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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 2021

Financial and Operational Data Highlights for the Year Ended 31 December 2021

Financial Data Highlight

| | For the year ended 31 December | |
|--|-----------------------------------|------------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Revenue | | |
| User management SaaS platform business | 173,166 | 80,670 |
| Interactive advertising business | 1,139,300 | 990,061 |
| Others | 10 | 132 |
| Total | 1,312,476 | 1,070,863 |

For the year ended 31 December 2021, our revenue increased by 22.6% as compared with 2020.

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:

| | For the year ended | |
|--|---------------------------|------------------------|
| | 31 December | |
| | 2021 | 2020 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Loss for the year | (11,773) | (63,566) |
| <i>Add:</i> | | |
| Share-based payment | 23,746 | 38,438 |
| Listing expenses | – | – |
| Changes in fair value of financial liabilities at fair value through profit or loss | – | – |
| | <hr/> | <hr/> |
| Adjusted profit/(loss) for the year⁽¹⁾ | <u>11,973</u> | <u>(25,128)</u> |

- (1) We define “adjusted profit/(loss) for the year” as profit/(loss) for the year, adding back share-based payment. Adjusted profit/(loss) for the year is not a measure required by or presented in accordance with HKFRSs. The use of adjusted profit/(loss) for the year has limitations as an analytical tool, and 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 2021, 1,190 paying customers (2020: 832) including 275 customers from financial industry (2020: 251) and 915 customers from other industries (2020: 581) had used the Group’s charged services. Approximately 27.2% of paying customers as at 31 December 2020 had not been retained over the year ended 31 December 2021. The total value of newly signed contracts (including renewed contracts) for the year ended 31 December 2021 was RMB186.7 million (2020: RMB104.0 million). The Group recorded revenue of RMB173.2 million for the year ended 31 December 2021 from such business (2020: RMB80.7 million).

Interactive advertising business

| | For the year ended 31 December | |
|---|-----------------------------------|----------|
| | 2021 | 2020 |
| DAUs (millions) ⁽¹⁾ | 30.2 | 25.5 |
| MAUs (millions) ⁽¹⁾ | 434.4 | 324.1 |
| Advertising page views (millions) ⁽²⁾ | 11,890.6 | 11,951.6 |
| Number of chargeable clicks (millions) ⁽³⁾ | 3,399.1 | 3,461.2 |
| Under CPC model (millions) ⁽³⁾ | 2,800.4 | 2,626.2 |
| Others (millions) | 598.7 | 835.0 |
| Click-through rate ⁽⁴⁾ | 28.6% | 29.0% |
| 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 advertising customers for the years indicated.

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

| | For the year ended 31 December | |
|--------------------------------|-----------------------------------|-------|
| | 2021 | 2020 |
| Content distribution channels | 4,923 | 7,220 |
| Ultimate advertising customers | 1,492 | 3,902 |

For the year ended 31 December 2021, the Group had placed interactive advertisements on 4,923 content distribution channels, mainly comprising mobile apps, and the Group's interactive advertising business served 1,492 advertising customers (either through advertising agent customers or as our direct customers).

The board of directors (the “**Directors**”) of the Company (the “**Board**”) announces the audited consolidated annual results of the Group for the year ended 31 December 2021 together with comparative figures for the year ended 31 December 2020:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

| | <i>Notes</i> | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|--------------|-------------------------------|------------------------|
| REVENUE | 4 | 1,312,476 | 1,070,863 |
| Cost of sales | | (941,991) | (846,533) |
| Gross profit | | 370,485 | 224,330 |
| Other income and gains | 4 | 58,130 | 50,873 |
| Selling and distribution expenses | | (160,074) | (119,119) |
| Administrative expenses | | (258,350) | (218,172) |
| Impairment losses on trade receivables, net | 9 | (18,910) | (103) |
| Other expenses | | (979) | (7,973) |
| Finance costs | | (353) | (261) |
| Share of losses of an associate | | (631) | (35) |
| LOSS BEFORE TAX | 5 | (10,682) | (70,460) |
| Income tax (expense)/credit | 6 | (1,091) | 6,894 |
| LOSS FOR THE YEAR | | (11,773) | (63,566) |
| Attributable to: | | | |
| Owners of the parent | | (11,773) | (63,566) |
| OTHER COMPREHENSIVE LOSS | | | |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences: | | | |
| Exchange differences on translation of foreign operations | | (14,428) | (45,047) |
| OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX | | (14,428) | (45,047) |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | (26,201) | (108,613) |

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

Year ended 31 December 2021

| | <i>Note</i> | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---|-------------|--------------------------------------|------------------------|
| Attributable to: | | | |
| Owners of the parent | | <u>(26,201)</u> | <u>(108,613)</u> |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | |
| BASIC AND DILUTED (<i>RMB</i>) | 8 | <u>(1.1) cents</u> | <u>(6.1) cents</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

| | <i>Notes</i> | 2021 RMB'000 | 2020 RMB'000 |
|---|--------------|-------------------------------|------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 13,361 | 8,176 |
| Intangible assets | | 1,320 | 515 |
| Right-of-use assets | | 7,870 | 9,033 |
| Investment in an associate | | 84,834 | 18,965 |
| Deferred tax assets | | 27,043 | 28,741 |
| Time deposit | | 30,359 | – |
| Prepayments, other receivables and other assets | | 9,462 | 3,031 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 174,249 | 68,461 |
| CURRENT ASSETS | | | |
| Trade receivables | 9 | 64,395 | 93,052 |
| Prepayments, other receivables and other assets | | 122,555 | 132,660 |
| Financial assets at fair value through profit or loss | | 958,444 | 1,147,571 |
| Restricted cash | | 20,210 | 20,252 |
| Cash and cash equivalents | | 225,741 | 135,269 |
| | | <hr/> | <hr/> |
| Total current assets | | 1,391,345 | 1,528,804 |
| CURRENT LIABILITIES | | | |
| Trade payables | 10 | 69,440 | 89,434 |
| Other payables and accruals | | 168,815 | 151,877 |
| Contract liabilities | | 32,660 | 55,835 |
| Lease liabilities | | 5,165 | 6,042 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 276,080 | 303,188 |
| NET CURRENT ASSETS | | | |
| | | 1,115,265 | 1,225,616 |
| | | <hr/> | <hr/> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*31 December 2021*

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---|-------------------------------|------------------------|
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>1,289,514</u> | <u>1,294,077</u> |
| NON-CURRENT LIABILITIES | | |
| Lease liabilities | 1,448 | 2,029 |
| Deferred tax liabilities | <u>1,049</u> | <u>1,656</u> |
| Total non-current liabilities | <u>2,497</u> | <u>3,685</u> |
| Net assets | <u>1,287,017</u> | <u>1,290,392</u> |
| EQUITY | | |
| Equity attributable to owners of the parent | | |
| Share capital | 70 | 70 |
| Reserves | <u>1,286,947</u> | <u>1,290,322</u> |
| Total equity | <u>1,287,017</u> | <u>1,290,392</u> |

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

| | <i>Notes</i> | 2021 RMB'000 | 2020 RMB'000 |
|---|--------------|-------------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before tax | | (10,682) | (70,460) |
| Adjustments for: | | | |
| Share of losses of an associate | | 631 | 35 |
| Interest income | 4 | (2,485) | (1,607) |
| Investment income from financial assets at fair value through profit or loss | 4 | (18,916) | (19,902) |
| Foreign exchange gain, net | 5 | (4,593) | (18,561) |
| Loss/(gain) on disposal of items of property, plant and equipment | 5 | 83 | (198) |
| Loss on lease termination | | 60 | – |
| Depreciation of property, plant and equipment | | 4,333 | 3,277 |
| Changes in fair value of financial assets at fair value through profit or loss | 5 | (14,932) | 7,636 |
| Amortisation of intangible assets | | 510 | 322 |
| Finance costs | | 353 | – |
| Equity-settled share award and option expense | | 23,746 | 38,438 |
| Depreciation of right-of-use assets | | 7,427 | 5,754 |
| Impairment of trade receivables, net | 9 | 18,910 | 103 |
| | | 4,445 | (55,163) |
| Decrease/(increase) in restricted cash | | 42 | (20,252) |
| Decrease in trade receivables | | 9,747 | 53,431 |
| Increase in prepayments, other receivables and other assets | | (1,610) | (9,930) |
| Decrease in trade payables | | (19,994) | (12,419) |
| (Decrease)/increase in contract liabilities | | (23,175) | 35,380 |
| Increase in other payables and accruals | | 16,938 | 42,600 |
| Cash (used in)/generated from operations | | (13,607) | 33,647 |
| Interest received | | 1,617 | 1,607 |
| Net cash flows (used in)/from operating activities | | (11,990) | 35,254 |

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*Year ended 31 December 2021*

| | 2021 | 2020 |
|--|-----------------------|------------------|
| | RMB'000 | RMB'000 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of items of property, plant and equipment | 45 | 351 |
| Purchases of items of property, plant and equipment | (9,646) | (6,368) |
| Purchases of financial assets at fair value through profit or loss | (1,535,244) | (2,301,905) |
| Proceeds from disposal of financial assets at fair value through profit or loss | 1,748,706 | 2,222,499 |
| Repayment from loans receivable | 8,093 | – |
| Advances of loans receivable | (7,300) | – |
| Purchase of a shareholding in an associate | (61,500) | (19,000) |
| Purchases of intangible assets | (1,315) | (158) |
| Increase in time deposit | (30,000) | – |
| | <u>111,839</u> | <u>(104,581)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal portion of lease payments | (7,782) | (6,655) |
| Interest paid | (353) | – |
| Repurchase of shares | (920) | – |
| | <u>(9,055)</u> | <u>(6,655)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | |
| | 90,794 | (75,982) |
| Effect of foreign exchange rate changes, net | (322) | (9,528) |
| Cash and cash equivalents at beginning of year | 135,269 | 220,779 |
| | <u>225,741</u> | <u>135,269</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | |
| | <u>225,741</u> | <u>135,269</u> |
| 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 | | |
| | <u>225,741</u> | <u>135,269</u> |

NOTES TO FINANCIAL STATEMENTS

31 December 2021

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 of Hong Kong Limited.

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 and unlisted equity investment, which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021. 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 following revised HKFRSs for the first time for the current year's financial statements.

| | |
|---|---|
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 HKFRS 4 and HKFRS 16 | <i>Interest Rate Benchmark Reform – Phase 2</i> |
| Amendment to HKFRS 16 | <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (early adopted) |

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

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:

| | 2021 | 2020 |
|------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Customer 1 | 495,506 | 275,639 |
| Customer 2 | N/A* | 132,528 |
| Customer 3 | N/A* | 127,479 |
| Customer 4 | 149,482 | N/A* |

- * 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:

| | 2021 | 2020 |
|---|-------------------------|------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| <i>Revenue from contracts with customers</i> | | |
| Interactive advertising business | 1,139,300 | 990,061 |
| User management SaaS platform business | 173,166 | 80,670 |
| Others | 10 | 132 |
| | <u>1,312,476</u> | <u>1,070,863</u> |
| | 2021 | 2020 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| <u>Other income and gains</u> | | |
| Interest income | 2,485 | 1,607 |
| Government grants* | 14,641 | 9,740 |
| Investment income from financial assets at fair value through profit or loss | 18,916 | 19,902 |
| Changes in fair value of financial assets at fair value through profit or loss | 14,932 | – |
| Foreign exchange gain, net | 4,593 | 18,561 |
| Gain on disposal of items of property, plant and equipment | – | 198 |
| Others | 2,563 | 865 |
| | <u>58,130</u> | <u>50,873</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> | 2021 RMB'000 | 2020 <i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| Cost of inventories sold | | 35,534 | 26,468 |
| Cost of services provided | | 906,457 | 820,065 |
| Depreciation of property, plant and equipment | | 4,333 | 3,277 |
| Depreciation of right-of-use assets | | 7,427 | 5,754 |
| Amortisation of intangible assets* | | 510 | 322 |
| Interest income | 4 | (2,485) | (1,607) |
| Foreign exchange gain, net | 4 | (4,593) | (18,561) |
| Loss/(gain) on disposal of items of property, plant and equipment | | 83 | (198) |
| Share of losses of an associate | | 631 | 35 |
| Impairment of trade receivables, net | 9 | 18,910 | 103 |
| Changes in fair value of financial assets at fair value through profit or loss | | (14,932) | 7,636 |
| Investment income from financial assets at fair value through profit or loss | | (18,916) | (19,902) |
| Research and development costs | | 171,767 | 129,506 |
| Lease payments not included in the measurement of lease liabilities | | 34 | 473 |
| Auditor's remuneration | | 2,780 | 2,480 |
| Employee benefit expense (excluding directors' and chief executive's remuneration): | | | |
| Wages and salaries | | 220,708 | 168,765 |
| Equity-settled share award expense | | 20,990 | 32,756 |
| Pension scheme contributions** | | 20,207 | 5,095 |
| Staff welfare expense | | 63,892 | 29,650 |
| | | 325,797 | 236,266 |

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

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

6. INCOME TAX

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

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Charge for the year | – | – |
| Deferred tax | <u>1,091</u> | <u>(6,894)</u> |
| Total tax charge/(credit) for the year | <u>1,091</u> | <u>(6,894)</u> |

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

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Loss before tax | <u>(10,682)</u> | <u>(70,460)</u> |
| Tax at the tax rate of 25% | (2,670) | (17,615) |
| Effect of tax rate differences in other jurisdictions | 496 | (457) |
| Effect of preferential lower tax rates entitled | (8,988) | (8,247) |
| Additional deduction allowance for research and development costs | (12,349) | (10,764) |
| Expenses not deductible for tax | 7,150 | 19,734 |
| Effect on different of tax rate between current tax and deferred tax | 4,475 | (3,927) |
| Losses attributable to an associate | 158 | – |
| Tax losses not recognised | 14,625 | 16,446 |
| Income not subject to tax | <u>(1,806)</u> | <u>(2,064)</u> |
| Tax charge/(credit) at the Group's effective rate | <u>1,091</u> | <u>(6,894)</u> |

7. DIVIDENDS

The board of directors did not recommend the payment of any final dividend for the year ended 31 December 2021.

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 2021 and 2020 have been arrived at after eliminating the shares of the Company held under the restricted stock unit and shares repurchased.

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|-------------------------|------------------------|
| <u>Loss</u> | | |
| Loss attributable to ordinary equity holders of the parent | <u>(11,773)</u> | <u>(63,566)</u> |
| | Number of shares | |
| | 2021 | 2020 |
| <u>Shares</u> | | |
| Weighted average number of shares in issue during the year | <u>1,032,373,500</u> | <u>1,048,370,770</u> |

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2021 and 2020 in respect of a dilution as the impact of the restricted stock unit and restricted stock unit option outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

9. TRADE RECEIVABLES

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|-------------------|-------------------------------|------------------------|
| Trade receivables | 83,554 | 93,303 |
| Impairment | (19,159) | (251) |
| | <u>64,395</u> | <u>93,052</u> |

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:

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|-----------------|-------------------------------|------------------------|
| 0 to 30 days | 32,973 | 22,205 |
| 31 to 90 days | 26,118 | 31,002 |
| 91 to 180 days | 4,757 | 32,753 |
| 181 to 365 days | 547 | 7,092 |
| | <u>64,395</u> | <u>93,052</u> |

10. TRADE PAYABLES

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|----------------|-------------------------------|------------------------|
| Trade payables | <u>69,440</u> | <u>89,434</u> |

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

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|-----------------|-------------------------------|------------------------|
| 0 to 30 days | 39,272 | 43,851 |
| 31 to 90 days | 6,945 | 18,308 |
| 91 to 180 days | 6,169 | 3,757 |
| 181 to 365 days | 6,690 | 17,271 |
| Over 365 days | 10,364 | 6,247 |
| | <u>69,440</u> | <u>89,434</u> |

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 point/membership management, gamification user management, e-commerce live streaming for bank credit cards, enterprise marketing tool via WeChat, and financial industry live streaming) to boost mobile app user activity and participation on apps. 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. We have extended user management SaaS solutions to serve offline enterprises, and made phased achievements in terms of banking customers.

As at 31 December 2021, paying customers which used our charged user management SaaS services increased to 1,190 (2020: 832) including 275 customers from financial industry (2020: 251) and 915 customers from other industries (2020: 581). For the year ended 31 December 2021, the number of newly signed contracts (including renewed contracts) for the Group's user management SaaS business reached 820 (2020: 834). The total value of our newly signed contracts (including renewed contracts) in 2021 was approximately RMB186.7 million (2020: RMB104.0 million) and the average charge per signed contract was approximately RMB228,000. Revenue generated from our user management SaaS business increased significantly by 114.7% to RMB173.2 million (2020: RMB80.7 million).

In the meantime, our user management SaaS business maintained a strong growth momentum in the second half of 2021, the total value of our newly signed contracts (including renewed contracts) in the second half of 2021 reached RMB112.3 million and the revenue generated from user management SaaS business was RMB104.6 million, representing an increase of 50.9% and 52.6% 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 2021 reached RMB55.3 million, representing an increase of 63.1% 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. Our good reputation among prime customers who cooperated with us provides the experience which can be replicated and facilitate transformation, for our current customer acquisition. We continuously made breakthroughs in expanding our bank customer base, as we benefited from the digitalization demand from the huge number of banking outlets of banking financial institutions nationwide (as at the end of 2021: approximately 223,600), and the growing online and local penetration trend of urban commercial banks and rural commercial banks. The total number and the total value of our newly signed contracts (including renewed contracts) with banking customers in 2021 were 215 (2020: 203) and RMB89.2 million (2020: RMB42.1 million), respectively.

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

| | For the year ended | |
|---|---------------------------|-----------------|
| | 31 December | |
| | 2021 | 2020 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | 173,166 | 80,670 |
| Cost of sales | (41,038) | (28,289) |
| Selling and distribution expenses | (101,886) | (58,692) |
| Administrative expenses (excluding research and development expenses) | (7,580) | (2,538) |
| Research and development expenses | (105,912) | (58,254) |
| Total | <u>(83,250)</u> | <u>(67,103)</u> |

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

| | For the year ended | |
|--------------------------------|---------------------------|----------------|
| | 31 December | |
| | 2021 | 2020 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| User management SaaS solutions | 131,472 | 50,041 |
| Other value-added services | 41,694 | 30,629 |
| Total | <u>173,166</u> | <u>80,670</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: continuous innovation and more targeted effective marketing strategies and campaign tools. In the future, we will be continuously committed to identifying the common needs for products, to refine incremental common service modules, and improve the service items and package prices of future standard products.

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. We covered 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 believed 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 of activities, and achieved large-scale monetization through advertisements, thereby achieving a win-win situation for each of the advertising customers, 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 2021 was generated from the CPC (cost per click) model (“**CPC Model**”). Under the CPC Model, we charged customers only if viewers interacted with our advertising tools and were directed to the mobile internet page designated by the advertising customers.

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

Driven by the effective control of COVID-19 pandemic in China, the advertising customers’ confidence in the overall budget in advertising was boosted, thus the Company’s interactive advertising business fully recovered for the year ended 31 December 2021. However, due to certain prime advertising customers who contributed significantly to the Group’s revenue in advertising had decreased their budgets in the second half of 2021 as a result of the change in market environment which they operate, while the Company did not have such customers in similar size to compensate the loss of business in a short term, which impaired the overall recovery of our interactive advertising business in the second half of the year. For this purpose, the Group’s advertising business department will conduct cost control in the short term and simultaneously promote cooperation with potential customers. The Group is expected to achieve a balanced development in terms of customer structure in the near future, so as to mitigate the impact of customer churn risks on its results.

For the year ended 31 December 2021, revenue from our interactive advertising business increased by 15.1% to RMB1,139.3 million (2020: RMB990.1 million). 40.0% and 34.1% of such revenue were derived from the financial industry and the communication service (operator) industry, respectively. Among the top 20 customers from the interactive advertising business in terms of revenue contribution in 2021, six and nine customers were from the financial industry and the operator industry respectively. According to CTR Media Intelligence, in recent years, the post and telecommunications industry has ranked among the top ten in terms of advertising expenses. Under the background of the nationwide coverage of 5G and the national publicity of “increasing the speed and reducing the rate”, domestic communication operators have been in a more fierce competition for users of the 5G service package, thus maintaining large and stable advertising budgets for omni-channel advertising. Continuous acquisition and retention of advertising customers from the communications services industry will facilitate the steady generation of revenue from the interactive advertising business of the Group.

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

For the year ended 31 December 2021, the average revenue per chargeable click under the CPC model of our interactive advertising platform was RMB0.37 (2020: RMB0.37) while the average CTR (click-through rate) of our interactive advertising business reached 28.6% (2020: 29.0%) through our continuing efforts to upgrade products and technology.

3. Research and Development

During the year ended 31 December 2021, the Group continued to increase investment in research and development. On 31 December 2021, the number of employees from our research and development department was 520 (2020: 424), accounting for 55.6% (2020: 52.3%) of the Group’s total employees, leading to the Group’s research and development expenses increasing by 32.6% from RMB129.5 million in 2020 to RMB171.8 million in 2021.

FINANCIAL REVIEW

The Group achieved growth due to the overall recovery of the demand and budget of advertising customers, and the significant improvement in the offline traffic of advertising platforms. However, the recovery of results of the Company was suppressed due to the sudden reduction in advertising budgets by certain prime advertising customers since the second half of 2021, while the Company did not have such customers in similar size to compensate the loss of business in a short term. Furthermore, the Group further promoted the monetization of user management SaaS business, and achieve a good and continuous business development trend, due to the faster growth and higher gross profit margin of the business.

Revenue

For the year ended 31 December 2021, the Group recorded a total revenue of RMB1,312.5 million (2020: RMB1,070.9 million), representing an increase of approximately 22.6% as compared with 2020. The increase was mainly due to a rise of 15.1% to RMB1,139.3 million in revenue from our interactive advertising business for the year ended 31 December 2021 as compared with 2020, reflecting the increases in DAUs and MAUs from 25.5 million to 30.2 million and from 324.1 million to 434.4 million, respectively, for the year ended 31 December 2021, which were attributable to the recovery of the demand and budget of advertising customers, the recovery of offline traffic of platforms after the waning of the COVID-19 pandemic, and the continuous investment in research and development.

The revenue generated from our user management SaaS platform business increased by 114.7% to RMB173.2 million for the year ended 31 December 2021 as compared to 2020 mainly due to the increase in the unit prices in newly signed contracts (including renewed contracts), and the amount of newly signed contracts from banking customers accounted for a large percentage.

In addition, the Group recorded revenue of RMB592.0 million in the second half of 2021 (first half of 2021: RMB720.5 million), representing a decrease of 17.8% as compared with the first half of 2021, as a result of the sudden reduction by certain prime advertising customers without prior communication in the advertising budget to be spent on the interactive advertising business of the Group, in the second half of the year, due to the sudden change in market environment in which they operated.

Gross Profit

For the year ended 31 December 2021, the Group recorded gross profit of RMB370.5 million (2020: RMB224.3 million), representing an increase of approximately 65.2% as compared with 2020. The gross profit margin was 28.2% (2020: 20.9%) and the gross profit margins of user management SaaS business and interactive advertising business were 76.3% and 20.9% respectively. The increase in gross profit was mainly due to the moderate recovery of the macro environment and the advertising industry as a result of the effective control of the COVID-19 pandemic in China. Firstly, the phased achievement in prevention and control of the COVID-19 pandemic in China promoted the recovery of confidence of advertising customers, which was positively reflected in budget consumption; in addition, the

Group continued its previous core advertising customers incentive strategy, resulting in the significant recovery of spending of prime advertising customers. Secondly, the offline traffic of advertising platforms recovered with the resumption of social production. Finally, the Group continued to increase its purchase of high-quality traffic from core content distribution channels, resulting in a significant improvement in advertising effect, as reflected in the significant increase in the click-through rate. However, since the second half of 2021, certain prime advertising customers have suddenly adopted prudent expenditure strategies due to the abrupt change in their operating environments, which led to a decrease in their budgets for advertising to be purchased from the Group. As such decrease was not offset by budget of customers in the short term, the Group's revenue and gross profit from the advertising business decreased as compared with the first half of the year, thus lowering the gross profit margin for the year. Finally, the gross profit margin of the user management SaaS business of the Group continued to increase, mainly due to the overall increase in the average transaction value.

Selling and Distribution Expenses

For the year ended 31 December 2021, the Group recorded selling and distribution expenses of RMB160.1 million (2020: RMB119.1 million), representing an increase of 34.4% as compared to 2020, mainly due to the increase in selling and distribution expenses of the Group to further promote user management SaaS business. Meanwhile, selling and distribution expenses as a percentage of total revenue increased to approximately 12.2% (2020: approximately 11.1%), mainly due to the decrease in the overall revenue as a result of reduction in the advertising budgets of certain prime advertising customers in the second half of 2021.

Administrative Expenses

For the year ended 31 December 2021, the Group recorded administrative expenses of RMB258.4 million, representing an increase of 18.4% as compared with RMB218.2 million in 2020, due to an increase in relevant administrative expenses as a result of a significant rise in the number of employees of the Company in 2021. The Group recorded research and development expenses of RMB171.8 million (2020: RMB129.5 million) and share-based payment of RMB23.7 million (2020: RMB38.4 million), respectively. Administrative expenses as a percentage of the total revenue decreased to approximately 19.7% (2020: approximately 20.4%), mainly due to the significant increase in the sales revenue of the Group for the year ended 31 December 2021.

Loss for the Year

For the year ended 31 December 2021, loss attributable to the shareholders of the Group amounted to RMB11.8 million (2020: RMB63.6 million). Basic loss per share decreased to RMB1.1 cents (2020: RMB6.1 cents) mainly due to the significant decrease in loss for the year ended 31 December 2021.

Adjusted Profit/(loss) for the Year

For the year ended 31 December 2021, the Group recorded an adjusted profit of RMB12.0 million (2020: adjusted loss of RMB25.1 million), mainly due to the significant increase in revenue for the year ended 31 December 2021 as mentioned above as compared with the corresponding period in 2020.

Cash Flows

For the year ended 31 December 2021, our net cash outflow used in operating activities was RMB12.0 million (2020: net cash inflow of RMB35.3 million), and such change was primarily due to the increase in the number of employees of the Company and the adjustment of the year-end bonus payment timing. Our net cash inflow from investing activities was RMB111.8 million (2020: net cash outflow: RMB104.6 million), and the change was mainly due to the maturity of certain wealth management products on 31 December 2021 and failure of the Group to renew such wealth management products or invest in other wealth management products. Our net cash outflow used in financing activities was RMB9.1 million (2020: net cash outflow of RMB6.7 million).

Gearing Ratio

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

As at 31 December 2021, the Group's gearing ratio was approximately 1.0% as compared to approximately 7.6% as at 31 December 2020, primarily due to the extension of the payment period of trade payables.

Liquidity and Capital Structure

During the year ended 31 December 2021, the daily working capital of the Group was primarily derived from internally generated cash flow from operating activities and net proceeds from the issuance of shares of the Company. As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB225.7 million (31 December 2020: RMB135.3 million). We did not have any unutilized banking facilities as at 31 December 2021.

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

As of 31 December 2021, the Group held a total of 19% equity interest in Zhejiang Gushang Intelligent Technology Co., Ltd.* (浙江谷尚智能科技有限公司) (“**Gushang Intelligent Technology**”) through a wholly-owned subsidiary of the Company, Hangzhou Keze Network Technology Co., Ltd.* (杭州可澤網絡科技有限公司), with an aggregate carrying value of RMB84.8 million. The principal activities of Gushang Intelligent Technology include the constructing of buildings and parking lots on a land parcel located in the Hangzhou Zijingang Science and Technology Town, which are expected to be completed in June 2023 (the “**Project**”). As at 31 December 2021, the carrying amount of the investment in Gushang

Intelligent Technology represented approximately 5.4% of the total assets of the Group. For details, please refer to the announcements of the Company dated 19 June 2020 and 24 June 2020. Gushang Intelligent Technology is an associate of the Group. Given the Project is under construction, there was no unrealised or realised gain or loss and the Group did not receive any dividend for the year ended 31 December 2021. Save as disclosed above, there were no material acquisitions, disposals and significant investment of the Group for the year ended 31 December 2021.

Contingent Liabilities

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

Charge on Assets

As at 31 December 2021, the Group had no charges on its assets (as at 31 December 2020: nil).

SUBSEQUENT EVENT

On 1 January 2022 and 1 February 2022, 1,900,000 and 9,550,000 unvested incentive shares of the Company under the restricted stock unit option incentive scheme adopted by the Company prior to listing of the shares of the Company on the Main Board of the Stock Exchange, respectively, were granted to certain employees of the Group.

ORGANIZATION AND TALENT RETENTION

As at 31 December 2021, the Group’s workforce reached 935 (as at 31 December 2020: 810), including 150 sales employees, 75 administration employees, 190 operation employees and 520 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 higher incentives to talents by granting them with share options and share awards of the Company.

SOCIAL RESPONSIBILITY

During the year ended 31 December 2021, the Group upheld the principle of “serving the people and giving back to society”, and actively sought opportunities to give back to the society in order to create a better living environment for local communities. The prevention and control of the COVID-19 pandemic has always been a primary responsibility. The Group actively organized employees to receive COVID-19 vaccines at the health service centers in the communities in which they worked and shuttled them back and forth. During the period, the Group properly carried out pandemic prevention and control in active response to the “scientific pandemic prevention” by regularly distributing masks and vitamin C to its employees and providing shuttle buses for work commute. Meanwhile, the Group gave back to the society by donation of materials purchased through its own channels, including masks and disinfecting cotton pads. The Group will always pay attention to those in need and spare no effort to promote the development, education and construction activities of the communities where the Group operates.

FUTURE OUTLOOK

In recent years, the development of digital economy has subverted the traditional way of interaction between merchants and users, while the COVID-19 pandemic has promoted the implementation of “non-contact” online services, resulting in more diversified, high-frequency and fragmented user demand. The development of various industries in the current era is centered on customer demand, providing them with high-quality services and products, which is of great strategic significance to the development of enterprises, and it can gain customers’ greater loyalty to the brand through digital transformation. To this end, we will continue to tap and cultivate the loyalty of target users for a wide range of domestic enterprises, in order to become an industry expert level product and service provider. Our products and services have gained initial recognition in the field of bank customers. In the future, we will continue to unswervingly optimize our user management SaaS business philosophy and create value-added benefits for the enterprise.

The stimulation of the effective control of the domestic pandemic, resulting in the significant recovery of the confidence of advertising customers in advertising budget, and the interactive advertising business of the Group showed a certain recovery in 2021. However, the impact of the sudden reduction in the advertising budgets of certain prime customers on our results in the second half of the year caused us to review the stability and sustainability of the existing customer structure. Looking forward to 2022, the Group’s advertising business department will focus on cost control and simultaneously promote cooperation with customers in a wider range of industries, so as to achieve a balanced development in terms of customer structure as soon as possible and improve the business resilience and operating efficiency of the interactive advertisements.

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 of the Company (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 (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 announcement of Change in Use of Proceeds of the Company dated 11 April 2021, the Company intended to use the Net Proceeds in the following manners:

- approximately 47% or RMB229.2 million for the enhancement of our research and development function;
- approximately 16% or RMB80.1 million for the enhancement of our sales and marketing function;
- approximately 7% or RMB34.1 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 2021, the Group had utilized the Net Proceeds in the manners as set out in the table below:

| | Approximate percentage of total amount % | Net Proceeds RMB' million | Utilization up to 31 December 2021 RMB' million | Unutilized amount RMB' million |
|--|---|--|--|---|
| Enhancement of research and development | 47% | 229.2 | 229.2 | 0.0 |
| Enhancement of sales and marketing | 16% | 80.1 | 80.1 | 0.0 |
| Enhancement of operational function | 7% | 34.1 | 34.1 | 0.0 |
| Investment into and acquiring companies and businesses | 20% | 98.1 | 98.1 | 0.0 |
| Working capital and other general corporate purposes | 10% | 49.0 | 49.0 | 0.0 |
| Total | 100% | 490.5 | 490.5 | 0.0 |

There was no difference between the intended use of the Net Proceeds and those previously disclosed in the announcement dated 11 April 2021 in relation to the changes in the use of proceeds. As at 31 December 2021, the total amount of Net Proceeds had been fully utilised.

DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2021 (2020: nil).

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Saturday, 21 May 2022 to Friday, 27 May 2022, 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 27 May 2022, 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, 20 May 2022.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (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.

Under CG Code provision C.2.1 (previous CG Code provision A.2.1), 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 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 has complied with all applicable code provisions of the CG Code for the year ended 31 December 2021. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 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 has complied with the required standards as set out in the Model Code for the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, 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 annual general meeting held on 22 May 2020. 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 year ended 31 December 2021 was 500,000 at a total consideration (before expenses) of HK\$1,108,892.00. All such repurchased Shares have been cancelled.

Details of the repurchase during the year ended 31 December 2021 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\$) |
|--------------|---|--|---|---|
| January | 500,000 | 2.32 | 2.10 | 1,108,892.00 |

Save as disclosed above, during the year ended 31 December 2021, 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 “**Audit Committee**”). The primary duties of the Audit Committee are to provide the Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Directors.

The Audit Committee, together with management, has reviewed the consolidated financial statements of the Group for the year ended 31 December 2021.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The financial information set out in this announcement does not constitute the Group’s audited accounts for the year ended 31 December 2021, but represents an extract from the consolidated financial statements for the year ended 31 December 2021 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The financial information set out in this announcement has been reviewed by the Audit Committee and approved by the Board.

PUBLICATION OF THE ANNUAL RESULTS AND 2021 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.duiba.cn>), and the 2021 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 2022

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