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# 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 2020

### Financial and Operational Data Highlights for the Year Ended 31 December 2020

#### Financial Data Highlight

	<b>For the year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue		
User management SaaS platform business	<b>80,670</b>	33,655
Interactive advertising business	<b>990,061</b>	1,617,843
Others	<b>132</b>	138
<b>Total</b>	<b><u>1,070,863</u></b>	<b><u>1,651,636</u></b>

For the year ended 31 December 2020, our revenue decreased by 35.2% as compared with 2019.

#### 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/(loss) for the year presented to the most directly comparable financial measure calculated and presented in accordance with HKFRSs:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Loss for the year	<b>(63,566)</b>	(199,804)
<i>Add:</i>		
Share-based payment	<b>38,438</b>	28,769
Listing expenses	–	35,226
Changes in fair value of financial liabilities at fair value through profit or loss	–	475,790
<b>Adjusted profit/(loss) for the year<sup>(1)</sup></b>	<b><u>(25,128)</u></b>	<b><u>339,981</u></b>

- (1) We define “adjusted profit/(loss) for the year” as profit/(loss) for the year, adding back share-based payment, listing expenses and changes in fair value of financial liabilities at fair value through profit or loss. 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 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**

Duiba Group Limited (the “Company”, together with its subsidiaries, 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 2020, 832 paying customers (2019: 645) including 251 customers from financial industry (2019: 71) and 581 customers from other industries (2019: 574) had used the Group’s charged services. Approximately 19.2% of paying customers as at 31 December 2019 had not been retained over the year ended 31 December 2020. The total value of newly signed contracts (including renewed contracts) for the year ended 31 December 2020 was RMB104.0 million (2019: RMB43.4 million). The Group recorded revenue of RMB80.7 million for the year ended 31 December 2020 from such business (2019: RMB33.7 million).

## Interactive advertising business

	For the year ended 31 December	
	2020	2019
DAUs (millions) <sup>(1)</sup>	25.5	31.2
MAUs (millions) <sup>(1)</sup>	324.1	414.3
Advertising page views (millions) <sup>(2)</sup>	11,951.6	19,488.3
Number of chargeable clicks (millions) <sup>(3)</sup>	3,461.2	5,273.9
Under CPC model (millions) <sup>(3)</sup>	2,626.2	4,180.9
Others (millions)	835.0	1,093.0
Click-through rate <sup>(4)</sup>	29.0%	27.1%
Average revenue per chargeable click under the CPC model (RMB)	0.37	0.37

(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	
	2020	2019
Content distribution channels	7,220	6,929
Ultimate advertisers	3,902	4,015

For the year ended 31 December 2020, the Group had placed interactive advertisements on 7,220 content distribution channels, mainly comprising mobile apps, and the Group's interactive advertising business served 3,902 ultimate advertisers (either through advertising agent customers or as our direct customers).

The board (the “Board”) of directors (the “Directors”) of the Company announces the audited consolidated annual results of the Group for the year ended 31 December 2020, with comparative figures for the year ended 31 December 2019:

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*Year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 RMB'000
REVENUE	4	<b>1,070,863</b>	1,651,636
Cost of sales		<b>(846,533)</b>	(1,084,138)
Gross profit		<b>224,330</b>	567,498
Other income and gains	4	<b>50,873</b>	31,942
Selling and distribution expenses		<b>(119,119)</b>	(105,185)
Administrative expenses		<b>(218,275)</b>	(221,813)
Changes in fair value of financial liabilities at fair value through profit or loss		–	(475,790)
Other expenses		<b>(7,973)</b>	(5,774)
Finance costs		<b>(261)</b>	(244)
Share of loss of an associate		<b>(35)</b>	–
LOSS BEFORE TAX	5	<b>(70,460)</b>	(209,366)
Income tax credit	6	<b>6,894</b>	9,562
LOSS FOR THE YEAR		<b>(63,566)</b>	(199,804)
Attributable to:			
Owners of the parent		<b>(63,566)</b>	(199,804)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		<b>(45,047)</b>	52,299
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		<b>(45,047)</b>	52,299
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<b>(108,613)</b>	(147,505)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**

*Year ended 31 December 2020*

	<i>Note</i>	<b>2020</b> <b><i>RMB'000</i></b>	2019 <i>RMB'000</i>
Attributable to:			
Owners of the parent		<b><u>(108,613)</u></b>	<u>(147,505)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
BASIC AND DILUTED ( <i>RMB</i> )	8	<b><u>(6.1) cents</u></b>	<u>(21.9) cents</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 December 2020

		<b>2020</b>	<b>2019</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>8,176</b>	5,238
Intangible assets		<b>515</b>	679
Right-of-use assets		<b>9,033</b>	3,494
Investment in an associate		<b>18,965</b>	–
Deferred tax assets		<b>28,741</b>	20,863
Prepayments, other receivables and other assets		<b>3,031</b>	1,606
		<hr/>	<hr/>
Total non-current assets		<b>68,461</b>	31,880
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Trade receivables	9	<b>93,052</b>	146,586
Prepayments, other receivables and other assets		<b>132,660</b>	124,155
Financial assets at fair value through profit or loss		<b>1,147,571</b>	1,072,857
Restricted cash		<b>20,252</b>	–
Cash and cash equivalents		<b>135,269</b>	220,779
		<hr/>	<hr/>
Total current assets		<b>1,528,804</b>	1,564,377
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>89,434</b>	101,853
Other payables and accruals		<b>151,877</b>	109,277
Contract liabilities		<b>55,835</b>	20,455
Lease liabilities		<b>6,042</b>	2,988
		<hr/>	<hr/>
Total current liabilities		<b>303,188</b>	234,573
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>1,225,616</b>	1,329,804
		<hr/>	<hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***31 December 2020*

	<b>2020</b> <b><i>RMB'000</i></b>	<b>2019</b> <b><i>RMB'000</i></b>
TOTAL ASSETS LESS CURRENT LIABILITIES	<b>1,294,077</b>	1,361,684
NON-CURRENT LIABILITIES		
Lease liabilities	<b>2,029</b>	445
Deferred tax liabilities	<b>1,656</b>	672
Total non-current liabilities	<b>3,685</b>	1,117
Net assets	<b>1,290,392</b>	1,360,567
EQUITY		
Equity attributable to owners of the parent		
Share capital	<b>70</b>	72
Treasury shares	–	(108,565)
Reserves	<b>1,290,322</b>	1,469,060
Total equity	<b>1,290,392</b>	1,360,567

# **CONSOLIDATED STATEMENT OF CASH FLOWS**

*Year ended 31 December 2020*

		<b>2020</b>	<b>2019</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(70,460)</b>	(209,366)
Adjustments for:			
Share of loss of an associate		<b>35</b>	–
Bank interest income	4	<b>(1,607)</b>	(3,111)
Investment income from financial assets at fair value through profit or loss	4	<b>(19,902)</b>	(19,172)
Foreign exchange (gain)/loss, net	5	<b>(18,561)</b>	4,445
(Gain)/loss on disposal of items of property, plant and equipment	5	<b>(198)</b>	121
Depreciation of property, plant and equipment		<b>3,277</b>	5,026
Changes in fair value of financial assets at fair value through profit or loss	5	<b>7,636</b>	(1,586)
Amortisation of intangible assets		<b>322</b>	305
Changes in fair value of financial liabilities at fair value through profit or loss		<b>–</b>	475,790
Equity-settled share award expense		<b>38,438</b>	28,769
Depreciation of right-of-use assets		<b>5,754</b>	6,194
Impairment of trade receivables, net		<b>103</b>	44
		<b>(55,163)</b>	287,459
Increase in restricted cash		<b>(20,252)</b>	–
Decrease/(increase) in trade receivables		<b>53,431</b>	(31,667)
Increase in prepayments, other receivables and other assets		<b>(9,930)</b>	(77,235)
(Decrease)/increase in trade payables		<b>(12,419)</b>	38,644
Increase/(decrease) in contract liabilities		<b>35,380</b>	(202)
Increase in other payables and accruals		<b>42,600</b>	20,834
Cash generated from operations		<b>33,647</b>	237,833
Interest received		<b>1,607</b>	3,111
Tax refund		<b>–</b>	23
Net cash flows from operating activities		<b>35,254</b>	240,967



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)***Year ended 31 December 2020*

	<b>2020</b> <b>RMB'000</b>	2019 <b>RMB'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of items of property, plant and equipment	<b>351</b>	1,411
Purchases of items of property, plant and equipment	<b>(6,368)</b>	(2,866)
Purchases of financial assets at fair value through profit or loss	<b>(2,301,905)</b>	(3,065,898)
Proceeds from disposal of financial assets at fair value through profit or loss	<b>2,222,499</b>	2,441,703
Purchase of a shareholding in an associate	<b>(19,000)</b>	–
Purchases of intangible assets	<b>(158)</b>	(90)
Net cash flows used in investing activities	<b>(104,581)</b>	(625,740)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal portion of lease payments	<b>(6,655)</b>	(6,255)
Dividends paid	–	(99,126)
Proceeds from issue of shares	–	574,640
Share issue expenses	–	(26,727)
Repurchase of shares	–	(138,135)
Net cash flows (used in)/from financing activities	<b>(6,655)</b>	304,397
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(75,982)</b>	(80,376)
Net foreign exchange difference	<b>(9,528)</b>	19,590
Cash and cash equivalents at beginning of year	<b>220,779</b>	281,565
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>135,269</b>	220,779
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents as stated in the statement of financial position and statement of cash flows	<b>135,269</b>	220,779

## NOTES TO FINANCIAL STATEMENTS

*Year ended 31 December 2020*

### 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, KY-1111, Cayman Islands. On 7 May 2019, the shares of the Company listed on the Main Board of the Stock Exchange.

The Company is an investment holding company. The Company's subsidiaries were 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 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, preferred shares and a 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 2020. 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 derecognises (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 recognises (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 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 *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendment to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.
- The Group has early adopted the amendment on 1 January 2020. The amendment did not have any impact on the financial position and performance of the Group as the Group does not have any Covid-19-Related rent concessions for the year ended 31 December 2020.
- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of 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 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 year is set out below:

	2020 RMB’000	2019 RMB’000
Customer 1	275,639	188,015
Customer 2	132,528	237,602
Customer 3	127,479	310,531
Customer 4	N/A*	255,754
Customer 5	N/A*	173,950

\* 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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Interactive advertising business	990,061	1,617,843
User management SaaS platform business	80,670	33,655
Others	132	138
	<u>1,070,863</u>	<u>1,651,636</u>

An analysis of other income and gains is as follows:

<u>Other income and gains</u>		
Bank interest income	1,607	3,111
Government grants*	9,740	7,566
Investment income from financial assets at fair value through profit or loss	19,902	19,172
Changes in fair value of financial assets at fair value through profit or loss	–	1,586
Foreign exchange gain, net	18,561	–
Gain on disposal of items of property, plant and equipment	198	–
Others	865	507
	<u>50,873</u>	<u>31,942</u>

\* 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.

## 5. LOSS BEFORE TAX

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

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
Cost of inventories sold		<b>26,468</b>	6,232
Cost of services provided		<b>820,065</b>	1,077,906
Depreciation of property, plant and equipment		<b>3,277</b>	5,026
Depreciation of right-of-use assets		<b>5,754</b>	6,194
Amortisation of intangible assets*		<b>322</b>	305
Bank interest income	4	<b>(1,607)</b>	(3,111)
Foreign exchange (gain)/loss, net	4	<b>(18,561)</b>	4,445
(Gain)/loss on disposal of items of property, plant and equipment	4	<b>(198)</b>	121
Impairment of trade receivables, net		<b>103</b>	44
Changes in fair value of financial assets at fair value through profit or loss		<b>7,636</b>	(1,586)
Investment income from financial assets at fair value through profit or loss		<b>(19,902)</b>	(19,172)
Research and development costs		<b>129,506</b>	106,623
Lease payments not included in the measurement of lease liabilities		<b>473</b>	928
Auditor's remuneration		<b>2,480</b>	2,480
Listing expenses		<b>–</b>	35,226
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		<b>168,765</b>	138,293
Equity-settled share award expense		<b>32,756</b>	27,877
Pension scheme contributions		<b>5,095</b>	8,907
Staff welfare expense		<b>29,650</b>	33,585
		<b>236,266</b>	208,662

\* The amortisation of intangible assets for the year is included in "Administrative expenses" in profit or loss.

## 6. INCOME TAX

The income tax credit of the Group is analysed as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Charge for the year	–	–
Deferred tax	<u>(6,894)</u>	<u>(9,562)</u>
Total tax credit for the year	<u>(6,894)</u>	<u>(9,562)</u>

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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Loss before tax	<u>(70,460)</u>	<u>(209,366)</u>
Tax at the tax rate of 25%	(17,615)	(52,342)
Effect of tax rate differences in other jurisdictions	(457)	125,843
Effect of preferential lower tax rates entitled	(8,247)	(85,826)
Additional deduction allowance for research and development costs	(10,764)	(9,404)
Expenses not deductible for tax	19,734	8,158
Effect on different of tax rate between current tax and deferred tax	(3,927)	(4,892)
Tax losses not recognised	16,446	8,901
Income not subject to tax	<u>(2,064)</u>	<u>–</u>
Tax credit at the Group's effective rate	<u>(6,894)</u>	<u>(9,562)</u>

## 7. DIVIDENDS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interim – Nil (2019: RMB9.0 cents) per ordinary share	<u>–</u>	<u>99,126</u>

The board of directors did not recommend the payment of any final dividend for the year ended 31 December 2020.

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

The calculation of the basic loss per share amounts is based on the 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 2020 and 2019 have been arrived at after eliminating the shares of the Company held under the restricted stock unit and shares repurchased.

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<u>Loss</u>		
Loss attributable to ordinary equity holders of the parent	<b>(63,566)</b>	(199,804)
	<b>Number of shares</b>	
	<b>2020</b>	2019
<u>Shares</u>		
Weighted average number of shares in issue during the year	<b>1,048,370,770</b>	911,362,139

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2020 and 2019 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.

## 9. TRADE RECEIVABLES

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	<b>93,303</b>	146,734
Impairment	<b>(251)</b>	(148)
	<b>93,052</b>	146,586

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:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
0 to 30 days	<b>22,205</b>	128,610
31 to 90 days	<b>31,002</b>	17,972
91 to 180 days	<b>32,753</b>	4
181 to 365 days	<b>7,092</b>	–
	<b>93,052</b>	146,586



## 10. TRADE PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables	<b>89,434</b>	101,853

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0 to 30 days	<b>43,851</b>	63,498
31 to 90 days	<b>18,308</b>	14,829
91 to 180 days	<b>3,757</b>	12,396
181 to 365 days	<b>17,271</b>	6,888
Over 365 days	<b>6,247</b>	4,242
	<b>89,434</b>	101,853

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 SaaS service provider and interactive advertising 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 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 system operation, membership marketing operation and gamification operation 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 2020, paying customers which used our charged user management SaaS services increased to 832 (2019: 645) including 251 customers from financial industry (2019: 71) and 581 customers from other industries (2019: 574). For the year ended 31 December 2020, the number of newly signed contracts (including renewed contracts) for the Group's user management SaaS business reached 834 (2019: 649). The total value of our newly signed contracts (including renewed contracts) in 2020 was approximately RMB104.0 million (2019: RMB43.4 million) and the average charge per signed contract was approximately RMB125,000. Revenue generated from our user management SaaS business increased significantly by 139.7% to RMB80.7 million (2019: RMB33.7 million).

In the meantime, our user management SaaS business maintained a strong growth momentum in the second half of 2020, the total value of our newly signed contracts (including renewed contracts) in the second half of 2020 reached RMB64.4 million and the revenue generated from user management SaaS business was RMB52.3 million, representing an increase of 62.6% and 84.5% over the first half of the year, respectively. Among them, the total value of newly signed contracts (including renewed contracts) with banking customers in the second half of 2020 reached RMB27.3 million, representing an increase of 84.5% over the first half of the year.

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 2020, we continuously made breakthroughs in expanding our banking customer base. The total number and the total value of our newly signed contracts (including renewed contracts) with banking customers in 2020 was 203 (2019: 65) and RMB42.1 million (2019: RMB9.7 million), respectively.

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

	<b>For the year ended 31 December</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue	<b>80,670</b>	33,655
Cost of sales	<b>(28,289)</b>	(6,355)
Selling and distribution expenses	<b>(58,692)</b>	(41,217)
Administrative expenses (excluding research and development expenses)	<b>(2,538)</b>	(3,009)
Research and development expenses	<b>(58,254)</b>	(37,706)
	<b><u>(67,103)</u></b>	<u>(54,632)</u>

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

	<b>For the year ended 31 December</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
User management SaaS solutions	<b>50,041</b>	25,588
Other value-added services	<b>30,629</b>	8,067
	<b><u>80,670</u></b>	<u>33,655</u>

We will upgrade the core service of user management SaaS business to include three product packages: basic version, premium version and VIP customized version to meet the different needs of different customers. We will also provide enterprises with marketing products and services through continuous innovation, more targeted effective marketing strategies and campaign tools.

In addition, in 2020, the outbreak of COVID-19 has caused the live broadcast events to enter the era of public awareness and use. The majority of businesses were doing live broadcast for e-commerce. However, for banks and insurance companies, the products in these industries were obviously slow in turnover cycles and relied on salespersons to guide the customers on decision-making, thus the traditional e-commerce live streaming was not applicable here. We started to provide a complete set of professionally generated live content planning and live supporting products for customers in these industries since April 2020. In our live broadcast SaaS service, sufficient potential users were formed through the training and incentive mechanism for the company's salespersons. During the live broadcast process, the product interaction design cooperated with the

professional host to increase user engagement. And then in the viewing process, users actively participated in raising questions, tests, reservations and receiving awards and other interactions which left precise user clues. After the live broadcast, through digital management tools, salespersons could more efficiently follow up and convert user clues brought by live broadcast. In the future, a picture will be formed, such that the salespersons or account managers of these companies will actively request the company to continue to broadcast live events. This is the core empowerment of our products, making live broadcast an indispensable means for corporate sales. For the year ended 31 December 2020, we had 35 paying customers which used our live broadcast SaaS service.

We will invest more in research and development to provide businesses with one-stop user management SaaS service to help them manage, activate and acquire users, including reward points system operation, membership marketing operation, gamification operation and live broadcast SaaS service. We cover top brands in offline businesses especially banks and insurance companies which have a large user base and demand for one-stop 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 for the year ended 31 December 2020 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.

The worldwide outbreak of COVID-19 has caused a sharp drop of our interactive advertising business. For the four months ended 30 April 2020, the demand and budget of the advertisers took a significant beating by the economy drag from the COVID-19 outbreak and the advertising platform's offline traffic also came to a staging standstill. A slow recovery of the Group's advertising business was noted since May 2020, meanwhile we expect a strong recovery after the COVID-19 outbreak ends in the near future.

For the year ended 31 December 2020, the revenue from our interactive advertising business declined by 38.8% to RMB990.1 million (2019: RMB1,617.8 million). 46% of such revenue was contributed by the e-commerce industry and 40% of such revenue was contributed by the financial industry. Among the top 20 ultimate advertisers in terms of revenue contribution in 2020, four customers were e-commerce platforms operated by listed companies and six customers were listed financial enterprises.

The interactive advertising model of the Group attracts users with rich and interesting high-engagement activities, and provides users with entertainment and leisure. At the same time, the advertisements are presented in the form of discounts and benefits on the landing pages, which meet and stimulate user demand.

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 advertisers through our interactive advertising platform consisting of the media management platform and the smart advertising system.

### **3. Research and Development**

For the year ended 31 December 2020, the Group continued to increase investment in research and development. As at 31 December 2020, the number of employees from our research and development department was 424, accounted for 52.3% of the Group's total employees, which resulted in a 21.5% increase in the Group's research and development expenses from RMB106.6 million in 2019 to RMB129.5 million in 2020. In order to improve and optimize our algorithms, we appointed Mr. Chen Xiuyi (陳秀義), who has extensive experience in the application of algorithm technology relating to online advertising, as the chief technology officer on 1 April 2020.

## **FINANCIAL REVIEW**

As the demand and budget of the advertisers took a significant beating by the economy drag from the COVID-19 outbreak and the advertising platform's offline traffic also has come to a staging standstill, the Group's growth record was revised downwards. However, the Group further facilitated the monetization of user management SaaS business as this segment contributed rapid growth and high gross margin.

### **Revenue**

For the year ended 31 December 2020, the Group recorded a total revenue of RMB1,070.9 million (2019: RMB1,651.6 million), with a decrease of approximately 35.2% as compared to 2019. Such decrease was attributed to the 38.8%, or RMB627.8 million, decline in the revenue from our interactive advertising business for the year ended 31 December 2020 as compared to 2019 was mainly due to the dramatic reduction of the demand and budget of the advertisers and a staging standstill to the platform's offline traffic.

However, the revenue generated from our user management SaaS platform business recorded an increase of 139.7% to RMB80.7 million for the year ended 31 December 2020 as compared to 2019 mainly due to the increased number of newly signed contracts (including renewed contracts) and the increased unit price.

Besides, the Group recorded a revenue of RMB602.5 million for the second half of 2020 (2020H1: RMB468.4 million) representing an increase of 28.6% over the first half of 2020 due to the recovery of interactive advertising business and the rapid growth of user management SaaS business.

## **Gross Profit**

For the year ended 31 December 2020, the Group recorded gross profit of RMB224.3 million (2019: RMB567.5 million), which decreased by approximately 60.5% as compared to 2019. The gross profit margin was approximately 20.9% (2019: approximately 34.4%) and the segmented gross profit margin for user management SaaS business and interactive advertisement business was 64.9% and 17.4%, respectively. The decline in gross profit was mainly due to the dramatic beating of the macro environment and advertising industry since the COVID-19 outbreak. The underlying reasons include, firstly, as the economy drag caused by the COVID-19 outbreak has left the advertisers with uncertain demand and budget, the Group adjusted the incentive strategy for the core advertisers. Secondly, the COVID-19 outbreak has come to a staging standstill to the advertising platform's offline traffic which contributed a higher conversion efficiency in 2019. Finally, for improving advertisement performance continuously, the Group increased the procurement of premium quality traffic from the core content distribution channels and adjusted the revenue sharing ratio.

Meanwhile, the gross profit in the second half of 2020 was RMB156.9 million (2020H1: RMB67.4 million), representing an increase of 132.7% over the first half of 2020, mainly due to the continuous recovery of the domestic economy which led to a recovery in the advertising business. Thus the Group expects a strong revenue recovery with decent profitability after the COVID-19 outbreak ends.

## **Selling and Distribution Expenses**

For the year ended 31 December 2020, the Group recorded selling and distribution expenses of RMB119.1 million (2019: RMB105.2 million), representing an increase of 13.2% as compared to 2019, mainly due to the Group's increased selling and distribution expenses to further promote user management SaaS Business. Meanwhile, selling and distribution expenses as a percentage of our total revenue increased to approximately 11.1% (2019: approximately 6.4%), mainly because the revenue decreased due to the COVID-19 outbreak.

## **Administrative Expenses**

For the year ended 31 December 2020, the Group recorded administrative expenses of RMB218.3 million, representing a decrease of 1.6% compared to RMB221.8 million for 2019. The Group recorded research and development expenses of RMB129.5 million (2019: RMB106.6 million) and share-based payment of RMB38.4 million (2019: RMB28.8 million) respectively. Administrative expenses as a percentage of our total revenue increased to approximately 20.4% (2019: approximately 13.4%) mainly due to the sharp increase of research and development expenses and share-based payment.

## **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 decreased from RMB475.8 million for the year ended 31 December 2019 to nil for the year ended 31 December 2020, because all of our redeemable preference shares have been converted into ordinary shares immediately prior to our listing on 7 May 2019.

## **Loss for the Year**

For the year ended 31 December 2020, loss attributable to the shareholders of the Group (the “Shareholders”) amounted to RMB63.6 million (2019: RMB199.8 million). Basic loss per share decreased to RMB6.1 cents (2019: RMB21.9 cents) mainly due to the fact that no changes in fair value of financial liabilities at fair value through profit or loss was recorded for the year ended 31 December 2020.

## **Adjusted Profit/(Loss) for the Year**

For the year ended 31 December 2020, the Group’s adjusted loss was RMB25.1 million (2019: adjusted profit of RMB340.0 million), and such decrease was mainly caused by the significant decrease in our revenue for the year ended 31 December 2020 compared with 2019 as mentioned above.

## **Cash Flows**

For the year ended 31 December 2020, our net cash inflow generated from operating activities was RMB35.3 million (2019: net cash inflow of RMB241.0 million), and such change was primarily due to the decrease in our revenue for the year ended 31 December 2020 compared with 2019. Our net cash outflow used in investing activities was RMB104.6 million (2019: RMB625.7 million), representing a decrease of 83.3% compared with 2019, primarily due to the decrease in purchase of financial assets at fair value through profit or loss at the amount of RMB2,301.9 million (2019: RMB3,065.9 million). Our net cash outflow used in financing activities was RMB6.7 million (2019: net cash inflow of RMB304.4 million) primarily because the Group had received a considerable amount of the net proceeds from issue of shares of the Company (the “Shares”) in 2019.

## **Gearing Ratio**

The Group monitors capital using a gearing ratio, which is total debt divided by total equity and net debt. Total debt includes trade payables and other payables, less cash and cash equivalents. As at 31 December 2020, the Group’s gearing ratio was 7.6% as compared to a negative value as at 31 December 2019 primarily due to the decrease in cash and cash equivalents.



## **Liquidity and Capital Structure**

For the year ended 31 December 2020, 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 2020, the Group had cash and cash equivalents of approximately RMB135.3 million (2019: RMB220.8 million). We did not have any unutilized banking facilities as at 31 December 2020.

## **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**

On 19 June 2020, Hangzhou Keze Network Technology Co., Ltd.\* (杭州可澤網路科技有限公司) (“Hangzhou Keze”), a wholly-owned subsidiary of the Company, entered into the memorandum of understanding in relation to the establishment of a joint venture company, Zhejiang Gushang Intelligent Technology Co., Ltd.\* (浙江谷尚智能科技有限公司) (the “JV Company”), pursuant to which Hangzhou Keze holds 19% of the equity in the JV Company. Based on the percentage shareholding of Hangzhou Keze in the JV Company, the total investment of the Group in the JV Company (including the land acquisition costs) is expected to be approximately RMB332.4 million. As at 31 December 2020, the aggregate carrying amount of the Group's investment in the JV Company was RMB19.0 million. For details, please refer to the announcement of the Company dated 19 June 2020. The JV Company was recognised as an associate as at 31 December 2020. Save as disclosed above, there were no material acquisitions, disposals and significant investment of the Group for the year ended 31 December 2020.

## **Contingent Liabilities**

The Company is currently defending a court case at the High Court of Hong Kong in respect of a claim, which arises from an allegation that the Company had committed the act of conversion against various shares of the Company that were previously owned by the plaintiff but held in the Company's custody. According to the plaintiff's pleaded case, the maximum amount of its claim for damages is approximately HK\$61 million. The Directors, based on the information currently available and having assessed the merits of the case based on advice from the Company's legal counsel, believe that the Company has a number of valid defence arguments against the claim and, accordingly, has not provided for any claim arising from the allegation.

## **Charge on Assets**

As at 31 December 2020, the Group had no charges on its assets (2019: nil).



## **ORGANIZATION AND TALENT RETENTION**

As at 31 December 2020, the Group's workforce reached 810 (2019: 692), including 326 sales employees, 60 administration employees and 424 research and development employees. Identification and development of high potential talents has been listed as a top priority for the management in 2020. Moreover, the Group provided greater incentives to talents by granting them with share options and share awards of the Company.

## **SOCIAL RESPONSIBILITY**

During the year ended 31 December 2020, under the philosophy of “serving the people and giving back to society”, the Group actively sought opportunities of giving back to society, in order to create a better living environment for local communities. The Group organized the activity of offering ginger tea to spread warmth and love in society. Volunteers from the Group set up booths of love in Shuyu Building ( 數娛大廈 ), Xihu Shufang ( 西湖書房 ) and Jinqiu Jiayuan ( 金秋家園 ) respectively, offered ginger tea and customized Chinese Fu ( 福字 ) stickers to the employees who remained at their posts during the COVID-19 outbreak and stayed in Hangzhou for the Chinese New Year. Due to the severe and complex COVID-19 outbreak in early 2020, the Group gave back to society by donation of anti-epidemic materials purchased through its channels, including masks and alcohol pads. Moreover, the Group inherits the Chinese traditional virtue of respecting the old and taking care of the young. Ahead of the winter, the Group organized its employees to visit Gudang Old-age Apartment ( 古蕩老人公寓 ), where they gave gifts to the elderly, who felt the care and warmth in society, thus establishing a profound friendship. The Group believes that the participation in community activities plays an important role in its long-term development. Through different activities to benefit the community, the Group can develop a culture of participating in community work and giving back to society. The Group will always pay attention to the people in need and spare no effort to promote the development, education and construction activities in the communities where the business of the Group is located.

## **FUTURE OUTLOOK**

The COVID-19 outbreak has a far-reaching impact on the future economy. Enterprises are further increasing their investment in digital transformation and upgrade, especially in industries where the main business still relies mainly on offline scenarios and channels, typically represented by the banking industry. During the COVID-19 outbreak, offline outlets are unable to carry out operations, and account managers cannot visit customers, thus greatly affecting the normal development of their business. Online user management and the creation of online new user scenarios become an extremely urgent need of major banks for their business upgrade. The Group will be deeply engaged in user management SaaS business in vertical industries for a long time, and continuously upgrade and innovate our products and services, so as to create greater long-term value for banking, retail and other industries.

The COVID-19 outbreak has a significant impact on the interactive advertising business of the Group, with the staging standstill of the traffic for the offline consumption scenario due to the outbreak, and the budget pressures on advertisers in the industry. However, with the recovery of the domestic economy, the negative effects have been gradually eliminated, with a significant improvement in the market environment for the continuous growth of the interactive advertising business. Looking forward to 2021, the Group will adhere to the diversified traffic structure strategy of online and offline, omni-channel and full-scenario coverage for advertising traffic.

It is the long-term relentless mission of Duiba, a young team, to help enterprises improve their efficiency.

## **USE OF NET PROCEEDS FROM LISTING**

The Shares were listed on the Main Board of the Stock Exchange on 7 May 2019 by way of global offering at the offering price of HK\$6.0 per Share, raising net proceeds of approximately HK\$569.5 million (equivalent to RMB490.5 million) after deducting professional fees, underwriting commissions and other related listing expenses (the “Net Proceeds”).

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 2020, the Group had utilized the Net Proceeds in the manner as set out in the table below:

	Approximate percentage of total amount	Net Proceeds <i>RMB' million</i>	Utilization as at 31 December 2020 <i>RMB' million</i>	Utilization from 1 January 2020 to 31 December 2020 <i>RMB' million</i>	Unutilized amount <i>RMB' million</i>
Research and development	37%	180.2	87.8	73.9	92.4
Sales and marketing	25%	125.1	57.9	46.7	67.2
Operations	8%	38.1	16.0	13.1	22.1
Acquisitions	20%	98.1	–	–	98.1
Working capital	10%	49.0	49.0	19.6	–
<b>Total</b>	<b>100%</b>	<b>490.5</b>	<b>210.7</b>	<b>153.3</b>	<b>279.8</b>

There was no change in the intended use of the Net Proceeds as previously disclosed in the Prospectus. The advance or delay in the use of the actual use of the Net Proceeds was mainly due to the advance or 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:

	<b>2021</b>	<b>Total</b>
	<i>(RMB' million)</i>	
Research and development:		
– business-specific staff recruitment	45.7	45.7
– investment in servers	12.5	12.5
– improvement in technology infrastructure	30.4	30.4
– research and development centre	3.8	3.8
<b>Subtotal</b>	<b>92.4</b>	<b>92.4</b>
Sales and marketing:		
– business-specific staff recruitment	25.9	25.9
– marketing initiatives	41.3	41.3
<b>Subtotal</b>	<b>67.2</b>	<b>67.2</b>
Operations:		
– business-specific staff recruitment	15.0	15.0
– operational facilities	7.1	7.1
<b>Subtotal</b>	<b>22.1</b>	<b>22.1</b>
Acquisitions	–	<b>98.1</b>
Working capital	–	–

## **DIVIDEND**

The Board did not recommend the payment of any final dividend for the year ended 31 December 2020 (2019 interim dividend: RMB99.1 million).

## **CLOSURE OF THE REGISTER OF MEMBERS**

The register of members of the Company will be closed from Saturday, 22 May 2021 to Friday, 28 May 2021, 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 Friday, 28 May 2021, 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, 21 May 2021.

## **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 for the year ended 31 December 2020.

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 year ended 31 December 2020. 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/she had complied with the required standards as set out in the Model Code for the year ended 31 December 2020.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

On 9 January 2020, the Company cancelled 26,339,200 Shares which were repurchased on the Stock Exchange for the period from 16 September 2019 to 31 December 2019 at a total consideration (before expenses) of HK\$120,569,514.

Save as disclosed above, during the year ended 31 December 2020, neither the Company nor any of 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. 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 2020.

## **SUBSEQUENT EVENT**

The Group did not have any significant events from 31 December 2020 and up to the date of this announcement.

## **PUBLICATION OF THE ANNUAL RESULTS AND 2020 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](http://www.hkexnews.hk)) and the Company ([www.duiba.cn](http://www.duiba.cn)), and the 2020 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, 30 March 2021

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