Duiba Group
兑吧集团

DUIBA GROUP LIMITED
兑吧集团有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1753)

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

Financial Data Highlights

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue		
User management SaaS platform business	**191,884**	165,548
Internet advertising business	**838,859**	1,425,784
Others	**65,695**	25,270
Total	**1,096,438**	1,616,602

For the year ended 31 December 2023, our revenue decreased by 32.2% as compared with the corresponding period of 2022.

The board (the "**Board**") of directors (the "**Director(s)**") of Duiba Group Limited (the "**Company**", together with its subsidiaries, the "**Group**", "**we**", "**our**" or "**us**") hereby announces the audited consolidated annual results of the Group for the year ended 31 December 2023 (the "**Reporting Period**"), together with comparative figures for the year ended 31 December 2022 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
REVENUE	*4*	**1,096,438**	1,616,602
Cost of sales		**(851,966)**	(1,307,483)
Gross profit		**244,472**	309,119
Other income and gains	*4*	**65,442**	45,326
Selling and distribution expenses		**(117,747)**	(154,486)
Administrative expenses		**(115,771)**	(202,515)
Impairment losses on financial assets, net		**(26,406)**	(11,529)
Other expenses		**(4,984)**	(11,653)
Finance costs		**(8,732)**	(367)
Share of loss of an associate		**(891)**	(1,052)
PROFIT/(LOSS) BEFORE TAX	*5*	**35,383**	(27,157)
Income tax expense	*6*	**(4,933)**	(18,740)
PROFIT/(LOSS) FOR THE YEAR		**30,450**	(45,897)
Attributable to:			
Owners of the parent		**30,450**	(45,897)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**11,875**	52,408
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**11,875**	52,408
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**42,325**	6,511

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
Year ended 31 December 2023

	Note	**2023**	2022
		RMB'000	*RMB'000*
Attributable to:			
Owners of the parent		**42,325**	6,511
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
BASIC AND DILUTED *(RMB)*	*8*	**2.9 cents**	(4.4) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,796**	7,775
Intangible assets		**2,301**	2,963
Right-of-use assets		**4,075**	8,833
Investment in an associate		**234,891**	159,782
Deferred tax assets		**9,712**	13,229
Time deposit		**–**	31,424
Pledged deposits		**121,692**	–
Prepayments, other receivables and other assets		**9,883**	2,014
Total non-current assets		**385,350**	226,020
CURRENT ASSETS			
Trade receivables	*9*	**344,051**	233,521
Prepayments, other receivables and other assets		**363,134**	233,413
Financial assets at fair value through profit or loss		**215,899**	329,508
Restricted cash		**1,223**	2,418
Pledged deposits		**245,459**	130,133
Time deposits		**297,886**	–
Cash and cash equivalents		**288,460**	654,671
Total current assets		**1,756,112**	1,583,664
CURRENT LIABILITIES			
Trade payables	*10*	**63,419**	78,330
Other payables and accruals		**187,926**	203,938
Tax payable		**4,001**	3,835
Contract liabilities		**21,406**	79,762
Interest-bearing bank borrowings		**505,525**	127,822
Lease liabilities		**1,831**	7,391
Total current liabilities		**784,108**	501,078
NET CURRENT ASSETS		**972,004**	1,082,586

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2023

	2023	2022
	RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,357,354**	1,308,606
NON-CURRENT LIABILITIES		
Lease liabilities	**1,741**	326
Deferred tax liabilities	**617**	689
Total non-current liabilities	**2,358**	1,015
Net assets	**1,354,996**	1,307,591
EQUITY		
Equity attributable to owners of the parent		
Share capital	**70**	70
Reserves	**1,354,926**	1,307,521
Total equity	**1,354,996**	1,307,591

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2023

	Note	**2023** **RMB'000**	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**35,383**	(27,157)
Adjustments for:			
Share of loss of an associate		**891**	1,052
Interest income	4	**(27,912)**	(11,465)
Investment income from financial assets at fair value through profit or loss	4	**(3,363)**	(9,664)
Foreign exchange differences, net		**(1,573)**	628
Loss on disposal of items of property, plant and equipment		**256**	97
Loss on termination of leases		**244**	345
Depreciation of property, plant and equipment		**4,510**	5,986
Fair value (gains)/loss, net:			
Financial assets at fair value through profit or loss		**(5,372)**	2,325
Amortisation of intangible assets		**676**	727
Finance costs		**8,732**	367
Equity-settled share award and option expense		**5,080**	14,063
Depreciation of right-of-use assets		**7,208**	8,285
Impairment of non-financial assets, net		**2,472**	–
Impairment of financial assets, net		**26,406**	11,529
		53,638	(2,882)
Decrease in restricted cash		**1,195**	18,344
Increase in trade receivables		**(136,608)**	(117,226)
Increase in prepayments, other receivables and other assets		**(123,718)**	(113,668)
Decrease in trade payables		**(14,911)**	(42,463)
(Decrease)/increase in other payables and accruals		**(18,714)**	32,801
(Decrease)/increase in contract liabilities		**(58,356)**	47,102
Cash used in operations		**(297,474)**	(177,992)
Interest received		**2,267**	3,622
Income tax paid		**(1,892)**	(1,998)
Net cash flows used in operating activities		**(297,099)**	(176,368)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of items of property, plant and equipment	**498**	195
Purchases of items of property, plant and equipment	**(229)**	(692)
Purchases of financial assets at fair value through profit or loss	**(147,000)**	(697,000)
Proceeds from disposal of financial assets at fair value through profit or loss	**272,249**	1,376,973
Repayment from loans receivable	**9,240**	7,960
Advances of loans receivable	**(20,300)**	(6,900)
Purchase of a shareholding in an associate	**(76,000)**	(76,000)
Purchases of intangible assets	**(207)**	(182)
Purchases of time deposits	**(407,068)**	(1,203,836)
Repayment of time deposits	**544,204**	804,765
Purchases of pledged deposits	**(300,000)**	(130,000)
Repayment of pledged deposits	**130,000**	–
Acquisition of subsidiaries	**(1,649)**	(2,244)
Interest received	**20,679**	2,018
Net cash flows from investing activities	**24,417**	75,057
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal portion of lease payments	**(6,839)**	(8,489)
Interest paid for lease liabilities	**(343)**	(367)
Purchases of pledged deposits	**(202,012)**	–
Repayment of pledged deposits	**139,009**	–
New bank borrowings	**906,510**	127,822
Repayment of bank borrowings	**(531,846)**	–
Interest paid for bank borrowings	**(5,350)**	–
Net cash flows from financing activities	**299,129**	118,966
NET INCREASE IN CASH AND CASH EQUIVALENTS	**26,447**	17,655
Effect of foreign exchange rate changes, net	**10,535**	8,082
Cash and cash equivalents at beginning of year	**251,478**	225,741
CASH AND CASH EQUIVALENTS AT END OF YEAR	**288,460**	251,478

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**288,460**	251,478
Non-pledged time deposits with original maturity between three months and one year, when acquired	**–**	403,193
Cash and cash equivalents as stated in the consolidated statement of financial position	**288,460**	654,671
Non-pledged time deposits with original maturity between three months and one year, when acquired	**–**	(403,193)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**288,460**	251,478

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 26 February 2018. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. On 7 May 2019, the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. During the year, the Company's subsidiaries were principally involved in user management Software-as-a-Service ("**SaaS**") platform business and internet advertising business.

In the opinion of the directors, the Company does not have an immediate holding company or ultimate holding company. Mr. Chen Xiaoliang and Xiaoliang Holding Limited, which is incorporated in the British Virgin Islands, are the controlling shareholders of the Company, as defined in the Rules Governing the Listing of Securities on The Stock Exchange.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investments in financial products and unlisted equity investment, which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

During the year, the Group operated within one geographical area as all of the Group's revenue was generated from customers located in Chinese Mainland. All of the non-current assets of the Group were located in Chinese Mainland.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2023	2022
	RMB'000	*RMB'000*
Customer 1	**333,619**	N/A*
Customer 2	**299,779**	479,531
Customer 3	**N/A***	320,077
Customer 4	**N/A***	318,745

* The corresponding revenue of the customer is not disclosed as the revenue did not individually account for 10% or more of the Group's revenue for the years.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**1,096,438**	1,616,602

Revenue from contracts with customers

Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Types of services or goods		
Internet advertising business	**838,859**	1,425,784
User management SaaS platform business	**191,884**	165,548
Others	**65,695**	25,270
Total	**1,096,438**	1,616,602

	2023	2022
	RMB'000	*RMB'000*
Other income and gains		
Interest income	**27,912**	11,465
Government grants*	**26,400**	16,366
Investment income from financial assets at fair value through profit or loss	**3,363**	9,664
Fair value gains, net:		
Financial assets at fair value through profit or loss	**5,372**	7,609
Foreign exchange differences, net	**1,573**	–
Others	**822**	222
Total other income and gains	**65,442**	45,326

* The amount represents grants received from the government authorities of Chinese Mainland by the Group's subsidiaries in connection with certain financial support to local business enterprises for the purpose of encouraging business development and additional deductions of input value-added tax. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Note	**2023** *RMB'000*	2022 *RMB'000*
Cost of inventories sold		**129,668**	49,781
Cost of services provided		**722,298**	1,257,702
Depreciation of property, plant and equipment		**4,510**	5,986
Depreciation of right-of-use assets		**7,208**	8,285
Amortisation of intangible assets*		**676**	727
Interest income	*4*	**(27,912)**	(11,465)
Foreign exchange differences, net		**(1,573)**	628
Loss on disposal of items of property, plant and equipment		**256**	97
Loss on termination of leases		**244**	345
Share of loss of an associate		**891**	1,052
Impairment of intangible assets**		**2,472**	–
Impairment of financial assets, net:			
Impairment of trade receivables, net		**26,287**	1,132
Impairment of other receivables, net		**119**	10,397
Total		**26,406**	11,529
Fair value (gains)/loss, net:			
Unlisted equity investments		**129**	9,770
Other unlisted investments		**(5,501)**	(7,445)
Total		**(5,372)**	2,325
Investment income from financial assets at fair value through profit or loss	*4*	**(3,363)**	(9,664)
Research and development costs		**44,739**	123,515
Lease payments not included in the measurement of lease liabilities		**1,265**	164
Auditor's remuneration		**2,630**	2,780
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**126,345**	201,031
Equity-settled share award and option expense		**3,990**	10,894
Pension scheme contributions (defined contribution scheme)***		**5,901**	12,742
Staff welfare expense		**25,143**	60,860
Total		**161,379**	285,527

* The amortisation of intangible assets for the year is included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

** The impairment of intangible assets are included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. INCOME TAX

The major components of income tax charge of the Group during the year are analysed as follows:

	2023 *RMB'000*	2022 *RMB'000*
Charge for the year	**2,058**	5,833
Deferred tax	**2,875**	12,907
Total tax charge for the year	**4,933**	18,740

A reconciliation of the tax charge applicable to profit/(loss) before tax at the statutory rate to the tax charge at the effective tax rate is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Profit/(loss) before tax	**35,383**	(27,157)
Tax at the tax rate of 25%	**8,846**	(6,789)
Effect of tax rate differences in other jurisdictions	**(2,074)**	(1,318)
Effect of preferential lower tax rates entitled	**(12,046)**	(2,364)
Additional deduction allowance for research and development costs	**(6,685)**	(12,803)
Expenses not deductible for tax	**12,043**	8,660
Losses attributable to an associate	**223**	263
Tax losses utilised from previous periods	**(2,920)**	–
Tax losses not recognised	**8,494**	31,853
Income not subject to tax	**(948)**	–
Adjustments in respect of current tax of previous periods	**–**	1,238
Tax charge at the Group's effective rate	**4,933**	18,740

7. DIVIDENDS

The board of directors did not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year. The number of shares for the years ended 31 December 2023 and 2022 have been arrived at after eliminating the shares of the Company held under the restricted stock unit and restricted stock unit options.

	2023 *RMB'000*	2022 *RMB'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent	**30,450**	(45,897)

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,058,004,500**	1,047,653,500

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the impact of the restricted stock unit and restricted stock unit option outstanding had an anti-dilutive effect on the basic earnings/(loss) per share amounts presented.

9. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**390,629**	253,812
Impairment	**(46,578)**	(20,291)
Net carrying amount	**344,051**	233,521

Trade receivables are non-interest-bearing and the credit period is generally 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
0 to 30 days	**118,614**	142,644
31 to 90 days	**141,794**	48,858
91 to 180 days	**53,544**	20,600
181 to 365 days	**23,569**	19,057
1 to 2 years	**6,530**	2,362
Total	**344,051**	233,521

10. TRADE PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**63,419**	78,330

An ageing analysis of the trade payables as at the end of the reporting period, based on the transaction date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
0 to 180 days	**35,676**	60,523
181 to 365 days	**7,421**	3,612
1 to 2 years	**8,016**	5,657
2 to 3 years	**4,386**	8,272
Over 3 years	**7,920**	266
Total	**63,419**	78,330

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is a leading user management Software-as-a-Service ("**SaaS**") service provider and internet advertising ("**Internet Advertising**") platform operator in China. It provides full-cycle operation services in user acquisition, activity retention and monetization for tens of thousands of customers in financial, internet and other industries.

1. User Management SaaS Platform Business

Our user management SaaS platform is designed to help businesses attract and retain online users in a cost-effective manner, by offering various fun and engaging user management tools (including reward point/membership management, gamification user management, e-commerce live streaming for bank credit cards, enterprise marketing tool via WeChat, and financial industry live streaming) to boost mobile App user activity and participation on Apps.

As at 31 December 2023, the number of paying customers which used our charged user management SaaS services decreased to 693 (2022: 711), including 248 customers from financial industry (2022: 243) and 445 customers from other industries (2022: 468). For the year ended 31 December 2023, the number of newly signed contracts (including renewed contracts) for the Group's user management SaaS platform business reached 368 (2022: 464). The total value of our newly signed contracts (including renewed contracts) in 2023 was approximately RMB89.2 million (2022: approximately RMB138.8 million), and the average charge per signed contract was approximately RMB242,000.

In the meantime, our user management SaaS platform business in the second half of 2023 still maintained a growth as compared to the first half of the 2023. The total value of our newly signed contracts (including renewed contracts) in the second half of 2023 reached RMB48.2 million, and the revenue generated from user management SaaS platform business was RMB107.3 million, representing an increase of 17.6% and 26.9% over the first half of 2023, respectively. Among them, the total value of the newly signed contracts (including renewed contracts) with banking customers in the second half of 2023 reached RMB13.2 million, representing an increase of 6.5% over the first half of 2023.

The following table sets forth the financial performance of user management SaaS platform business for the years indicated:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue	**191,884**	165,548
Cost of sales	**(113,027)**	(60,315)
Selling and distribution expenses	**(75,331)**	(101,341)
Administrative expenses (excluding research and development expenses)	**(52,502)**	(60,823)
Research and development expenses	**(27,392)**	(78,804)
Total	**(76,368)**	(135,735)

The following table sets forth a breakdown of our revenue from user management SaaS for the years indicated:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
User management SaaS solutions	**79,393**	110,911
Other value-added services	**112,491**	54,637
Total	**191,884**	165,548

2. Internet Advertising business

	For the year ended 31 December 2023	2022
DAUs (millions)[1]	**23.2**	36.9
MAUs (millions)[1]	**373.0**	565.6
Advertising page views (millions)[2]	**7,771.7**	14,277.6
Number of chargeable clicks (millions)[3]	**2,315.1**	3,562.2
Under the CPC model (millions)[3]	**2,232.7**	3,438.5
Others (millions)	**82.4**	123.7
Click-through rate[4]	**29.8%**	24.9%
Average revenue per chargeable click under the CPC model (RMB)	**0.38**	0.41

(1) Daily active users ("**DAUs**") and monthly active users ("**MAUs**") refer to the average number of active users contributed by our HTML5 Internet Advertising pages for the years indicated and not the average active users of the content distribution channels.

(2) Advertising page views are the total number of page views of our HTML5 Internet Advertising pages for the years indicated.

(3) Chargeable clicks are the total number of times users are directed to the mobile internet pages designated by the advertising customers for the years indicated.

(4) Click-through rate is calculated as the number of chargeable clicks divided by the number of advertising page views for the years indicated.

	For the year ended 31 December 2023	2022
Content distribution channels	**3,362**	5,023
Ultimate advertising customers	**1,066**	1,334

For the year ended 31 December 2023, the Group had placed Internet Advertising on 3,362 content distribution channels, mainly comprising mobile Apps, and the Group's Internet Advertising business served 1,066 advertising customers (either through advertising agent customers or as our direct customers).

In 2015, the Group pioneered and launched its Internet Advertising business, which aggregated the traffic of different App scenarios, systematically managed content activities, and achieved large-scale monetization through advertisements, thereby achieving a win-win situation for each of the advertising customers, media suppliers and users. Advanced big data analytics and AI technology also provides robust support to the innovation and operations of our Internet Advertising platform. We generally charge our Internet Advertising customers based on the performance of advertisements. The majority of our revenue from our Internet Advertising business for the year ended 31 December 2023 was generated from the CPC (cost per click) model (the "**CPC Model**"). Under the CPC Model, we charged customers only if viewers interacted with our advertising tools and were directed to the mobile internet pages designated by the advertising customers.

The Internet Advertising model of the Group attracts users with rich and interesting high-engagement activities and provides users with entertainment and leisure. Meanwhile, the advertisements are presented in the form of discounts and benefits on the landing pages, which meets and stimulates the demand of users.

For the year ended 31 December 2023, the revenue from our Internet Advertising business decreased by 41.2% to RMB838.9 million (2022: RMB1,425.8 million). 21.1% of such revenue were derived from the communication service (operator) industry (2022: 16.6%), while only 2.0% came from the financial industry (2022: 2.0%). Among the top 20 customers from the Internet Advertising business in terms of revenue contribution in 2023, two customers were from the operator industry, and 13 customers were from the Internet enterprises.

The Group has made persistent efforts to upgrade its advertising technology capability and provide online automated and customized services to both content distribution channels and advertising customers through our Internet Advertising platform consisting of the media management platform and the smart advertising system.

3. Research and Development

As at 31 December 2023, the number of employees from our research and development department was 144 (2022: 298), accounting for 33.0% (2022: 39.8%) of the Group's total employees, which led the Group's research and development expenses decreased by 63.8% from RMB123.5 million in 2022 to RMB44.7 million in 2023.

FINANCIAL REVIEW

In 2023, due to the impact of global economic uncertainty, advertising customers' budget plan has become more conservative, resulting in a significant decrease in advertising revenue; meanwhile, the Company has been continuously optimizing its internal management, constantly improving operational efficiency, and reducing operating costs and administrative expenses, thus an overall profit was realized during the year.

Revenue

For the year ended 31 December 2023, the Group recorded a total revenue of RMB1,096.4 million (2022: RMB1,616.6 million), representing a decrease of approximately 32.2% as compared with the corresponding period of 2022. The decrease was mainly attributable to a reduce of 41.2% to RMB838.9 million in revenue from our Internet Advertising business for the year ended 31 December 2023 as compared with the corresponding period of 2022, which reflects the apparent slump in the growth of the Internet Advertising business due to the tightening of advertising customers' future budgets in the current climate of economic uncertainty.

The revenue generated from our user management SaaS platform business increased by 15.9% to RMB191.9 million for the year ended 31 December 2023 as compared with the corresponding period of 2022, which was mainly due to the increase in the total amount of other value-added services in 2023.

In addition, the Group recorded a revenue of RMB388.0 million in the second half of 2023 (first half of 2023: RMB708.4 million), representing a decrease of 45.2% as compared with the first half of 2023. The decrease was mainly attributable to the decrease in revenue from the Internet Advertising business by 64.1% to RMB221.5 million as compared with the first half of 2023.

Gross Profit

For the year ended 31 December 2023, the Group recorded a gross profit of RMB244.5 million (2022: RMB309.1 million), representing a decrease of approximately 20.9% as compared with the corresponding period of 2022. The gross profit margin was approximately 22.3% (2022: 19.1%) and the classified gross profit margin of user management SaaS platform business and Internet Advertising business were 41.1% and 15.1%, respectively. The increase in gross profit margin was mainly due to the continuous improving operational efficiency and reducing operating costs of the Group.

Selling and Distribution Expenses

For the year ended 31 December 2023, the Group recorded selling and distribution expenses of RMB117.7 million (2022: RMB154.5 million), representing a decrease of 23.8% as compared with the corresponding period of 2022, which was mainly due to the significant decrease in the number of sales employees of the Group. Meanwhile, selling and distribution expenses as a percentage of the total revenue increased to approximately 10.7% (2022: approximately 9.6%), which was mainly due to the decrease in the sales revenue of the Group for the year ended 31 December 2023.

Administrative Expenses

For the year ended 31 December 2023, the Group recorded administrative expenses of RMB115.8 million, representing a decrease of 42.8% as compared with RMB202.5 million in the corresponding period of 2022. Meanwhile, administrative expenses as a percentage of the total revenue decreased to approximately 10.6% (2022: approximately 12.5%), which was mainly due to the downsize of the Company's related employees in 2023, and the internal control of related expenses has become more stringent. The Group recorded research and development expenses of RMB44.7 million (2022: RMB123.5 million) and share-based payment of RMB5.1 million (2022: RMB14.1 million), respectively, for the year ended 31 December 2023.

Profit/(loss) for the Year

Based on the above factors, the Group recorded a profit attributable to the owners of the parent of the Company of RMB30.5 million for the year ended 31 December 2023 (2022: a loss attributable to the owners of the parent of the Company of RMB45.9 million), and the basic earnings per share was RMB2.9 cents (2022: basic loss per share of RMB4.4 cents).

Non-HKFRS Measure

To supplement our consolidated financial statements which are presented in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), we also use a non-HKFRS measure, adjusted profit/(loss) for the year, as an additional financial measure, which is not required by, or presented in accordance with, HKFRSs. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that we do not consider to be indicative of our operating performance. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management.

The following table reconciles our adjusted profit/(loss) for the year presented to the most directly comparable financial measure calculated and presented in accordance with HKFRSs:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) for the year	**30,450**	(45,897)
Add:		
Share-based payment	**5,080**	14,063
Adjusted profit/(loss) for the year(1)	**35,530**	(31,834)

(1) We define "adjusted profit/(loss) for the year" as profit/(loss) for the year, adding back share-based payment. Adjusted profit/(loss) for the year is not a measure required by or presented in accordance with HKFRSs. The use of adjusted profit/(loss) for the year has limitations as an analytical tool and should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under HKFRSs.

For the year ended 31 December 2023, the Group recorded an adjusted profit of RMB35.5 million (2022: adjusted loss of RMB31.8 million), which was mainly due to the reduction of the operating costs and more stringent internal control of the relevant expenses.

Cash Flows

For the year ended 31 December 2023, our net cash outflow used in operating activities was RMB297.1 million (2022: net cash outflow of RMB176.4 million), and such change was primarily due to the increase in trade receivables for the year ended 31 December 2023. Our net cash inflow from investing activities was RMB24.4 million (2022: net cash inflow of RMB75.1 million), and such change was mainly due to the maturity of certain wealth management products on 31 December 2023. Our net cash inflow from financing activities was RMB299.1 million (2022: net cash inflow of RMB119.0 million), and such change was mainly due to the increase in the bank borrowings of Group for the year ended 31 December 2023.

Gearing Ratio

The Group monitors capital using a gearing ratio, which is calculated by net debt divided by total capital and net debt. Net debt includes interest-bearing bank borrowings, trade payables and other payables and accruals, less cash and cash equivalents.

As at 31 December 2023, the gearing ratio was approximately 25.7% while the Group was in a net cash position as at 31 December 2022.

Liquidity and Capital Structure

During the year ended 31 December 2023, the daily working capital of the Group was primarily derived from internally generated cash flow from operating activities and bank borrowings. As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB288.5 million (as at 31 December 2022: approximately RMB251.5 million). As at 31 December 2023, the Group had interest-bearing bank borrowings of RMB505.5 million and are expected to mature within 1 year.

Foreign Exchange Risk Management

The Group has transactional currency exposures. Such exposures arise from the issue of share in currencies different from the operating units' functional currencies. At present, the Group does not intend to hedge its exposure to foreign exchange fluctuations. However, the management of the Company constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

Material Acquisitions, Disposals of Subsidiaries, Associates and Joint Ventures, Significant Investment and Future Plans for Material Investment or Capital Assets

As of 31 December 2023, the Group held a total of 19.0% equity interest in Zhejiang Gushang Intelligent Technology Co., Ltd.* (浙江谷尚智能科技有限公司) ("**Gushang Intelligent Technology**") through a wholly-owned subsidiary of the Company, Hangzhou Keze Network Technology Co., Ltd.* (杭州可澤網絡科技有限公司), with an aggregate carrying value of RMB234.9 million. The principal activities of Gushang Intelligent Technology include the construction of buildings and parking lots on a land parcel located in the Hangzhou Zijingang Science and Technology Town, which have been topped out in December 2023 (the "**Project**"). As of 31 December 2023, the carrying amount of the investment in Gushang Intelligent Technology represented approximately 11.0% of the total assets of the Group. For details, please refer to the announcements of the Company dated 19 June 2020 and 24 June 2020. As at the date of this announcement, Gushang Intelligent Technology is an associate of the Group. Given the Project is not ready for the intended purpose, there was no unrealised or realised gain or loss, and the Group did not receive any dividend for the year ended 31 December 2023. Save as disclosed above, as at the date of this announcement, there were no (i) material acquisitions, disposals of subsidiaries, associates and joint ventures; (ii) significant investment; and (iii) future plans for material investments or capital assets of the Group for the year ended 31 December 2023.

Contingent Liabilities

Hengfei Holding Limited (the "**Plaintiff**") has commenced proceedings against the Company and Mr. Chen Xiaoliang (a shareholder of the Company (the "**Shareholder(s)**") and an executive Director), in respect of allegations that the Company and Mr. Chen Xiaoliang have wrongfully retained, delayed in returning and failed/refused to return the Plaintiff's share certificate of shares in the Company, resulting in losses. According to the Plaintiff's latest pleadings, the maximum amount of the claim is approximately HK$61,000,000. The Directors believe, based on the evidence and information currently available, and the Group's legal counsel is of the view, that the Company has a number of valid defence arguments against the claim and even if the plaintiff case succeeds on liability, the potential quantum would be determinable by reference to a few factors such as the date of the alleged conversion and the range of expert's respective assessment, therefore it would be extremely difficult to make any assessment for the amount of the claim reliably at this stage. Accordingly, no provision arising from the claim, other than the related legal and other costs, has been provided for as of 31 December 2023.

Charge on Assets

As at 31 December 2023, the Group recorded pledged deposits of RMB367.2 million as security for interest-bearing bank borrowings (as at 31 December 2022: RMB130.1 million).

Subsequent Event

There are no significant events that require additional disclosure or adjustments occurred after 31 December 2023.

ORGANIZATION AND TALENT RETENTION

As at 31 December 2023, the Group's workforce was 437 (as at 31 December 2022: 748), including 66 sales employees, 49 administration employees, 178 operation employees and 144 research and development employees, employees benefit expenses were approximately RMB166.5 million for the year ended 31 December 2023 (2022: approximately RMB292.1 million). Identification and development of high potential talents has been listed as a top priority for the management of the Company this year. Moreover, the Group may provide incentives to talents by granting them with share options and share awards of the Company. The remuneration of employees was determined based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. The Group provided trainings to staff based on their job duties and functions.

SOCIAL RESPONSIBILITY

During the year ended 31 December 2023, the Group upheld the principle of "serving the people and giving back to the society" and actively sought opportunities to give back to the society in order to create a better living environment for the local communities. The Group donated RMB100,000 to the Yishang General Association, RMB100,000 to the Hangzhou Xihu District Charity Federation, RMB50,000 to the Qingchuan County Charity General Association and RMB10,000 to the Zhejiang Province Youth Development Foundation. During the year ended 31 December 2023, the Group also made donations of teaching materials to Hangzhou Normal University.

FUTURE OUTLOOK

Currently with the continuous innovation of artificial intelligence, big data analysis, natural language processing and other technologies, various industries are increasing their focus on efficiency, accuracy and personalization of digital marketing, while the data they accumulated in the course of serving consumers has meanwhile become valuable resources. Various industries are figuring how to safely and efficiently combine digital marketing and accumulated resources to further provide consumers with quality services and products, and promote enterprises to gain customers' greater loyalty to the brand through digital transformation. To this end, we will continue to provide efficient and precise digital marketing solutions for a wide range of domestic enterprises, and help them tap and cultivate the loyalty of their target users.

Looking forward to 2024, global economic uncertainties may affect the growth rate of advertising expenses, and enterprises are also becoming more conservative in their spending on digital transformation. With the challenges ahead, the Company will continue to adhere to its customer-centricity philosophy, improve operational efficiency and create value for its customers, thereby realizing its own sustainable development.

DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 24 May 2024 to Friday, 31 May 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the annual general meeting of the Company (the "**AGM**") to be held on Friday, 31 May 2024, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 23 May 2024.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should be performed by different individuals.

At present, the roles of the chairman of the Board and the chief executive officer of the Company are performed by Mr. Chen Xiaoliang. The Board believes that Mr. Chen Xiaoliang should continue to assume the responsibilities of the chairman of the Board and the chief executive officer of the Company as this arrangement will improve the efficiency of our decision-making and execution process given his familiarity with the Group.

During the daily operations of the Company, all material decisions are approved by the Board and the relevant Board committees, as well as the senior management team of the Company. In addition, the Directors proactively participate in all Board meetings and all relevant Board committee meetings, and the chairman of the Board and relevant chairman of the board committees of the Board ensures all the Directors are duly informed of all the matters to be approved at the meetings. In addition, the senior management team of the Company provides the Board with sufficient, clear, complete and reliable company information on a regular basis and from time to time. The Board also regularly meets and reviews the operations of the Company under the leadership of Mr. Chen Xiaoliang on a quarterly basis.

The Board is therefore of the view that there is an adequate balance of power and that appropriate safeguards are in place. The dual roles of Mr. Chen Xiaoliang have no effect on the balance of power and authority between Board and the senior management team of the Company. The Board will continue to regularly monitor and review the Company's current corporate governance structure and to make necessary changes when appropriate.

Save as disclosed above, the Company has complied with all applicable code provisions of the CG Code for the year ended 31 December 2023. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the year ended 31 December 2023.

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

During the year ended 31 December 2023, neither the Company nor its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Board has established the audit committee which is chaired by an independent non-executive Director, Mr. Kam Wai Man, and consists of the two other independent non-executive Directors, Dr. Gao Fuping and Dr. Shi Jianxun (the "**Audit Committee**"). The primary duties of the Audit Committee are to provide the Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Directors.

The Audit Committee, together with management of the Company, has reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 December 2023.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Qualified opinion

We have audited the consolidated financial statements of Duiba Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 5 to 93, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the effects of the matters described in the "Basis for qualified opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for qualified opinion

As referred to in Note 19 to the financial statements, the Group recorded an investment in an unlisted British Virgin Islands fund (the "**BVI Fund**") of RMB80,358,000 (2022: RMB78,157,000) as "Financial assets at fair value through profit or loss" as at 31 December 2023, and recorded a fair value gain of RMB871,000 (2022: RMB3,485,000) for the year then ended. The Group was the sole investor in the BVI Fund, which in turn, had invested solely in term notes issued by Entity A, an unlisted overseas company. When tracing the initial payments made for the investments in the BVI Fund, we noted that the payments were made directly from the Group to Entity A. Since the initial investments made in 2020, the Group executed the renewal options with the BVI Fund, and has not redeemed or attempted to redeem, in full or in part, its investments.

Based on the above, we have not obtained sufficient reliable audit evidence to substantiate the commercial substance and nature of these payments. Consequently, we are unable to determine the appropriate accounting impact of these payments, including classification, valuation, recoverability, and related disclosures. There were no alternative procedures that are available for us to satisfy ourselves in respect of this investment. Any adjustments to the figure as described above might have a consequential effect on the financial position of the Group as at 31 December 2023 and its financial performance for the year then ended and the related disclosures thereof, including those related to the comparatives, in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

PUBLICATION OF THE ANNUAL RESULTS AND 2023 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (http://www.duiba.cn), respectively, and the 2023 Annual Report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
DUIBA GROUP LIMITED
Chen Xiaoliang
Chairman

Hangzhou, China, 28 March 2024

As at the date of this announcement, the Board comprises Mr. Chen Xiaoliang, Mr. Zhu Jiangbo and Mr. Cheng Peng as executive Directors, Ms. Yang Jiaqing as non-executive Director, and Mr. Kam Wai Man, Dr. Gao Fuping and Dr. Shi Jianxun as independent non-executive Directors.

* *The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*