023, no new Shares may be issued in respect of options and awards granted under all schemes of the Company during the year ended December 31, 2023.

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 USD68.1 million (equivalent to HKD533.3 million) through the issuance of the convertible bonds. The following table sets forth the status of the use of net proceeds from the convertible bonds up to December 31, 2023:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the issuance of Convertible Bonds ⁽¹⁾ (In HKD millions)	Actual usage up to December 31, 2023 ⁽¹⁾ (In HKD millions)	Unutilized net proceeds as of December 31, 2023 ⁽¹⁾ (In HKD millions)	Expected timeline for utilizing the remaining net proceeds
Expansion of the Group's overseas business, including cross-border e-commerce foreign exchange/RMB collection and payment business, acquiring and mobile payment business, software as a service (SaaS) digital solution and in-store e-commerce services and for new business opportunities to accelerate the Group's development in upstream and downstream industries	80.0	426.6	130.4	296.2	By end of 2026
Strengthen the Group's competitiveness in the PRC such as product research and development, marketing and promotion and recruitment to further establish and reinforce the commercial digitalized ecosystem of the Group	20.0	106.7	34.1	72.6	By end of 2026
Total	100.0	533.3	164.5	368.8	

Note:

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

ROUNDING

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2023	2022
		RMB'000	RMB'000
Revenue	4	3,950,585	3,418,035
<i>Including: interest revenue</i>	4	130,805	67,652
Cost of revenue	7	(3,212,421)	(2,387,091)
Gross profit		738,164	1,030,944
Selling expenses	7	(124,971)	(386,498)
Administrative expenses	7	(338,833)	(322,796)
Research and development expenses	7	(265,572)	(270,273)
Net impairment losses on financial assets	3.1(a)	(57,843)	(48,701)
Other income	5	56,256	54,378
Fair value changes of financial assets and financial liabilities at fair value through profit or loss – net	12,21	144,563	119,530
Other losses – net	6	(26,750)	(9,758)
Operating profit		125,014	166,826
Finance costs		(89,937)	(52,466)
Share of profits of investments accounted for using the equity method	10	357	8,098
Profit before income tax		35,434	122,458
Income tax expense	8	(25,321)	(26,445)
Profit for the year		10,113	96,013
Attributable to:			
Equity holders of the Company		11,627	153,922
Non-controlling interests		(1,514)	(57,909)
		10,113	96,013

		Year ended 31 December	
	Note	2023	2022
		RMB'000	RMB'000
Other comprehensive income/(loss):			
Items that will not be subsequently reclassified to profit or loss			
Currency translation differences		9,590	123,508
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive (loss)/income of investments accounted for using the equity method		(40)	97
Currency translation differences		(6,298)	(61,042)
		<u>(6,338)</u>	<u>(60,945)</u>
Other comprehensive income for the year, net of tax		<u>3,252</u>	<u>62,563</u>
Total comprehensive income for the year		<u><u>13,365</u></u>	<u><u>158,576</u></u>
Attributable to:			
Equity holders of the Company		14,879	216,485
Non-controlling interests		(1,514)	(57,909)
		<u><u>13,365</u></u>	<u><u>158,576</u></u>
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
– Basic	9	<u><u>0.03</u></u>	<u><u>0.39</u></u>
– Diluted	9	<u><u>0.03</u></u>	<u><u>0.38</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Note	2023	2022
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		66,539	48,333
Intangible assets	11	478,865	496,687
Investments accounted for using the equity method	10	134,721	131,711
Prepayments and other receivables	14(a)	42,362	25,587
Financial assets at fair value through profit or loss	12	827,342	634,172
Long-term bank deposits		80,996	–
Deferred tax assets		57,853	37,225
Other non-current assets		185,199	158,253
		<u>1,873,877</u>	<u>1,531,968</u>
Current assets			
Inventories		2,433	6,602
Loan receivables	15	882,332	588,218
Trade receivables	13	355,059	274,642
Prepayments and other receivables	14(b)	2,292,171	2,358,090
Financial assets at fair value through profit or loss	12	13,594	14,384
Restricted cash		2,097,246	891,916
Cash and cash equivalents		887,909	1,591,508
Other current assets		15,740	32,670
		<u>6,546,484</u>	<u>5,758,030</u>
Total assets		<u>8,420,361</u>	<u>7,289,998</u>
EQUITY			
Share capital and share premium	16	3,094,193	3,069,939
Reserves		(1,310,601)	(1,216,410)
Retained earnings		924,284	916,806
Equity attributable to equity holders of the Company		<u>2,707,876</u>	<u>2,770,335</u>
Non-controlling interests		<u>(90,475)</u>	<u>(89,068)</u>
Total equity		<u>2,617,401</u>	<u>2,681,267</u>

		As at 31 December	
	<i>Note</i>	2023	2022
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		28,896	6,450
Financial liabilities at fair value through profit or loss	21	–	25,867
Deferred tax liabilities		78,264	56,854
Convertible bonds	22	405,539	379,320
		<u>512,699</u>	<u>468,491</u>
Current liabilities			
Trade and other payables	19(a)	4,321,666	3,309,050
Contract liabilities	18	26,073	31,864
Current tax liabilities		115,059	94,458
Lease liabilities		22,521	20,172
Bank and other borrowings	20	780,062	680,390
Financial liabilities at fair value through profit or loss	21	24,880	4,306
		<u>5,290,261</u>	<u>4,140,240</u>
Total liabilities		<u>5,802,960</u>	<u>4,608,731</u>
Total equity and liabilities		<u>8,420,361</u>	<u>7,289,998</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Reserves								
	Share capital and share premium <i>RMB'000</i>	Treasury shares <i>RMB'000</i>	Conversion option reserve <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total <i>RMB'000</i>
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 year	-	-	-	-	-	11,627	11,627	(1,514)	10,113
Other comprehensive income	-	-	-	3,252	3,252	-	3,252	-	3,252
Total comprehensive income	-	-	-	3,252	3,252	11,627	14,879	(1,514)	13,365
Transactions with equity holders									
Buy-back of shares for the purpose of cancellation	16 (10,143)	(31,535)	-	-	(31,535)	-	(41,678)	-	(41,678)
Buy-back of shares for the purpose of share award schemes	16 -	(103,804)	-	-	(103,804)	-	(103,804)	-	(103,804)
Acquisition of subsidiaries	23(b) -	-	-	-	-	-	-	107	107
Share award schemes:									
– value of employee services	-	-	-	77,653	77,653	-	77,653	-	77,653
– transfer shares to awardees upon vesting	34,397	-	-	(46,182)	(46,182)	-	(11,785)	-	(11,785)
Share option schemes:									
– value of employee services	-	-	-	2,276	2,276	-	2,276	-	2,276
Profit appropriations to statutory reserves	-	-	-	4,091	4,091	(4,091)	-	-	-
Profit appropriations to risk reserves	-	-	-	58	58	(58)	-	-	-
Balance at 31 December 2023	24,254	(135,339)	-	37,896	(97,443)	(4,149)	(77,338)	107	(77,231)
	3,094,193	(1,282,364)	97,861	(126,098)	(1,310,601)	924,284	2,707,876	(90,475)	2,617,401

Attributable to equity holders of the Company
Reserves

Note	Share capital and share premium RMB'000	Reserves				Sub-total RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
		Treasury shares RMB'000	Conversion option reserve RMB'000	Other reserves RMB'000	Sub-total RMB'000					
Balance at 1 January 2022	3,148,709	(387,986)	–	(272,820)	(660,806)	771,347	3,259,250	(58,579)	3,200,671	
Profit for the year	–	–	–	–	–	153,922	153,922	(57,909)	96,013	
Other comprehensive income	–	–	–	62,563	62,563	–	62,563	–	62,563	
Total comprehensive income	–	–	–	62,563	62,563	153,922	216,485	(57,909)	158,576	
Transactions with equity holders										
Buy-back of shares for the purpose of cancellation	(88,559)	(9,751)	–	–	(9,751)	–	(98,310)	–	(98,310)	
Buy-back of shares for the purpose of share award schemes	–	(749,288)	–	–	(749,288)	–	(749,288)	–	(749,288)	
Acquisition of a subsidiary	–	–	–	–	–	–	–	27,420	27,420	
Share award schemes:										
– value of employee services	–	–	–	15,136	15,136	–	15,136	–	15,136	
– transfer shares to awardees upon vesting	9,789	–	–	(11,834)	(11,834)	–	(2,045)	–	(2,045)	
Share option schemes:										
– value of employee services	–	–	–	31,246	31,246	–	31,246	–	31,246	
Profit appropriations to statutory reserves	–	–	–	8,110	8,110	(8,110)	–	–	–	
Profit appropriations to risk reserves	–	–	–	353	353	(353)	–	–	–	
Equity component of convertible bonds	–	–	97,861	–	97,861	–	97,861	–	97,861	
	(78,770)	(759,039)	97,861	43,011	(618,167)	(8,463)	(705,400)	27,420	(677,980)	
Balance at 31 December 2022	3,069,939	(1,147,025)	97,861	(167,246)	(1,216,410)	916,806	2,770,335	(89,068)	2,681,267	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

Mr. Liu Yingqi (“**Mr. Liu**”), is the ultimate controlling shareholder of the Company.

The consolidated financial statements for the year ended 31 December 2023 are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated. These consolidated financial statements for the year ended 31 December 2023 have been approved for issue by the board of directors (the “**Board**”) of the Company on 21 March 2024.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group 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. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

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

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

(a) Amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

- IFRS 17 and amendments to IFRS 17 – Insurance Contracts
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

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

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

Standards and amendments that have been issued but not yet effective at 1 January 2023 and not been early adopted by the Group during the year are as follows:

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 1	Non current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Leases on sale and leaseback	1 January 2024
Amendment to IAS 7 and IFRS 7	Supplier finance	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Credit risk

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

(1) Risk management

To manage risk arising from cash and cash equivalents and restricted cash, the Group places deposits in state-owned financial institutions in the PRC or reputable banks, financial institutions having high-credit-quality in the PRC and Cayman Islands.

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

To manage risk arising from loan receivables, standardised credit management procedures are performed. The Group conducts holistic assessment on credit worthiness of loan applicants, which consist of automatic preliminary assessment, screening, and manual assessment. The management makes periodic collective assessments as well as individual assessment on the recoverability of loan receivables based on historical settlement records and past experiences incorporating forward-looking information.

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

As at 31 December 2023, the maximum exposure arising from the provision of financial guarantee to certain loan facilitation parties amounted to approximately RMB551,723,000 (31 December 2022: RMB177,637,000), being the principals and interests of the underlying loans which were granted by the Group's loan facilitation partners with terms ranging from 3 to 12 months.

(2) *Impairment of financial assets*

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

	As at 31 December 2023			As at 31 December 2022		
	Gross carrying amount <i>RMB'000</i>	Loss allowance <i>RMB'000</i>	Carrying amount <i>RMB'000</i>	Gross carrying amount <i>RMB'000</i>	Loss allowance <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
Financial assets at amortised cost (IFRS 9)						
Cash and cash equivalents	887,909	–	887,909	1,591,508	–	1,591,508
Restricted cash	2,097,246	–	2,097,246	891,916	–	891,916
Trade receivables (i)	376,012	(20,953)	355,059	304,173	(29,531)	274,642
Loan receivables (ii)						
– Stage 1	899,129	(22,065)	877,064	598,083	(11,069)	587,014
– Stage 2	13,754	(9,790)	3,964	1,530	(735)	795
– Stage 3	13,216	(11,912)	1,304	3,441	(3,032)	409
Other receivables (iii)						
– Stage 1	2,290,060	(7,965)	2,282,095	2,344,558	(4,892)	2,339,666
– Stage 3	35,754	(35,754)	–	33,457	(33,457)	–
	<u>887,909</u>	<u>–</u>	<u>887,909</u>	<u>1,591,508</u>	<u>–</u>	<u>1,591,508</u>
	<u>2,097,246</u>	<u>–</u>	<u>2,097,246</u>	<u>891,916</u>	<u>–</u>	<u>891,916</u>
	<u>376,012</u>	<u>(20,953)</u>	<u>355,059</u>	<u>304,173</u>	<u>(29,531)</u>	<u>274,642</u>
	<u>899,129</u>	<u>(22,065)</u>	<u>877,064</u>	<u>598,083</u>	<u>(11,069)</u>	<u>587,014</u>
	<u>13,754</u>	<u>(9,790)</u>	<u>3,964</u>	<u>1,530</u>	<u>(735)</u>	<u>795</u>
	<u>13,216</u>	<u>(11,912)</u>	<u>1,304</u>	<u>3,441</u>	<u>(3,032)</u>	<u>409</u>
	<u>2,290,060</u>	<u>(7,965)</u>	<u>2,282,095</u>	<u>2,344,558</u>	<u>(4,892)</u>	<u>2,339,666</u>
	<u>35,754</u>	<u>(35,754)</u>	<u>–</u>	<u>33,457</u>	<u>(33,457)</u>	<u>–</u>

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

		Less than 90 days past due	90-180 days past due	180-270 days past due	More than 270 days past due	Total
31 December 2023	Current					
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
		Less than 90 days past due	90-180 days past due	180-270 days past due	more than 270 days past due	Total
31 December 2022	Current					
Expected loss rate	0.56%	7.29%	14.59%	28.15%	100.00%	9.71%
Gross carrying amount	209,237	7,733	29,725	47,356	10,122	304,173
Loss allowance	1,178	564	4,336	13,331	10,122	29,531

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

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	29,531	20,442
(Reversal)/provision for expected credit loss	(8,578)	9,089
At the end of the year	<u>20,953</u>	<u>29,531</u>

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

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	14,836	24,505
Provision for expected credit loss	61,056	35,904
Write-off	(32,125)	(45,573)
At the end of the year	<u>43,767</u>	<u>14,836</u>

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

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	38,349	34,641
Provision for expected credit loss	5,365	3,708
Currency translation difference	5	—
At the end of the year	<u>43,719</u>	<u>38,349</u>

3.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2023 and 2022 by level of inputs adopted in the valuation techniques used for measuring fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

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

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

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

During the years ended 31 December 2023 and 2022, there was no transfer between level 1 and 2 for recurring fair value measurements. The significant methods used to determine the fair value and the fair value changes in level 3 financial instruments are presented in Notes 12 and 21.

Valuation processes of the Group (Level 3)

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

At each financial year end the finance department:

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

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

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

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

Description	Fair value		Significant unobservable input	Range of input		Relationship between unobservable input and fair values
	As at 31 December			As at 31 December		
	2023	2022		2023	2022	
	RMB'000	RMB'000				
Non-current financial assets at FVPL	827,342	634,172	Discounts for lack of marketability (“DLOM”)	25.00%-30.00%	15.00%-35.00%	the higher the DLOM, the lower the fair value
			Enterprise value to sales (“EV/Sales”) multiple	1.90-6.80	0.95-2.20	the higher the EV/Sales multiple, the higher the fair value
			Price to sales (“P/S”) multiple	14.4	44.1	the higher the P/S multiple, the higher the fair value
			Revenue growth rate	8.0%-66.9%	8.44%-75.24%	the higher the revenue growth rate, the higher the fair value
			Growth profit margin	24.8%-60.0%	30.57%-44.65%	the higher the growth profit margin, the higher the fair value
			Terminal growth rate	2.50%	3.00%	the higher the terminal growth rate, the higher the fair value
			Pre-tax discount rate	19.5%-20.4%	20.0%-21.0%	the higher the discount rate, the lower the fair value
			Contingent consideration	24,880	30,173	Discount rate

4 REVENUE

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
One-stop payment services	3,484,960	2,754,252
Merchant solutions services	362,951	309,562
In-store e-commerce services	102,674	354,221
	<u>3,950,585</u>	<u>3,418,035</u>

For the years ended 31 December 2023 and 2022, interest revenue from entrusted loans and small-sized retail loans amounting to approximately RMB130,805,000 and RMB67,652,000, respectively, are included in revenue derived from merchant solutions services.

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

During the year, the Group paid approximately RMB344 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 year ended 31 December 2023 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 years ended 31 December 2023 and 2022.

5 OTHER INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Government grants	16,156	27,856
Interest income from bank deposits	38,948	26,508
Interest income from advance to an associate	1,152	14
	<u>56,256</u>	<u>54,378</u>

6 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Gains on disposal of financial assets at FVPL	1,671	–
Net exchange losses	(767)	(5,668)
Impairment reversal/(charges) on prepayments (Note 14(b))	358	(3,892)
Gains on disposal of property, plant and equipment	452	663
Gain on deemed disposal of an associate (Note 10)	–	560
Regulatory fines	(28,104)	(940)
Others	(360)	(481)
	<u>(26,750)</u>	<u>(9,758)</u>

7 EXPENSES BY NATURE

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

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Commissions and marketing costs	3,057,862	2,291,642
Employee benefit expenses	459,323	480,183
Outsourcing service fees	89,891	242,841
Advertising and promotion expenses	15,964	80,845
Depreciation of property, plant and equipment	37,719	44,852
Amortization of intangible assets	18,211	23,127
Amortization of other non-current assets	94,980	43,650
Office expenses	20,807	32,945
Rental expenses relating to short-term leases	13,616	27,558
System development, consulting and data validation	21,080	24,751
Raw materials and consumables	14,829	13,421
Professional service fees	18,092	10,764
Travel and transportation	13,263	10,943
Auditor's remuneration	6,999	8,650
– audit services	6,400	7,000
– non-audit services	599	1,650
Others	59,161	30,486
Total	<u>3,941,797</u>	<u>3,366,658</u>

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Current income tax	24,539	13,601
Deferred income tax	782	12,844
	<u>25,321</u>	<u>26,445</u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended 31 December 2023 and 2022, being the standard income rate in the PRC. The differences are analyzed as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit before income tax:	35,434	122,458
Adjusted: share of profits of investment in associates, net	(357)	(8,098)
	<u>35,077</u>	<u>114,360</u>
Tax calculated at tax rate of 25%	8,769	28,590
Tax effects of:		
– Different income tax rates applicable to subsidiaries	6,311	(24,927)
– Research and development super deduction	(32,416)	(20,893)
– Expenses not deductible for tax purpose	7,411	965
– Tax losses not recognized as deferred tax assets	35,895	40,696
– Remeasurement of defer tax assets due to changes in tax rate	1,620	2,688
– Adjustments in respect of current income tax of previous years	(2,269)	(674)
	<u>25,321</u>	<u>26,445</u>

9 EARNINGS PER SHARE

(a) Basic earnings per share

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

	Year ended 31 December	
	2023	2022
Profit attributable to equity holders of the Company (in RMB thousands)	11,627	153,922
Weighted average number of ordinary shares in issue (in thousands) (<i>i</i>)	371,349	394,607
Basic earnings per share (expressed in RMB per share)	0.03	0.39

(i) Weighted average number of ordinary shares in issue for the year ended 31 December 2023 has been determined based on the number of shares in issue, excluding shares held for restricted share award schemes (Note 23(b)).

(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 year ended 31 December 2023 which were the convertible bonds as disclosed in Note 22, the share options as disclosed in Note 23(a) and the restricted share units as disclosed in Note 23(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 year) based on the monetary value of the subscription rights attached to outstanding restricted share units and share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the restricted share units.

For the convertible bonds, they are assumed to have been converted into ordinary shares. Interest savings on convertible bonds are adjusted to the extent of the amount charged to the profit attributable to owners of the Company. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the conversion of convertible bonds. For the year ended 31 December 2023, the effect of the convertible bonds was anti-dilutive and therefore not included in the calculation of the diluted earnings per share.

	Year ended 31 December	
	2023	2022
Profit attributable to equity holders of the Company (in RMB thousands)	11,627	153,922
Weighted average number of ordinary shares in issue (in thousands)	371,349	394,607
Adjustments for the returnable shares issued for the acquisition of Tuozhanbao (in thousands)	–	6,365
Adjustments for unvested restricted share units and share options (in thousands)	2,381	678
Weighted average number of ordinary shares for the calculation of diluted earnings per share (in thousands)	373,730	401,650
Diluted earnings per share (expressed in RMB per share)	0.03	0.38

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
At the beginning of the year	131,711	125,243
Additions	1,834	–
Reclassified to financial assets at FVPL	–	(3,774)
Share of profits	357	8,098
Share of other comprehensive (loss)/income	(40)	97
Gain on deemed disposal of an associate	–	560
Currency translation difference	859	1,487
	<u>134,721</u>	<u>131,711</u>

11 INTANGIBLE ASSETS

	Goodwill RMB'000	Customer relationship RMB'000	Software RMB'000	Platform RMB'000	Brand name RMB'000	Total RMB'000
At 31 December 2021						
Cost	444,641	77,800	5,860	1,300	38,200	567,801
Accumulated amortization and impairment	(5,524)	(36,860)	(2,457)	(758)	(2,728)	(48,327)
Net book amount	<u>439,117</u>	<u>40,940</u>	<u>3,403</u>	<u>542</u>	<u>35,472</u>	<u>519,474</u>
Year ended 31 December 2022						
Opening net book amount	439,117	40,940	3,403	542	35,472	519,474
Additions	–	–	340	–	–	340
Amortization charge	–	(13,739)	(621)	(542)	(8,225)	(23,127)
Closing net book amount	<u>439,117</u>	<u>27,201</u>	<u>3,122</u>	<u>–</u>	<u>27,247</u>	<u>496,687</u>
At 31 December 2022						
Cost	444,641	77,800	6,200	1,300	38,200	568,141
Accumulated amortization and impairment	(5,524)	(50,599)	(3,078)	(1,300)	(10,953)	(71,454)
Net book amount	<u>439,117</u>	<u>27,201</u>	<u>3,122</u>	<u>–</u>	<u>27,247</u>	<u>496,687</u>

	Goodwill RMB'000	Customer relationship RMB'000	Software RMB'000	Platform RMB'000	Brand name RMB'000	Total RMB'000
Year ended 31 December 2023						
Opening net book amount	439,117	27,201	3,122	–	27,247	496,687
Additions	–	–	389	–	–	389
Amortization charge	–	(9,600)	(630)	–	(7,981)	(18,211)
Closing net book amount	<u>439,117</u>	<u>17,601</u>	<u>2,881</u>	<u>–</u>	<u>19,266</u>	<u>478,865</u>
At 31 December 2023						
Cost	444,641	77,800	6,589	1,300	38,200	568,530
Accumulated amortization and impairment	<u>(5,524)</u>	<u>(60,199)</u>	<u>(3,708)</u>	<u>(1,300)</u>	<u>(18,934)</u>	<u>(89,665)</u>
Net book amount	<u>439,117</u>	<u>17,601</u>	<u>2,881</u>	<u>–</u>	<u>19,266</u>	<u>478,865</u>

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

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Cost of revenue	7,575	11,839
Administrative expenses	<u>10,636</u>	<u>11,288</u>
	<u>18,211</u>	<u>23,127</u>

12 FINANCIAL ASSETS AT FVPL

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Current assets		
Investment in listed entities (a)	<u>13,594</u>	<u>14,384</u>
Non-current assets		
Investment in unlisted entities (b)	817,338	620,764
Contingent assets	<u>10,004</u>	<u>13,408</u>
	<u>827,342</u>	<u>634,172</u>
	<u>840,936</u>	<u>648,556</u>

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

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	648,556	387,197
Acquisition of a subsidiary	–	284,164
Additions	45,864	3,774
Disposal	(17,277)	(125,315)
Changes in fair value	163,850	91,605
Currency translation differences	(57)	7,131
	<hr/>	<hr/>
At the end of the year	840,936	648,556
	<hr/> <hr/>	<hr/> <hr/>

- (a) The balance represented the Group's investments in equity interests of several listed companies on the Hong Kong Main Board of The Stock Exchange of Hong Kong Limited and the New York Stock Exchange, USA.
- (b) The balance primarily comprised the Group's investments in preferred shares and financial instrument related to Fushi Technology (Shenzhen) Co., Ltd. ("Fushi") amounting to approximately RMB731,898,000 (as at 31 December 2022: RMB558,553,000).
- (c) In 2023, the disposal mainly sold stock of a company listed on the New York Stock Exchange. In 2022, the disposal mainly represented the derecognition of the derivative financial instrument asset relating to certain equity interests in IVP Growth, which was previously recorded in financial assets at FVPL, upon the acquisition of IVP Growth.

13 TRADE RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade receivables	376,012	304,173
Less: Allowance for expected credit loss (<i>Note 3.1(a)</i>)	(20,953)	(29,531)
	<hr/>	<hr/>
	355,059	274,642
	<hr/> <hr/>	<hr/> <hr/>

- (a) The carrying amounts of the trade receivables balances were approximate to their fair value as at 31 December 2023 and 2022. All the trade receivables balances were denominated in RMB.

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables. Information about the impairment of trade receivables and the Group's exposure to credit risk has been disclosed in Note 3.1(a).

As at 31 December 2023, RMB7,000,000 of trade receivables were pledged for certain bank borrowings of the Group (Note 20).

The Group allows a credit period within 90 days to its customers. Aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Up to 3 months	348,177	209,237
3 to 6 months	9,684	7,733
6 to 12 months	614	77,081
Over 1 year	17,537	10,122
	<u>376,012</u>	<u>304,173</u>

14 PREPAYMENTS AND OTHER RECEIVABLES

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

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Prepayments for:		
Land use rights	37,930	17,044
Payment terminals	–	7,051
Others	1,000	–
	<u>38,930</u>	<u>24,095</u>
Sub-total		
Other receivables		
Deposits	4,696	2,500
Less: allowance for impairment of other receivables (<i>Note 3.1(a)</i>)	(1,264)	(1,008)
	<u>3,432</u>	<u>1,492</u>
Sub-total		
	<u>42,362</u>	<u>25,587</u>

(b) Prepayments and other receivables in current assets

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Prepayments		
Prepayments for SaaS terminals	1,152	3,997
Prepayments to media publishers and advertising agents	4,156	7,110
Others	12,295	13,262
Less: allowance for impairment of prepayments	(4,095)	(4,453)
Sub-total	<u>13,508</u>	<u>19,916</u>
Other receivables		
Receivables from payment networks (i)	1,795,303	1,886,538
Amounts due from related parties	318,312	270,381
Amounts due from business partners (ii)	26,361	109,933
Deposits placed with financial institutions	33,663	39,943
Deposits on lease and others	45,763	31,332
Payment network deposits	1,040	1,390
Others	100,676	35,998
Less: allowance for impairment of other receivables (Note 3.1(a))	(42,455)	(37,341)
Sub-total	<u>2,278,663</u>	<u>2,338,174</u>
	<u><u>2,292,171</u></u>	<u><u>2,358,090</u></u>

- (i) The balance mainly represents funds processed by the Group during the process of providing its one-stop payment services and in-store e-commerce services to merchants, which had been received by the payment networks, and would be then transferred to the respective merchants through the Group in accordance with the terms of agreements entered between the Group and the merchants.
- (ii) The balance mainly represents advance made by the Group and utility fees to be received for the purpose of developing merchants to its business partners, which would be deducted from their commission fee or returned within contractual period.
- (iii) The carrying amounts of the other receivables balances approximate their fair value as at 31 December 2023 and 2022. Prepayments and other receivables balances were mainly denominated in RMB.

15 LOAN RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Loan receivables (i)	926,099	603,054
Less: allowance for impairment of loan receivables (Note 3.1(a))	(43,767)	(14,836)
	<u>882,332</u>	<u>588,218</u>

- (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 31 December 2023, approximately RMB590,000,000 (2022: RMB502,500,000) of the loan receivables were either guaranteed or secured.

16 SHARE CAPITAL AND SHARE PREMIUM

Issued:

	Number of shares	Nominal value		Share premium	Total
		<i>In RMB'000</i>		<i>In RMB'000</i>	<i>In RMB'000</i>
		<i>In USD'000</i>	<i>equivalent</i>		
As at 1 January 2022	451,902,842	11	76	3,148,633	3,148,709
Transfer shares to awardees upon vesting	–	–	–	9,789	9,789
Issuance of new shares to non-controlling shareholders of Beijing Chuangxinzhong Technology Co., Ltd. (“Chuangxinzhong”)	(5,359,200)	–	(1)	(88,558)	(88,559)
As at 31 December 2022	<u>446,543,642</u>	<u>11</u>	<u>75</u>	<u>3,069,864</u>	<u>3,069,939</u>
As at 1 January 2023	446,543,642	11	75	3,069,864	3,069,939
Transfer shares to awardees upon vesting	–	–	–	34,397	34,397
Buy-back of shares for the purpose of cancellation (a)	(550,800)	–	–	(10,143)	(10,143)
As at 31 December 2023	<u>445,992,842</u>	<u>11</u>	<u>75</u>	<u>3,094,118</u>	<u>3,094,193</u>

Note:

- (a) During the year ended 31 December 2023, 3,001,600 shares were repurchased for the purpose of cancellation at par value of US\$0.000025 per share for a total cash consideration of approximately HKD45,455,000 (equivalent to approximately RMB41,678,000), details are as follows:

Month/Year	Number of shares	Highest price	Lowest price	Aggregate
		paid per share <i>In HKD</i>	paid per share <i>In HKD</i>	consideration paid <i>In HKD</i>
Jan-23	21,200	21.25	20.50	442,520
Aug-23	1,846,000	15.88	14.50	28,097,536
Sep-23	1,134,400	15.54	14.24	16,914,960

Among the shares repurchased in 2022 and 2023, 550,800 shares were cancelled in 2023, which resulted in a decrease of share capital and share premium amounted to RMB10,143,000. The consideration paid related to the remaining 2,980,400 shares amounted to RMB31,535,000, which have not been cancelled as at 31 December 2023, was recognized in reserves.

- (b) During the year ended 31 December 2023, 7,280,400 shares were repurchased for the purpose of share award schemes at par value of US\$0.000025 per share for a total cash consideration of approximately HKD113,309,000 (equivalent to RMB103,804,000), details are as follows:

Month/Year	Number of shares	Highest price paid per share <i>In HKD</i>	Lowest price paid per share <i>In HKD</i>	Aggregate price paid <i>In HKD</i>
Jan-23	36,000	21.50	20.43	748,552
Jun-23	1,857,600	18.78	16.79	33,023,927
Jul-23	228,000	18.00	17.40	4,061,225
Aug-23	1,018,000	16.80	14.24	15,548,222
Sep-23	946,400	14.98	14.34	13,943,459
Oct-23	1,904,400	15.76	13.68	27,671,972
Nov-23	381,200	16.30	13.72	5,693,548
Dec-23	908,800	14.72	13.26	12,618,130

- (c) As at 31 December 2023 and 2022, 76,926,283 shares and 70,370,616 shares were held by restricted share units' nominees, being Yeah United Holding Limited and Yeah Talent Holding Limited, both of which are controlled and consolidated by the Group as structured entities and the above shares held by them for the purpose of restricted share award schemes are recorded as treasury shares and included in reserves.

17 DIVIDENDS

No dividends have been paid or declared by the Company for year ended 31 December 2023 (2022: nil).

18 CONTRACT LIABILITIES

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

	Year ended 31 December	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At the beginning of the year	31,864	33,114
Received from merchants	95,691	261,830
Received from advertising customers	175,021	104,071
Revenue recognized	<u>(276,503)</u>	<u>(367,151)</u>
At the end of the year	<u><u>26,073</u></u>	<u><u>31,864</u></u>

As at 31 December 2023 and 2022, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of one year or less. Therefore, as permitted by the relevant practical expedient under IFRS 15, the transaction price allocated to these unsatisfied performance obligations was not disclosed.

19 TRADE AND OTHER PAYABLES

(a) Trade and other payables in current liabilities

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade payables (i)	274,711	252,021
Other payables		
Payables to merchants (iii)	3,645,960	2,682,054
Employee benefit payables	60,200	81,041
Deposits from distribution channels (ii)	86,849	73,307
Other taxes payables	30,101	66,329
Amounts due to related parties	16,054	76
Interest payable on convertible bonds	14,602	14,359
Provision of regulatory fines (iv)	27,814	–
Others	165,375	139,863
	4,046,955	3,057,029
	4,321,666	3,309,050

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

As at 31 December 2023 and 2022, the aging analysis of trade payables based on the invoice date was as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Up to 3 months	158,512	159,174
3 to 6 months	30,520	9,768
Over 6 months	85,679	83,079
	274,711	252,021

- (ii) The amount represents refundable deposits placed by distribution channels with the Group when they signed up the distribution channel agreements with the Group. It would be refunded to the respective distribution channel upon expiration of the agreements.
- (iii) The balance represents funds processed by the Group for merchants, which are required to be settled with merchants upon the respective contractual settlement clearance dates.
- (iv) The Group's payment services business is subject to regulatory inspection from time to time, and the Group may be fined by the regulators due to regulatory breaches in the ordinary course of business. The Group has rectified and strengthened its internal controls in relation to regulatory compliance, and in the opinion of the directors of the Company, none of the regulatory breaches identified by the regulators will have significant adverse impact on the Group's operations.
- (v) As at 31 December 2023 and 2022, trade and other payables were mainly denominated in RMB and the fair values of these balances were approximated to their carrying amounts.

20 BANK AND OTHER BORROWINGS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Current		
Bank borrowings (a)		
– unsecured with guarantee	723,062	615,390
– secured with guarantee	7,000	15,000
Borrowing from other non-banking financial institution (b)		
– unsecured with guarantee	50,000	50,000
	780,062	680,390
	780,062	680,390

- (a) For the years ended 31 December 2023 and 2022, bank borrowings bore effective interest rate of 4.3% and 4.4% per annum, respectively. As at 31 December 2023 and 2022, all bank borrowings were repayable within one year.

As at 31 December 2023, bank borrowings of RMB248,000,000 of Shenzhen Yeahka Technology Co., Ltd. (“**Shenzhen Yeahka**”) was guaranteed by Leshua Technology Co., Ltd. (“**Leshua**”) and the Company.

As at 31 December 2023, bank borrowings of RMB440,000,000 of Leshua was guaranteed by Shenzhen Yeahka and the Company.

As at 31 December 2023, bank borrowings of RMB18,000,000 of Chuangxinzhong was guaranteed by Qin Lingjin (“**Mr. Qin**”). Bank borrowings of RMB7,000,000 of Chuangxinzhong was secured by pledge of certain trade receivables, and guaranteed by Tianjin Chuangxinzhong Technology Co., Ltd. (“**Tianjin Chuangxinzhong**”) and Mr. Qin.

As at 31 December 2023, bank borrowings of RMB8,000,000 of Beijing Chuangxinhe Technology Co., Ltd. was guaranteed by Beijing Capital Financing Guarantee Co., Ltd, Beijing Zhongguancun Technology Financing Guarantee Co., Ltd. and Mr. Qin.

As at 31 December 2023, bank borrowings of RMB9,062,000 of Yeahka Limited was guaranteed by Shenzhen Yeahka.

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

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

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

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

- (b) As at 31 December 2023 and 2022, other borrowings of RMB50,000,000 of Feiquan Cloud bore effective interest rate of 6.8% per annum (2022: 8.6% per annum), and was guaranteed by Shenzhen Yeahka, Leshua and the Company.

21 FINANCIAL LIABILITIES AT FVPL

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Current liabilities		
Contingent consideration (a)	<u>24,880</u>	<u>4,306</u>
Non-current liabilities		
Contingent consideration and others (a)	<u>-</u>	<u>25,867</u>
	<u>24,880</u>	<u>30,173</u>

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

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	30,173	81,036
Settlement of the contingent consideration relating to the acquisition of Chuangxinzhong (b)	(25,624)	(28,390)
Changes in fair value	19,287	(27,925)
Currency translation differences	<u>1,044</u>	<u>5,452</u>
At the end of the year	<u>24,880</u>	<u>30,173</u>

- (a) The balance mainly represented the fair value of the contingent consideration payable relating to the acquisition of Chuangxinzhong, which the ultimate payout is contingent upon the fulfilment of certain guaranteed annual profit targets set for Chuangxinzhong for each of the three years ending 30 November 2021, 2022 and 2023.
- (b) During the year, cash consideration amounted to RMB25,624,000 (2022: RMB28,390,000) was paid by the Group in accordance with the payment schedule set out in the share purchase agreement as a result of the fulfilment of the guaranteed profit target for the year ended 30 November 2022.

22 CONVERTIBLE BONDS

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

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

The convertible bonds recognized are calculated as follows:

	<i>RMB'000</i>
Face value of the convertible bonds on the issue date	470,974
Less: transaction costs	(13,915)
	<hr/>
Net proceeds	457,059
Less: equity component	(97,861)
	<hr/>
Liability component on initial recognition	359,198
	<hr/>
Interest accrued at amortization cost	21,210
Coupon interest paid	(14,359)
Currency translation differences	13,271
Liability component at 31 December 2022	379,320
	<hr/>
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
	<hr/>
Liability component at 31 December 2023	405,539
	<hr/> <hr/>

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

Up to 31 December 2023, there has been no conversion or redemption of the convertible bonds.

23 SHARE-BASED PAYMENTS

(a) Share option schemes

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

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

- (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 2023	5,160,000	47.77
Forfeited during the year	<u>(262,750)</u>	<u>38.81</u>
Outstanding as at 31 December 2023	<u>4,897,250</u>	<u>44.18</u>
Vested and exercisable as at 31 December 2023	<u>3,003,250</u>	<u>45.55</u>
Outstanding as at 1 January 2022	4,728,000	47.77
Granted during the year	1,000,000	25.56
Forfeited during the year	<u>(568,000)</u>	<u>43.75</u>
Outstanding as at 31 December 2022	<u>5,160,000</u>	<u>44.08</u>
Vested and exercisable as at 31 December 2022	<u>2,140,250</u>	<u>46.15</u>

During year ended 31 December 2023 and 2022, 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 7.29 years as at 31 December 2023 (2022: 8.30 years).

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

	No. of options	Average exercise price per share option (HKD)
Outstanding as at 1 January 2023	<u>400,000</u>	<u>44.20</u>
Outstanding as at 31 December 2023	<u>400,000</u>	<u>44.20</u>
Vested and exercisable as at 31 December 2023	<u>300,000</u>	<u>44.20</u>
Outstanding as at 1 January 2022	400,000	44.20
Outstanding as at 31 December 2022	<u>400,000</u>	<u>44.20</u>
Vested and exercisable as at 31 December 2022	<u>200,000</u>	<u>44.20</u>

The weighted-average remaining life for the above outstanding share options was 7.02 years as at 31 December 2023 (2022: 8.02 years).

The share-based compensation expenses recognized during the years ended 31 December 2023 and 2022 are summarised in the following table:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Employee options scheme – value of employee services	2,276	31,246

(b) Share award schemes

Under a stock incentive plan approved by the board of directors of the Company (the “**Share Award Plan**”), several batches of share options were granted to certain employees and directors.

In August 2019, the board of directors of the Company passed a resolution, according to which all outstanding options representing 34,109,384 shares of the Company granted under the Share Award 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 Award Plan. The Company granted additional 3,524,000 RSUs to other participants in August 2019.

Details of RSUs are as follows:

Grant date (yyyy/mm/dd)	Number of RSU after share subdivision	Vesting period	Exercise price	Expiration terms
2018/1/1	3,280,000	To be vested evenly within a 4-year period from vesting commencement	USD1.06	15 years from date of grant
2019/8/1	3,524,000	To be vested evenly with in a 4-year period from vesting commencement	USD1.62	Same as above
2021/1/7	390,000	To be vested evenly with in a 42 months period from vesting commencement	HKD16.64	Same as above
2022/1/21	1,500,000	Note i	HKD0.01	Same as above
2023/3/28	8,151,565	Note ii	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.

The share-based compensation expenses recognized during the years ended 31 December 2023 and 2022 are summarized in the following table:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Employee share schemes – value of employee services	77,653	15,136

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

	Average exercise price (RMB)	Number of RSUs
Outstanding balance as at 1 January 2023	5.14	2,033,760
Granted during the year	0.01	8,151,565
Vested during the year	4.25	(2,437,672)
Forfeited during the year	1.10	(292,880)
Outstanding balance as at 31 December 2023	0.14	7,454,773
– Vested but not transferred as at 31 December 2023	6.17	3,314,432
Outstanding balance as at 1 January 2022	10.20	2,780,500
Granted during the year	0.01	1,500,000
Vested during the year	9.04	(1,675,400)
Forfeited during the year	4.86	(571,340)
Outstanding balance as at 31 December 2022	5.14	2,033,760
– Vested but not transferred as at 31 December 2022	10.16	1,765,400

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

The weighted average fair value of awarded shares granted during the year ended 31 December 2023 was HKD24.84 per share (equivalent to approximately RMB21.75 per share) (2022: HKD24.69 (RMB20.19)).

24 EVENTS AFTER BALANCE SHEET DATE

There were no material subsequent events during the period from 1 January 2024 to the approval date of these consolidated financial statements by the Board on 21 March 2024.

OTHER INFORMATION

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

During the Reporting Period, the trustee of the RSU Scheme has utilized an aggregate of approximately HKD113.3 million (including commission and transaction cost) to purchase 7,280,400 Shares on market at a consideration ranging from HKD13.26 to HKD21.5 per share. The Shares purchased during such period represent 1.63% of issued Shares as at December 31, 2023, and will be used as awards for the participant(s) in the RSU Scheme.

During the Reporting Period, the Company has also utilized an aggregate of approximately HKD45.5 million (including commission and transaction cost) to repurchase 3,001,600 Shares on market at a consideration ranging from HKD14.24 to HKD21.25 per share. The Shares repurchased during such period represent 0.67% of issued Shares as at December 31, 2023. All of the shares repurchased during the Reporting Period were subsequently cancelled by the Company. The repurchase was based on the Company's operational growth outlook while acknowledging market conditions and macroeconomic performance indicators. Details of the shares repurchased are as follows:

Month of repurchase in the year ended December 31, 2023	No. of Shares repurchased	Purchase consideration per Share		Aggregate consideration paid HKD
		Highest price paid HKD	Lowest price paid HKD	
January	21,200	21.25	20.50	442,520
August	1,846,000	15.88	14.50	28,097,536
September	1,134,400	15.54	14.24	16,914,960
Total:	3,001,600			45,455,016

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company for the year ended December 31, 2023.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules. The Board is of the view that for the year ended December 31, 2023 and up to the date of this announcement, the Company has complied with most of the code provisions as set out in the CG Code, except for the deviation from code provision C.2.1 of Part 2 as explained below.

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

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

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 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 the Listing Date and up to December 31, 2023.

The Board has also adopted written guidelines (the “**Employees Written Guidelines**”) no less exacting than the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of Part 2 of the CG Code. No incident of non-compliance with the Employees Written Guidelines by the Company's relevant employees had been noted for the year ended December 31, 2023 and up to the date of this announcement after making reasonable enquiry.

Audit Committee and Review of Financial Information

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

The Audit Committee, together with the PricewaterhouseCoopers (the “**Auditor**”), has reviewed the Group's Audited Consolidated Financial Statements for the year ended December 31, 2023. 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

During the year ended December 31, 2023, Mr. Mathias Nicolaus Schilling retired as a non-executive Director upon conclusion of the AGM held on June 5, 2023 to devote more time to pursue his other work commitments. Mr. Mathias Nicolaus Schilling has confirmed that he has no disagreement with the Board and there is no matter in relation to his retirement that needs to be brought to the attention of Stock Exchange or the Shareholders.

Save as disclosed above, there is no change in Directors' biographical details which is required to be disclosed pursuant to rules 13.51(2) and 13.51B(1) of the Listing Rules for the year ended December 31, 2023.

Scope of Work of the Auditor

The Auditor found the figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2023 as set out in this announcement were in agreement with the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by the Auditor in this respect does not constitute an audit, review or other assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no opinion or assurance has been expressed by the Auditor.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the website of the Stock Exchange (<https://www.hkexnews.hk/>) and the website of the Company (<https://www.yeahka.com/>). The annual report of the Company for the year ended December 31, 2023 containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the same websites in due course.

APPRECIATION

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

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

Hong Kong, March 21, 2024

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