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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 2019

Financial and Operational Data Highlights for the Year Ended 31 December 2019

Financial Data Highlight

	For the year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Revenue		
User management SaaS platform business	**33,655**	13,661
Interactive advertising business	**1,617,843**	1,110,108
Others	**138**	13,263
Total	**1,651,636**	1,137,032

For the year ended 31 December 2019, our revenue increased by 45.3% compared with 2018.

Non-HKFRS Measure

To supplement our consolidated financial statements which are presented in accordance with 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 for the year presented to the most directly comparable financial measure calculated and presented in accordance with HKFRSs:

	For the year end 31 December	
	2019	2018
	RMB'000	*RMB'000*
Loss for the year	**(199,804)**	(291,582)
Add:		
Share-based payment	**28,769**	12,247
Listing expenses	**35,226**	25,188
Changes in fair value of financial liabilities at fair value through profit or loss	**475,790**	453,592
Finance costs(1)	**–**	5,772
Adjusted profit for the year(2)	**339,981**	205,217

(1) For the year ended 31 December 2018, the finance costs represented dividends the Company paid to the holders of its redeemable preference shares. Such expenses did not recur after the conversion of the redeemable preference shares into ordinary shares which took place immediately before the listing of the Company's shares on the Stock Exchange.

(2) We define "adjusted profit for the year" as profit for the year, adding back share-based payment, listing expenses, changes in fair value of financial liabilities at fair value through profit or loss, and finance costs. Adjusted profit for the year is not a measure required by or presented in accordance with HKFRSs. The use of adjusted profit for the year has limitations as an analytical tool, and you 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.

Operational Data Highlights

The Group is a user management SaaS provider for online businesses and a leading interactive advertising platform operator in China. The Group's key operational data are as follows:

User management SaaS platform

As at 31 December 2019, 645 paying customers (2018: 373) including 376 app developers (which are online businesses) (2018: 272) and 269 offline businesses (2018: 101) had used the Group's charged services, and the Group recorded revenue of RMB33.7 million for the year ended 31 December 2019 from such business (2018: RMB13.7 million).

Interactive advertising business

	For the year ended 31 December	
	2019	2018
DAUs (millions)(1)	**31.2**	20.5
MAUs (millions)(1)	**414.3**	284.7
Advertising page views (millions)(2)	**19,488.3**	14,523.8
Number of chargeable clicks (millions)(3)	**5,273.9**	3,819.9
Under CPC model (millions)(3)	**4,180.9**	3,072.2
Others (millions)	**1,093.0**	747.7
Click-through rate(4)	**27.1%**	26.3%
Average revenue per chargeable click under the CPC model (RMB)	**0.37**	0.35

(1) DAUs and MAUs refer to the average number of active users contributed by our HTML5 interactive 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 interactive 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 advertisers 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	
	2019	2018
Content distribution channels	**6,929**	4,065
Ultimate advertisers	**4,015**	2,938

For the year ended 31 December 2019, the Group had placed interactive advertisements on 6,929 content distribution channels, mainly comprising mobile apps, and the Group's interactive advertising business served 4,015 ultimate advertisers (either through advertising agent customers or as our direct customers). The average revenue from the Group's interactive advertising business per ultimate advertiser was about RMB402,950 in 2019 (2018: RMB377,845).

The board (the "Board") of directors (the "Directors") of Duiba Group Limited (the "Company") announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2019, with comparative figures for the year ended 31 December 2018:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
REVENUE	6	**1,651,636**	1,137,032
Cost of sales		**(1,084,138)**	(708,119)
Gross profit		**567,498**	428,913
Other income and gains	6	**31,942**	13,222
Selling and distribution expenses		**(105,185)**	(107,156)
Administrative expenses		**(221,813)**	(173,554)
Changes in fair value of financial liabilities at fair value through profit or loss		**(475,790)**	(453,592)
Other expenses		**(5,774)**	(1,139)
Finance costs		**(244)**	(5,772)
LOSS BEFORE TAX	7	**(209,366)**	(299,078)
Income tax credit	8	**9,562**	7,496
LOSS FOR THE YEAR		**(199,804)**	(291,582)
Attributable to:			
Owners of the parent		**(199,804)**	(291,582)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**52,299**	(33,572)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**52,299**	(33,572)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(147,505)**	(325,154)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
For the year ended 31 December 2019

	Note	**2019**	2018
		RMB'000	*RMB'000*
Attributable to:			
Owners of the parent		**(147,505)**	(325,154)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
BASIC AND DILUTED *(RMB)*	*10*	**(21.9) cents**	(44.0) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	**2019** **RMB'000**	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**5,238**	8,930
Intangible assets		**679**	894
Right-of-use assets		**3,494**	–
Deferred tax assets		**20,863**	10,877
Prepayments, other receivables and other assets		**1,606**	1,979
Total non-current assets		**31,880**	22,680
CURRENT ASSETS			
Trade receivables	*11*	**146,586**	114,963
Prepayments, other receivables and other assets		**124,155**	46,570
Financial assets at fair value through profit or loss		**1,072,857**	426,172
Cash and cash equivalents		**220,779**	281,565
Total current assets		**1,564,377**	869,270
CURRENT LIABILITIES			
Trade payables	*12*	**101,853**	63,209
Other payables and accruals		**109,277**	88,443
Contract liabilities		**20,455**	20,657
Lease liabilities		**2,988**	–
Total current liabilities		**234,573**	172,309

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2019

	2019	2018
	RMB'000	*RMB'000*
NET CURRENT ASSETS	**1,329,804**	696,961
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,361,684**	719,641
NON-CURRENT LIABILITIES		
Lease liabilities	**445**	–
Deferred tax liabilities	**672**	248
Financial liabilities at fair value through profit or loss	**–**	1,151,391
Total non-current liabilities	**1,117**	1,151,639
Net assets/(liabilities)	**1,360,567**	(431,998)
EQUITY		
Equity attributable to owners of the parent		
Share capital	**72**	44
Treasury shares	**(108,565)**	–
Reserves	**1,469,060**	(432,042)
Total equity/(net deficiency in assets)	**1,360,567**	(431,998)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(209,366)**	(299,078)
Adjustments for:			
Bank interest income	6	**(3,111)**	(2,462)
Investment income from financial assets at fair value through profit or loss	6	**(19,172)**	(8,021)
Foreign exchange loss/(gain), net		**4,445**	(153)
Loss on disposal of items of property, plant and equipment	7	**121**	947
Depreciation of property, plant and equipment		**5,026**	3,081
Changes in fair value of financial assets at fair value through profit or loss	6	**(1,586)**	(2,128)
Amortization of intangible assets		**305**	102
Finance costs		**–**	5,772
Changes in fair value of financial liabilities at fair value through profit or loss		**475,790**	453,592
Equity-settled share award expense		**28,769**	11,662
Depreciation of right-of-use assets		**6,194**	–
Impairment of trade receivables, net		**44**	613
		287,459	163,927
Increase in trade receivables		**(31,667)**	(101,102)
Increase in prepayments, other receivables and other assets		**(77,235)**	(34,368)
Decrease in inventories		**–**	188
Increase/(decrease) in trade payables		**38,644**	(29,878)
Decrease in contract liabilities		**(202)**	(6,865)
Increase/(decrease) in other payables and accruals		**20,834**	(1,752)
Cash generated from/(used in) operations		**237,833**	(9,850)
Interest received		**3,111**	2,462
Income tax paid		**–**	(184)
Tax refund		**23**	149
Net cash flows from/(used in) operating activities		**240,967**	(7,423)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2019

	2019	2018
	RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of items of property, plant and equipment	**1,411**	279
Purchases of items of property, plant and equipment	**(2,866)**	(9,361)
Purchases of financial assets at fair value through profit or loss	**(3,065,898)**	(1,564,013)
Proceeds from disposal of financial assets at fair value through profit or loss	**2,441,703**	1,372,876
Acquisition of equity interests in subsidiaries from the then shareholders	**–**	(42,000)
Repayment of advances to a director	**–**	11,888
Purchases of intangible assets	**(90)**	(900)
Net cash flows used in investing activities	**(625,740)**	(231,231)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from financial liabilities at fair value through profit or loss	**–**	712,005
Principal portion of lease payments	**(6,255)**	–
Dividends paid to the then shareholders	**–**	(18,228)
Dividends paid to preferred shareholders	**–**	(5,772)
Dividends paid	**(99,126)**	–
Proceeds from issue of shares	**574,640**	35,579
Share issue expenses	**(26,727)**	–
Repurchase of preferred shares	**–**	(64,144)
Repurchase of shares	**(138,135)**	(255,890)
Net cash flows from financing activities	**304,397**	403,550
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(80,376)**	164,896
Net foreign exchange difference	**19,590**	25,879
Cash and cash equivalents at beginning of year	**281,565**	90,790
CASH AND CASH EQUIVALENTS AT END OF YEAR	**220,779**	281,565
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the statement of financial position and statement of cash flows	**220,779**	281,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

1. CORPORATE AND GROUP INFORMATION

Duiba Group Limited (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, KY-1111, Cayman Islands. On 7 May 2019, the shares of the Company became listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The Company's subsidiaries are principally involved in user management Software-as-a-Service ("SaaS") platform business and interactive advertising business.

In the opinion of the directors, the ultimate holding company of the Company is Xiaoliang Holding Limited, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PRESENTATION

To rationalize the corporate structure in preparation for the listing of the Company's shares on the Stock Exchange, the Company underwent a group reorganization (the "Reorganization"), further details of which are set out in the Company's prospectus dated 24 April 2019. Pursuant to the Reorganization, the Company became the holding company of the companies now comprising the Group on 28 May 2018. As the Reorganization only involved inserting new holding companies at the top of existing companies, that has not resulted in a change of respective voting and beneficial interests, the consolidated financial statements for the year ended 31 December 2018 have been presented as a continuation of the then holding company by applying the principles of merger accounting. Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Company and its subsidiaries for the year ended 31 December 2018 have been prepared as if the current group structure had been in existence throughout that year. The consolidated statement of financial position as at 31 December 2018 has been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence at that date.

2.2 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"), accounting principles generally accepted in Hong Kong 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 preferred shares 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 Company and its subsidiaries for the year ended 31 December 2019. 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).

When the Company has, directly or indirectly, 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 derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized 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.

3. 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.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9, HKAS 19 and HKAS 28, and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease,* HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognized as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for office rental. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognize and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognize right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

Classification and measurement

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	RMB'000
Assets	
Increase in right-of-use assets	**8,358**
Liabilities	
Increase in lease liabilities	**8,358**

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	8,875
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(401)
	8,474
Weighted average incremental borrowing rates as at 1 January 2019	4.35%
Discounted operating lease commitments at 1 January 2019	8,759
Lease liabilities as at 1 January 2019	8,358

(b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Definition of a Business*[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organized 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 resources allocation and performance assessment.

Geographical information

During the year ended 31 December 2019 (the "Reporting Period"), the Group operated within one geographical area as all of the Group's revenue was generated from customers located in Mainland China. All of the non-current assets of the Group were located in Mainland China.

Information about major customers

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

	2019	2018
	RMB'000	*RMB'000*
Customer 1	**310,531**	N/A*
Customer 2	**255,754**	194,466
Customer 3	**237,602**	N/A*
Customer 4	**188,015**	N/A*
Customer 5	**173,950**	119,575
Customer 6	**N/A***	184,758

* 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.

6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers		
User management SaaS platform business	**33,655**	13,661
Interactive advertising business	**1,617,843**	1,110,108
Others	**138**	13,263
	1,651,636	1,137,032
Other income and gains		
Bank interest income	**3,111**	2,462
Government grants*	**7,566**	106
Foreign exchange gain, net	**–**	153
Changes in fair value of financial assets at fair value through profit or loss	**1,586**	2,128
Investment income from financial assets at fair value through profit or loss	**19,172**	8,021
Others	**507**	352
	31,942	13,222

* The amount represents grants received from the government authorities of Mainland China 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.

7. LOSS BEFORE TAX

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

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Cost of inventories sold		**6,232**	2,548
Cost of services provided		**1,077,906**	705,571
Depreciation of property, plant and equipment		**5,026**	3,081
Depreciation of right-of-use assets		**6,194**	–
Amortization of intangible assets*		**305**	102
Bank interest income	*6*	**(3,111)**	(2,462)
Foreign exchange loss/(gain), net		**4,445**	(153)
Loss on disposal of items of property, plant and equipment		**121**	947
Impairment of trade receivables, net		**44**	613
Changes in fair value of financial assets at fair value through profit or loss	*6*	**(1,586)**	(2,128)
Investment income from financial assets at fair value through profit or loss	*6*	**(19,172)**	(8,021)
Research and development costs		**106,623**	88,835
Minimum lease payments under operating leases		**–**	5,698
Lease payments not included in the measurement of lease liabilities		**928**	–
Auditor's remuneration		**2,480**	–
Listing expenses		**35,226**	25,188
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**138,293**	118,221
Equity-settled share award expense		**27,877**	11,384
Pension scheme contributions		**8,907**	13,125
Staff welfare expense		**33,585**	39,497
		208,662	182,227

* The amortization of intangible assets for the Reporting Period is included in "Administrative expenses" in profit or loss.

8. INCOME TAX

The major components of income tax credit of the Group during the Reporting Period are analysed as follows:

	2019	2018
	RMB'000	*RMB'000*
Current tax:		
Charge for the year	**–**	–
Deferred tax	**(9,562)**	(7,496)
Total tax credit for the year	**(9,562)**	(7,496)

A reconciliation of the tax credit applicable to loss before tax at the statutory rate to the tax credit at the effective tax rate is as follows:

	2019	2018
	RMB'000	*RMB'000*
Loss before tax	**(209,366)**	(299,078)
Tax at the tax rate of 25%	**(52,342)**	(74,770)
Effect of tax rate differences in other jurisdictions	**125,843**	82,372
Effect of preferential lower tax rates entitled	**(85,826)**	(13,976)
Additional deduction allowance for research and development costs	**(9,404)**	(878)
Expenses not deductible for tax	**8,158**	3,884
Effect on different of tax rate between current tax and deferred tax	**(4,892)**	(7,496)
Tax losses not recognized	**8,901**	3,368
Tax credit at the Group's effective rate	**(9,562)**	(7,496)

9. DIVIDENDS

	2019	2018
	RMB'000	*RMB'000*
Interim – RMB9.0 cents (2018: Nil) per ordinary share	**99,126**	–

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year, as adjusted for the assumption that the Share Subdivision had been completed on 1 January 2018. The number of shares for the years ended 31 December 2019 and 2018 have been arrived at after eliminating the shares of the Company held under the restricted stock unit and shares repurchased.

The calculation of basic and diluted loss per share are based on:

	2019	2018
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent	**(199,804)**	(291,582)

	Number of shares	
	2019	2018
Shares		
Weighted average number of shares in issue during the year	**911,362,139**	663,397,011

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the impact of the restricted stock unit, restricted stock unit option and preferred shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

11. TRADE RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**146,734**	115,103
Impairment	**(148)**	(140)
	146,586	114,963

Trade receivables are non-interest-bearing with credit terms ranging from 30 to 60 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:

	2019	2018
	RMB'000	*RMB'000*
0 to 30 days	**128,610**	95,198
31 to 90 days	**17,972**	18,225
91 to 180 days	**4**	1,453
181 to 365 days	**–**	38
1 to 2 years	**–**	46
2 to 3 years	**–**	3
	146,586	114,963

12. TRADE PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**101,853**	63,209

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

	2019	2018
	RMB'000	*RMB'000*
0 to 30 days	**63,498**	45,082
31 to 90 days	**14,829**	10,867
91 to 180 days	**12,396**	2,928
181 to 365 days	**6,888**	2,193
Over 365 days	**4,242**	2,139
	101,853	63,209

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

13. SHARE AWARD

The exercise prices and exercise periods of the share options outstanding as at the end of the Reporting Period are as follows:

2019

Number of options	**Exercise price**	**Exercise period**
('000)	***US$***	
516	**–**	2020/03/01-2023/03/01
6,190	**–**	2020/07/01-2023/07/01
167	**–**	2020/09/01-2023/09/01
500	**–**	2020/09/01-2022/09/01
150	**–**	2020/10/01-2023/10/01
200	**–**	2020/10/08-2023/10/08
1,300	**–**	2020/11/01-2023/11/01
10,117	**–**	2020/12/01-2023/12/01
19,140		

2018

Number of options	Exercise price	Exercise period
('000)	*US$*	
493	–	2019/04/01-2022/04/01
1,438	–	2019/11/01-2022/11/01
1,931		

The fair value of the options granted during the year was US$2,474,000 (US$4.79 each), US$3,684,000 (US$0.60 each), US$95,000 (US$0.57 each), US$284,000 (US$0.57 each), US$89,000 (US$0.59 each), US$117,000 (US$0.59 each), US$843,000 (US$0.65 each) and US$6,165,000 (US$0.61 each) (2018: US$5,640,000 (US$2.90 each)), of which the Group recognized a share option expense of RMB24,435,000 (2018: RMB3,086,000) during the year ended 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Established in Hangzhou in 2014, the Group firstly developed the user management SaaS platform and then the interactive advertising platform as the Group's main business models. Adhering to the mission of becoming the preferred business partner of enterprises, the Group is committed to providing full-cycle services in user acquisition, retention and monetization. This unique business model together with strong synergies between user management SaaS and interactive advertising platform laid a solid foundation for the Group to achieve rapid and sustainable growth.

1. User Management SaaS 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 points operation tools, marketing campaign tools and check-in tools to boost mobile app user activity and participation on apps. Having initially launched our user management SaaS platform on a free-of-charge model in order to expand our customer base, we began charging for our user management SaaS solutions on a pilot basis in April 2018. Meanwhile, we have been extending user management SaaS solutions to serve offline enterprises.

As at 31 December 2019, paying customers which used our charged user management SaaS services increased to 645 (2018: 373) including 376 app developers which are online businesses (2018: 272) and 269 offline businesses (2018: 101). For the year ended 31 December 2019, the average charge per paying customer of online businesses, large offline business and small offline business was about RMB54,000, RMB185,000 and RMB25,000 respectively. The number of newly signed contracts (including renewed contracts) for the Group's user management SaaS business reached 649 in 2019 (2018: 378). The total value of our newly signed contracts (including renewed contracts) in 2019 was approximately RMB43.4 million (2018: approximately RMB9.8 million). Revenue from our user management SaaS business increased significantly by 146.4% to RMB33.7 million (2018: RMB13.7 million).

The sales and marketing strategy of our user management SaaS business for offline businesses is to actively explore cooperation opportunities with top brands in several sectors including retailing, catering, banking and new media. In 2019, we made breakthroughs in expanding our banking customer base. Among the ten contracts with the highest contract value of the newly signed contracts (including renewed contracts) in 2019, the customers of eight contracts were banking customers. The total number and the total value of our newly signed contracts (including renewed contracts) with banking customers in 2019 was 65 (2018: 5) and RMB9.7 million (2018: RMB0.7 million), respectively.

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

	For the year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**33,655**	13,661
Cost of sales	**(6,355)**	(2,675)
Selling and distribution expenses	**(41,217)**	(18,335)
Administrative expenses (excluding research and development)	**(3,009)**	(4,264)
Research and development	**(37,706)**	(34,556)
	(54,632)	(46,169)

We cover a wide variety of different user traffic, and have accumulated certain mainstream and high-quality customers such as large leading apps, WeChat's public accounts and top brands in offline businesses. These businesses have a large user base and demand for user management SaaS services, and we believe they present a great untapped potential.

2. Interactive Advertising Business

In 2015, the Group pioneered and launched its interactive 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 advertisers, media partners and users. Advanced big data analytics and AI technology also provides robust support to the innovation and operations of our interactive advertising platform. We generally charge our interactive advertising customers based on the performance of advertisements. The majority of our revenue from our interactive advertising business during the year ended 31 December 2019 was generated from the CPC (cost per click) model under which we charged customers only if viewers interacted with our advertising tools and were directed to the mobile internet page designated by the advertisers.

For the year ended 31 December 2019, the revenue from our interactive advertising business surged by 45.7% to RMB1.6 billion (2018: RMB1.1 billion). 43% of the revenue was contributed by the e-commerce industry and 44% of the revenue was contributed by the financial industry. Among the top 20 ultimate advertisers in terms of revenue contribution in 2019, five customers were e-commerce platforms operated by listed companies and seven customers were listed financial enterprises. This business segment maintained a rapid growth and remained a major growth driver of the Group.

As at 31 December 2019, 90% of our interactive advertising platform's audience came from non-tier-one-cities. As a result, the Group will benefit from the incremental value of advertisements targeted at consumers in non-tier-one-cities with increasing consumption penetration. Currently, advertisers such as financial enterprises and e-commerce platforms with increased penetration to lower tier cities will increase their spending on interactive advertisement, which will be a key driver for our growth in coming years.

Based on the synergy effect from SaaS business, the Group endeavors to create various traffic scenarios for content distribution channels and immerse experience for users to ultimately help content distribution channels realize a structural increase in income. For example, we help media channels embed with mission-based system to enhance user retention rate as well as to achieve high profitability. The Group has also made persistent efforts to upgrade its advertising technology capability and provide automated and customized services to both content distribution channels and advertisers online through our interactive advertising platform consisting of the media management platform and the smart advertising system.

As at 31 December 2019, we had designed more than 14,000 advertising campaigns, most of which were the first-of-their-kind on the market. During the year ended 31 December 2019, the average revenue per chargeable click under the CPC model of our interactive advertising platform increased to RMB0.37 (2018: RMB0.35) while the average CTR (click-through rate) of our interactive advertising business reached 27.1% (2018: 26.3%) through our continuing efforts to upgrade products and technology.

3. Research and Development

During the year ended 31 December 2019, the Group continued to increase investment in research and development. As at 31 December 2019, the number of employees from our research and development department was 363, accounted for 52.4% of the Group's total employees, which resulted in a 20.0% increase in the Group's research and development expenses from RMB88.8 million in 2018 to RMB106.6 million in 2019. In order to improve and optimize our algorithms, we launched new technologies called "Feng Huo Tai" (烽火台) and "Ba Gua Tai"(八卦台). "Feng Huo Tai" has highly advanced real-time data analysis capability and instant and precise audience targeting capability, meanwhile, "Ba Gua Tai" has significantly improved the efficiency of new products tests in the research and development process.

FINANCIAL REVIEW

Despite the slowdown of the macro-economy in 2019, the Group still achieved strong financial performance and maintained our leading position in our two business segments, which were attributed to our visionary, insightful and creative management team, superior innovation capability, advanced big data analytics and AI capabilities, as well as extensive business partner network. For the year ended 31 December 2019, the Group's adjusted profit was RMB340.0 million (2018: RMB205.2 million), representing a growth of 65.7%. Meanwhile, our adjusted net profit margin increased to 20.6% (2018: 18.0%). The Group further facilitated the monetization of user traffic generated from the SaaS business as this segment contributed rapid growth and high gross margin.

Revenue

For the year ended 31 December 2019, the Group recorded a total revenue of RMB1.7 billion (2018: RMB1.1 billion), with an increase of approximately 45.3% from last year. Such increase was primarily attributed to the 45.7%, or RMB507.7 million, growth in the revenue from our interactive advertising business during the year ended 31 December 2019 as compared to 2018 reflecting the increases in advertising page views and number of chargeable clicks from 14,523.8 million to 19,448.3 million and 3,819.9 million to 5,273.9 million respectively, during the year ended 31 December 2019 due to our first-mover advantage, scale advantage and efficiency achieved through data, algorithm and operations.

The revenue generated from our user management SaaS platform business also recorded an increase of 146.4%, or RMB20.0 million, during the year ended 31 December 2019 as compared to 2018 mainly due to the increased number of newly contracted and renewed customers and the increased unit price.

Gross Profit

During the year ended 31 December 2019, the Group recorded gross profit of RMB567.5 million (2018: RMB428.9 million), which increased by approximately 32.3% as compared to the year ended 31 December 2018. The gross profit margin was approximately 34.4% (2018: approximately 37.7%) and the gross margin for SaaS business and advertisement business was 81.1% and 33.4%, respectively, due to the slowing growth of the macro environment and advertising industry. While lots of internet start-ups especially internet finance companies curtailed their advertisement activities, and the slowdown of GDP growth has left the advertisers with uncertain demand and budget, the Group aimed to better serve advertisers and stimulate an increase in advertising budget, through improving advertisement performance. During the year ended 31 December 2019, for improving advertisement performance, on one hand, the Group continued to increase the procurement of premium quality traffic from the core leading content distribution channels and optimize the revenue sharing ratio; on the other hand, the Group adjusted the incentive strategy for the core leading advertisers. Most of the advertisers reduced advertisement budgets and the mobile advertisement growth slowed down quickly in 2019, however the Group was still capable of maintaining rapid revenue growth with decent profitability. The gross profit margin of our interactive advertising business in the second half of 2019 was 36.0%, representing an increase of 5.4% over the first half of 2019, mainly due to our optimization of the media traffic structure and the continuous improvement of technology and operational capabilities, which enabled the Group to attract more advertising budget from advertisers at higher unit price.

Selling and Distribution Expenses

For the year ended 31 December 2019, the Group recorded selling and distribution expenses of RMB105.2 million (2018: RMB107.2 million). Meanwhile, selling and distribution expenses as a percentage of our total revenue decreased to approximately 6.4% (2018: approximately 9.4%), mainly due to greater economies of scale, continuous optimization of expense structure and unceasing improvement of staff efficiency.

Administrative Expenses

For the year ended 31 December 2019, the Group recorded administrative expenses of RMB221.8 million, representing an increase of 27.8% compared to RMB173.6 million for 2018, primarily due to the increase in research and development expenses. The Group recorded research and development expenses of RMB106.6 million (2018: RMB88.8 million). Meanwhile, listing expense and share-based payment incurred in 2019 were RMB35.2 million (2018: RMB25.2 million) and RMB28.8 million (2018: RMB12.2 million) respectively. Administrative expenses as a percentage of our total revenue decreased to approximately 13.4% (2018: approximately 15.3%) mainly due to improvement of management efficiency.

The following table sets forth the components of our administrative expenses for the periods indicated:

	Year ended 31 December			
	2019		2018	
	Amount	**% of Revenue**	Amount	% of Revenue
	(RMB'000, except percentages)			
Research and development	**106,623**	**6.5%**	88,835	7.8%
Listing expenses	**35,226**	**2.1%**	25,188	2.2%
Salary and welfare	**24,713**	**1.5%**	26,756	2.4%
Share-based payment	**28,769**	**1.7%**	12,247	1.1%
Office expense and related expenses	**9,506**	**0.6%**	7,685	0.7%
Agency and consulting fee	**6,877**	**0.4%**	5,937	0.5%
Tax expense	**4,866**	**0.3%**	3,414	0.3%
Depreciation and amortization	**4,167**	**0.3%**	1,961	0.2%
Others	**1,066**	**0.1%**	1,531	0.1%
Total	**221,813**	**13.4%**	173,554	15.3%

The discrepancies between total and sums of amounts in the table above are due to rounding.

Changes in Fair Value of Financial Liabilities at Fair Value through Profit or Loss

The loss we recognized from the change in fair value of financial liabilities at fair value through profit or loss increased from RMB453.6 million for the year ended 31 December 2018 to RMB475.8 million for the year ended 31 December 2019, primarily due to the substantial increase in our business value.

Loss for the Year

For the year ended 31 December 2019, loss attributable to the shareholders of the Group amounted to RMB196.8 million (2018: RMB291.6 million). Basic loss per share decreased to RMB21.9 cents (2018: RMB44.0 cents) mainly due to the significant increase in revenue.

Adjusted Profit for the Year

For the year ended 31 December 2019, the Group's adjusted profit was RMB340.0 million (2018: RMB205.2 million), representing a growth of 65.7%. Our adjusted net profit margin increased to 20.6% (2018: 18.0%) mainly due to the combined effects of greater economies of scale and improvement of management efficiency.

Cash Flows

For the year ended 31 December 2019, our net cash inflow generated from operating activities was RMB241.0 million (2018: net cash outflow of RMB7.4 million), our net cash outflow used in investing activities was RMB625.7 million (2018: RMB231.1 million) representing an increase of 170.6% compared with 2018, primarily due to the purchases of financial assets at fair value through profit or loss at the amount of RMB3,065.9 million (2018: RMB1,564.0 million). Our net cash inflow generated from financing activities was RMB304.4 million (2018: RMB403.6 million), primarily due to the proceeds from issue of shares of the Company (the "Shares").

Gearing Ratio

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total debt includes trade payables, other payables and accruals, tax payable, lease liabilities and financial liabilities at fair value through profit or loss, less cash and cash equivalents. As at 31 December 2019, the Group's gearing ratio was below zero as compared to approximately 173.3% as at 31 December 2018 primarily due to the conversion of the preference shares, which were accounted for as financial liabilities at fair value through profit or loss, into ordinary shares prior to the listing of our Shares on the Stock Exchange on 7 May 2019 (the "Listing Date").

Liquidity and Capital Structure

During the year ended 31 December 2019, the daily working capital of the Group was primarily derived from internally generated cash flow from operating activities and our initial public offering proceeds. As at 31 December 2019, the Group had cash and cash equivalents of approximately RMB220.8 million. We did not have any unutilized banking facilities as at 31 December 2019.

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 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 and Significant Investment

There were no material acquisitions, disposals or significant investment of the Group from the Listing Date to 31 December 2019 (the "Relevant Period").

Contingent Liabilities

As at 31 December 2019, the Group did not have any unrecorded contingent liabilities or guarantees (2018: nil).

ORGANIZATION AND TALENT RETENTION

As at 31 December 2019, the Group's workforce reached 692, including 278 sales employees, 51 administration employees and 363 research and development employees. Identification and development of high-potential talents has been listed as a top priority for the management this year. Moreover, the Group provided greater incentives to talents by granted them with share options and share awards of the Company.

SOCIAL RESPONSIBILITY

During the year ended 31 December 2019, the Group has upheld the principle of "serving the people and giving back to society" through continuous and strong support to charity projects. The Group has actively responded to charity initiatives and successfully completed the "Warmth in winter, Guardian of small wishes" project in collaboration with the Charity Federation of Xiangshan in Ningbo. By partnering with numerous charities, the Group has been able to utilize its in-house internet advantages to help several public welfare initiatives, including: Hangzhou Net Volunteer Branch Association's "6.1 Children's Day small wishes" project and the Hangzhou Children's Welfare Institute's "Walking with love, Caring for Children".

The Group donated RMB200,000 to the Xihu District Education Foundation in Hangzhou, RMB500,000 to the "Hangzhou City 見義勇為 Fund" and was awarded the "Donation for Hangzhou City 見義勇為 Special Contribution Award" and RMB50,000 to the Hangzhou Police Care Foundation.

In the future, the Group will continue to participate in public welfare activities, promote local economic developments and help people in need.

FUTURE OUTLOOK

As a leader and pioneer in user management SaaS business and interactive advertising business in the PRC, we will continue to utilize our professionalism and commitment to bolster our service standards and quality. We will help more enterprises in user acquisition, retention and monetization. According to Shanghai iResearch Co., Ltd., the market size of user management SaaS for both online and offline business in China is expected to grow rapidly to RMB41.9 billion in 2023, representing a CAGR (compound annual growth rate) of 56.8% from 2018, while the market size of interactive advertising business in China is expected to grow rapidly to RMB13.5 billion in 2023, representing a CAGR of 44.5% from 2018. Both are massive and unexplored markets where we have already gained a substantial head start. We are committed to retaining the leading position in user management SaaS and interactive advertising technology in China.

USE OF NET PROCEEDS FROM LISTING

The Shares were listed on the Main Board of the Stock Exchange on the Listing Date by way of global offering at the offering price of HK$6.0 per Share, raising net proceeds (the "Net Proceeds") of approximately HK$569.5 million (equivalent to RMB490.5 million) after deducting professional fees, underwriting commissions and other related listing expenses.

As stated in the prospectus of the Company dated 24 April 2019 (the "Prospectus"), the Company intended to use the Net Proceeds in the following manner:

- approximately 37% or RMB180.2 million for the enhancement of our research and development function;

- approximately 25% or RMB125.1 million for the enhancement of our sales and marketing function;

- approximately 8% or RMB38.1 million for the enhancement of our operational function;

- approximately 20% or RMB98.1 million for investment into and acquiring companies and businesses that are relevant or complementary to our business and technologies, in order to support our growth strategies; and

- approximately 10% or RMB49.0 million for working capital and other general corporate purposes.

As at 31 December 2019, the Group had utilized the Net Proceeds in the manner as set out in the table below:

	Approximate percentage of total amount	**Net Proceeds**	**Utilization as at 31 December 2019**	**Unutilized amount**
	%	*RMB' million*	*RMB' million*	*RMB' million*
Research and development	37%	180.2	13.9	166.3
Sales and marketing	25%	125.1	11.2	113.9
Operations	8%	38.1	2.9	35.2
Acquisitions	20%	98.1	–	98.1
Working capital	10%	49.0	29.4	19.6
Total	100%	490.5	57.4	433.1

There was no change in the intended use of the Net Proceeds as previously disclosed in the Prospectus. The delay in the use of the actual use of the Net Proceeds was mainly due to the delay in the execution of the Group's business plan.

A detailed breakdown and description of the intended use of the unutilized Net Proceeds and the expected timeline for the use of the unutilized Net Proceeds is set out in the table below:

	2020	**2021**	**Total**
		(RMB' million)	
Research and development:			
– business-specific staff recruitment	32.1	45.5	77.6
– investment in servers	19.8	12.5	32.3
– improvement in technology infrastructure	13.9	19.7	33.6
– research and development center	11.4	11.4	22.8
Subtotal	77.2	89.1	166.3
Sales and marketing:			
– business-specific staff recruitment	17.2	25.3	42.5
– marketing initiatives	32.1	39.3	71.4
Subtotal	49.3	64.6	113.9
Operations:			
– business-specific staff recruitment	11.0	15.6	26.6
– operational facilities	3.6	5.0	8.6
Subtotal	14.6	20.6	35.2
Acquisitions	–	–	98.1
Working capital	19.6	–	19.6

DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2019. Given that the impact of the coronavirus epidemic on the PRC economy and the Group's business is still uncertain at this stage, the Board would need more time to analyse market data and assess the potential impact on the Group. Accordingly, the Board believes it would be prudent for the Group to maintain a higher level of cash balances which would in turn provide the Group with more flexibility in meeting any unexpected expenses or other demands should they arise. When the economic outlook becomes more certain, the Board, taking into account the Group's operations and earnings, capital requirements and surplus, general financial condition, capital expenditure and future development requirements, shareholders' interests and such other conditions and other factors which the Board may deem relevant at such time, may consider declaring a special dividend in 2020.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 18 May 2020 to Thursday, 21 May 2020, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the annual general meeting of the Company to be held on 22 May 2020, during which period no share transfers will be registered. To be eligible to attend the annual general meeting, 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 Friday, 15 May 2020.

CORPORATE GOVERNANCE PRACTICES

The Group 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 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance since the Listing Date.

Under code provision A.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 office of the Company as this arrangement will improve the efficiency of our decision-making and execution process given his familiarity with our 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. In addition, the Directors proactively participate in all board meetings and all relevant board committee meetings, and the Chairman ensures all the Directors are duly informed of all the matters to be approved at the meetings. In addition, the senior management team 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 negative effect on the balance of power and authority between Board and the Company's senior management team. 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 had complied with all applicable code provisions of the CG Code throughout the Relevant Period. 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 as set out in Appendix 10 to the Listing Rules 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 had complied with the required standards as set out in the Model Code for the Relevant Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Relevant Period, as the Board considered that the trading price of the Shares did not reflect their intrinsic value, the Board determined to exercise its powers under the general mandate to repurchase Shares granted by the Shareholders at the general meeting held on 17 April 2019. The share repurchases could reflect the Board's confidence in the Company's development prospects. The total number of Shares repurchased by the Company on the Stock Exchange during the Relevant Period was 33,788,000 at a total consideration (before expenses) of HK$153,615,032.12. All such repurchased Shares have been cancelled.

Details of the repurchase during the Relevant Period are as follows:

Month	**Total number of Shares repurchased**	**Highest purchase price per Share** *(HK$)*	**Lowest purchase price per Share** *(HK$)*	**Total consideration (before expenses)** *(HK$)*
June	833,600	4.73	4.32	3,785,733.96
July	1,541,600	5.20	4.65	7,699,571.84
August	3,873,600	4.45	3.92	16,764,255.32
September	8,288,800	4.44	3.79	34,286,363.00
October	12,327,200	4.86	4.28	55,828,440.00
December	6,923,200	5.40	4.54	35,250,668.00
	33,788,000			153,615,032.12

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Relevant Period.

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. Ou-yang Hui and Dr. Gao Fuping. 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 of the Company had, together with the management of the Company, reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended 31 December 2019.

SUBSEQUENT EVENT

At present, the Group expects the COVID-19 outbreak to have limited impact on its business. However, it is difficult to estimate the full impact in the coming months given the dynamic nature of these circumstances. The Group will continue to pay close attention to, and assess, the situation of the COVID-19 and will react proactively to mitigate its impacts if necessary.

PUBLICATION OF THE ANNUAL RESULTS AND 2019 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 (www.hkexnews.hk) and the Company (www.duiba.cn), and the 2019 Annual Report 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, 31 March 2020

As at the date of this announcement, the Board comprises Mr. Chen Xiaoliang, Mr. Zhu Jiangbo, Ms. Chen Ting and Mr. Cheng Peng as executive Directors, Mr. Huang Tao and Mr. William Peng as non-executive Directors and Mr. Kam Wai Man, Dr. Ou-Yang Hui and Dr. Gao Fuping as independent non-executive Directors.