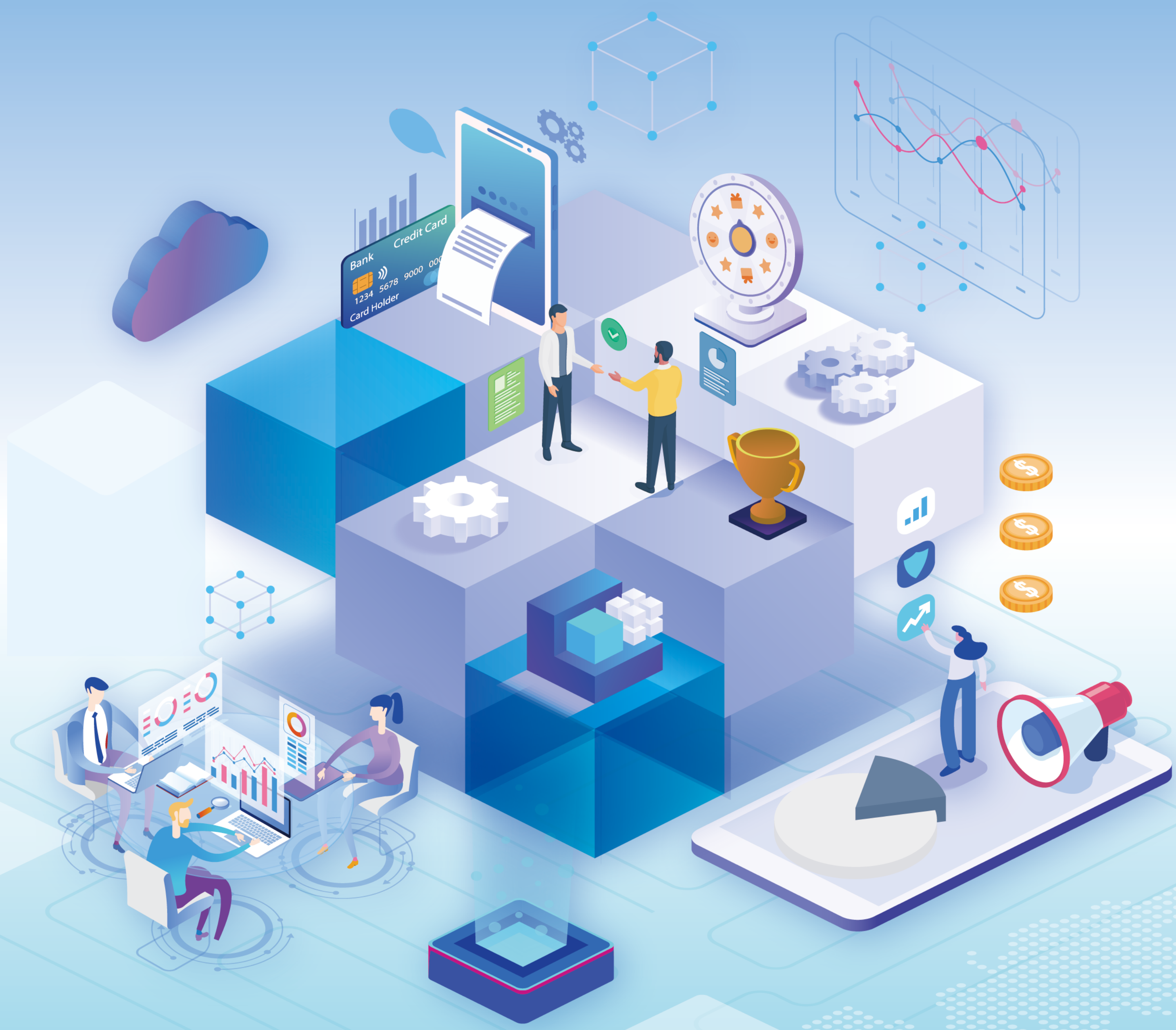
Duiba Group
兑吧集团

Annual Report 2022

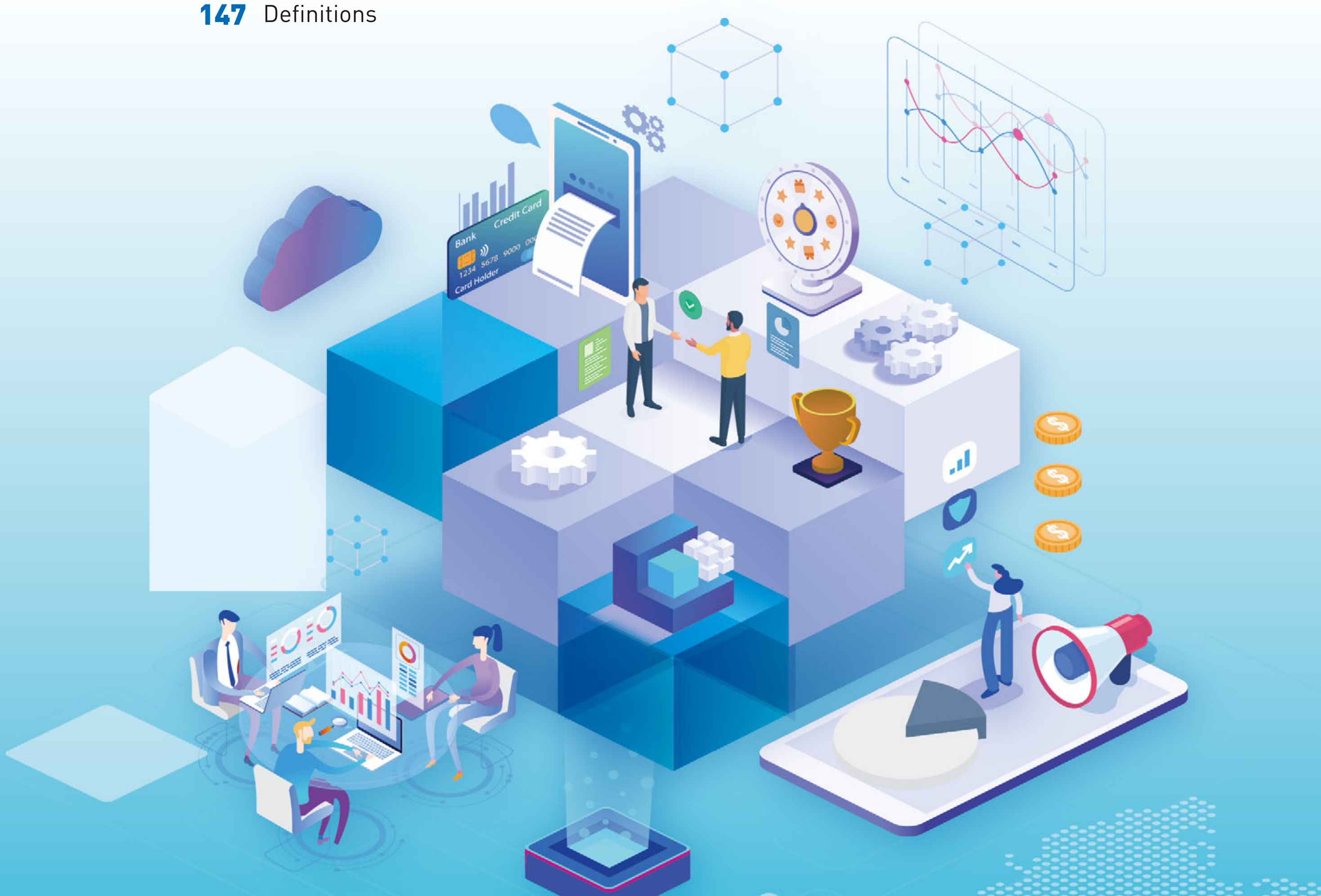


兑吧集团有限公司
Duiba Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1753

Contents



Company Profile

Duiba Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") was incorporated in the Cayman Islands in February 2018. It became listed on the Main Board of the Stock Exchange (stock code: 01753.HK) on 7 May 2019 and headquartered in Hangzhou, the PRC. The mission of the Group is to become the preferred business partner of enterprises in their operations through providing them with full-cycle services in user acquisition, retention and monetisation.

The Group launched user management SaaS platform in 2014 and Internet Advertising platform in 2015. It is the leading user management SaaS provider and Internet Advertising platform operator in China.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Xiaoliang *(Chairman of the Board and Chief Executive Officer)*
Mr. Zhu Jiangbo
Mr. Cheng Peng
Ms. Li Chunting

Independent Non-executive Directors

Mr. Kam Wai Man
Dr. Gao Fuping
Dr. Shi Jianxun

AUDIT COMMITTEE

Mr. Kam Wai Man *(Chairman)*
Dr. Shi Jianxun
Dr. Gao Fuping

REMUNERATION COMMITTEE

Dr. Shi Jianxun *(Chairman)*
Mr. Kam Wai Man
Dr. Gao Fuping
Mr. Zhu Jiangbo

NOMINATION COMMITTEE

Mr. Chen Xiaoliang *(Chairman)*
Mr. Kam Wai Man
Dr. Shi Jianxun
Dr. Gao Fuping

AUTHORIZED REPRESENTATIVES

Mr. Chen Xiaoliang
Ms. Ng Ka Man

COMPANY SECRETARY

Ms. Ng Ka Man

LEGAL ADVISERS

As to Hong Kong law:

Jingtian & Gongcheng LLP
Suites 3203-3207, 32/F
Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to Cayman Islands law:

Conyers Dill & Pearman
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

COMPLIANCE ADVISOR

Sinolink Securities (Hong Kong) Company Limited
Units 2503, 2505-06, 25/F
Low Block Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Corporate Information

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 702, Shuyu Building
98 Wenyi West Road
Xihu District
Hangzhou
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANK

Hua Xia Bank (Hi-tech Branch)
123, Wenyi Road
Xihu District
Hangzhou
PRC

COMPANY'S WEBSITE

http://www.duiba.cn/

STOCK CODE

1753

DATE OF LISTING

7 May 2019

Chairman's Statement

Despite the complex economic situation in China and abroad in 2022, the Company strived to achieve revenue growth, and the revenue of our business increased by 23.2% year on year to RMB1,616.6 million in 2022 as compared to 2021 (2021: RMB1,312.5 million). However, we failed to achieve the recovery in profitability owing to the impact of the pandemic prevention and control policy on the sales expansion of our SaaS business to a certain extent in the first half of 2022, and the decrease in gross margin of our advertising business as we actively increased the procurement of high-quality large traffic platforms in order to secure the budgets of more advertisers customer.

With the adjustment of the COVID-19 pandemic prevention and control policy in China at the end of 2022 and successively issued various policies to "stabilize economic operation", the confidence of advertising customers in their advertising budget has been gradually restored, which would be beneficial to the recovery of the profitability of our advertising business. Meanwhile, the economy of China is at an important stage towards the "integration of the digital and real economy", and the digital transformation of the financial and the consumer industries is taking great steps ahead, which brings us continuous opportunities for the development of SaaS business, and we will cultivate deeply in the long term to constantly innovate and upgrade our products and services.

In the end, on behalf of the Company, I would like to give thanks to all customers for their trust, every employee for their unremitting efforts, as well as our Shareholders and investors for their support and encouragement.

Chen Xiaoliang
Chairman
Hangzhou, PRC, 30 March 2023

Financial and Operational Data Highlights

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**1,616,602**	1,312,476	1,070,863	1,651,636	1,137,032
Gross profit	**309,119**	370,485	224,330	567,498	428,913
Profit/(loss) before tax	**(27,157)**	(10,682)	(70,460)	(209,366)	(299,078)
Profit/(loss) for the year	**(45,897)**	(11,773)	(63,566)	(199,804)	(291,582)
Adjusted profit/(loss) for the year	**(31,834)**	11,973	(25,128)	339,981	205,217

	Year ended 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total non-current assets	**226,020**	174,249	68,461	31,880	22,680
Total current assets	**1,583,664**	1,391,345	1,528,804	1,564,377	869,270
Total current liabilities	**501,078**	276,080	303,188	234,573	172,309
Total non-current liabilities	**1,015**	2,497	3,685	1,117	1,151,639
Total equity/(net deficiency in assets)	**1,307,591**	1,287,017	1,290,392	1,360,567	(431,998)

FINANCIAL DATA HIGHLIGHT

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue		
User management SaaS platform business	**165,548**	173,166
Internet Advertising business	**1,425,784**	1,139,300
Others	**25,270**	10
Total	**1,616,602**	1,312,476

For the year ended 31 December 2022, our revenue increased by 23.2% as compared with 2021.

ADJUSTED (LOSS)/PROFIT FOR THE YEAR

For the year ended 31 December 2022, the Group recorded an adjusted loss of RMB31.8 million (2021: adjusted profit of RMB12.0 million), the increase of such loss was mainly due to the significant increase in the cost of Internet Advertising business for the year ended 31 December 2022 as mentioned above as compared with the corresponding period in 2021.

Financial and Operational Data Highlights

OPERATIONAL DATA HIGHLIGHTS

Duiba Group Limited is a user management SaaS provider for online businesses and a leading Internet Advertising platform operator in the PRC. The Group's key operational data are as follows:

USER MANAGEMENT SAAS PLATFORM

As at 31 December 2022, 711 paying customers (2021: 1,190) including 243 customers from financial industry (2021: 275) and 468 customers from other industries (2021: 915) had used the Group's charged services. Approximately 42.3% of paying customers as at 31 December 2021 had not been retained over the year ended 31 December 2022. The total value of newly signed contracts (including renewed contracts) for the year ended 31 December 2022 was RMB138.8 million (2021: RMB186.7 million). The Group recorded revenue of RMB165.5 million for the year ended 31 December 2022 from such business (2021: RMB173.2 million).

INTERNET ADVERTISING BUSINESS

	For the year ended 31 December	
	2022	2021
DAUs (millions)[1]	**36.9**	30.2
MAUs (millions)[1]	**565.6**	434.4
Advertising page views (millions)[2]	**14,277.6**	11,890.6
Number of chargeable clicks (millions)[3]	**3,562.2**	3,399.1
Under CPC model (millions)[3]	**3,438.5**	2,800.4
Others (millions)	**123.7**	598.7
Click-through rate[4]	**24.9%**	28.6%
Average revenue per chargeable click under the CPC model (RMB)	**0.41**	0.37

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

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

[3] Chargeable clicks are the total number of times users are directed to the mobile internet pages designated by 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	
	2022	2021
Content distribution channels	**5,023**	4,923
Ultimate advertising customers	**1,334**	1,492

For the year ended 31 December 2022, the Group had placed internet advertisements on 5,023 content distribution channels, mainly comprising mobile apps, and the Group's Internet Advertising business served 1,334 advertising customers (either through advertising agent customers or as our direct customers).

Management Discussion and Analysis

BUSINESS REVIEW

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

1. User Management SaaS 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. However, as a result of the postponement or cancellation of travel activities of our employees and business activities of our banking customers as a result of the pandemic prevention and control in first-tier cities such as Shanghai in the second quarter of 2022, our contract with banking customers were affected to some extent.

As at 31 December 2022, paying customers which used our charged user management SaaS services decreased to 711 (2021: 1,190) including 243 customers from financial industry (2021: 275) and 468 customers from other industries (2021: 915). For the year ended 31 December 2022, the number of newly signed contracts (including renewed contracts) for the Group's user management SaaS business was 464 (2021: 820). The total value of our newly signed contracts (including renewed contracts) in 2022 was approximately RMB138.8 million (2021: RMB186.7 million) and the average charge per signed contract was approximately RMB299,000. Revenue generated from our user management SaaS business decreased by 4.4% to RMB165.5 million for the year ended 31 December 2022 (2021: RMB173.2 million).

In the meantime, our user management SaaS business in the second half of 2022 still maintained a growth as compared to the first half of the year. The total value of our newly signed contracts (including renewed contracts) in the second half of 2022 reached RMB74.4 million and the revenue generated from user management SaaS business was RMB95.4 million, representing an increase of 15.5% and 36.1% 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 2022 reached RMB42.6 million, representing an increase of 261.0% 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. However, as a result of the postponement or cancellation of travel activities of our employees and business activities of our banking customers as a result of the pandemic prevention and control in first-tier cities such as Shanghai in the second quarter of 2022, our contract with banking customers were affected to some extent. The total number and the total value of our newly signed contracts (including renewed contracts) with banking customers in 2022 were 169 (2021: 215) and RMB54.4 million (2021: RMB89.2 million), respectively.

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

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue	**165,548**	173,166
Cost of sales	**(60,315)**	(41,038)
Selling and distribution expenses	**(101,341)**	(101,886)
Administrative expenses (excluding research and development expenses)	**(60,823)**	(7,580)
Research and development expenses	**(78,804)**	(105,912)
Total	**(135,735)**	(83,250)

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

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000
User management SaaS solutions	**110,911**	131,472
Other value-added services	**54,637**	41,694
Total	**165,548**	173,166

We provide businesses with one-stop user management SaaS service to help our customers to 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. Internet Advertising Business

In 2015, the Group pioneered and launched its Internet 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 suppliers and users. Advanced big data analytics and AI technology also provides robust support to the innovation and operations of our Internet Advertising platform. We generally charge our Internet Advertising customers based on the performance of advertisements. The majority of our revenue from our Internet Advertising business for the year ended 31 December 2022 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 Internet Advertising model of the Group attracts users with rich and interesting high-engagement activities, and provides users with entertainment and leisure. Meanwhile, the advertisements are presented in the form of discounts and benefits on the landing pages, which meets and stimulates the demand of users.

For the year ended 31 December 2022, revenue from our Internet Advertising business increased by 25.1% to RMB1,425.8 million (2021: RMB1,139.3 million). 16.6% of such revenue were derived from the communication service (operator) industry (2021: 34.1%), while only 2% came from the financial industry (2021: 40%). Among the top 20 customers from the Internet Advertising business in terms of revenue contribution in 2022, two customers were from the operator industry and the financial industry customer was nil.

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

3. Research and Development

As at 31 December 2022, the number of employees from our research and development department was 298 (2021: 520), accounting for 39.8% (2021: 55.6%) of the Group's total employees, leading to the Group's research and development expenses decreasing by 28.1% from RMB171.8 million in 2021 to RMB123.5 million in 2022.

FINANCIAL REVIEW

The Group recorded a recovery in 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. At the same time, for the purpose of providing better advertising services to the advertisers, the Company purchased more traffic from the platform of large companies. Therefore, the cost of interactive advertising business of the Company rose quickly, which resulted in a decline in earnings. Furthermore, due to the pandemic control in the second quarter of 2022, the Group's user management SaaS business has been affected to a certain extent, commuting and services have been affected, and business growth has experienced phased weakness. The Group continued to promote the monetization of user management SaaS business in the second half of 2022.

Revenue

For the year ended 31 December 2022, the Group recorded a total revenue of RMB1,616.6 million (2021: RMB1,312.5 million), representing an increase of approximately 23.2% as compared with 2021. The increase was mainly due to a rise of 25.1% to RMB1,425.8 million in revenue from our Internet Advertising business for the year ended 31 December 2022 as compared with 2021, reflecting the increases in DAUs and MAUs from 30.2 million to 36.9 million and from 434.4 million to 565.6 million, respectively, for the year ended 31 December 2022, which were attributable to the recovery of the demand and budget of advertising customers, the recovery of offline traffic of platforms after the effective control of the COVID-19 pandemic, and the continuous investment in research and development.

The revenue generated from our user management SaaS platform business decreased 4.4% to RMB165.5 million for the year ended 31 December 2022 as compared with 2021, mainly due to the number of newly signed contracts (including renewed contracts) and total amount of contract sum dropped sharply in 2022, and the contract value contribution from financial customers decreased significantly for the year ended 31 December 2022.

In addition, the Group recorded revenue of RMB1,098.6 million in the second half of 2022 (first half of 2022: RMB518.0 million), representing an increase of 112.1% as compared with the first half of 2022. The relatively low revenue in the first half of 2022 was mainly because the customers who are the major revenue contribution to the Group's advertising business in 2021 had decreased their budgets in the current year due to the changes in the market environment in which we operate. Under the environment of effective control of the COVID-19 pandemic in the second half of 2022, the recovery of the demand and budget of advertising customers as well as our continued exploring in areas such as internet enterprises, we achieved significant growth in results as compared to the first half of 2022.

Gross Profit

For the year ended 31 December 2022, the Group recorded gross profit of RMB309.1 million (2021: RMB370.5 million), representing a decrease of approximately 16.6% as compared with 2021. The gross profit margin was approximately 19.1% (2021: 28.2%) and the gross profit margins of user management SaaS business and Internet Advertising business were 63.6% and 13.8% respectively. For the purpose of providing better advertising services to the advertisers, the Company purchased more traffic from the platforms of large companies, therefore the cost of Internet Advertising business rose quickly, resulting in a decline in gross profit. Looking forward to 2023, with the full release of domestic pandemic preventive measures, the Group will continue to increase the purchase of high-quality traffic from core content channels, and expand well-known advertisers in more fields to maintain performance growth.

Selling and Distribution Expenses

For the year ended 31 December 2022, the Group recorded selling and distribution expenses of RMB154.5 million (2021: RMB160.1 million), representing a decrease of 3.5% as compared to 2021, mainly due to the significant decrease in the number of sales employees of the Company. Meanwhile, selling and distribution expenses as a percentage of total revenue decreased to approximately 9.6% (2021: approximately 12.2%), mainly due to the increase in the sales revenue of the Group for the year ended 31 December 2022.

Administrative Expenses

For the year ended 31 December 2022, the Group recorded administrative expenses of RMB202.5 million, representing a decrease of 21.6% as compared with RMB258.4 million in 2021, which was mainly due to a significant drop in the number of employees of the Company in 2022. The Group recorded research and development expenses of RMB123.5 million (2021: RMB171.8 million) and share-based payment of RMB14.1 million (2021: RMB23.7 million), respectively. Administrative expenses as a percentage of the total revenue decreased to approximately 12.5% (2021: approximately 19.7%), mainly due to the increase in the sales revenue of the Group for the year ended 31 December 2022.

Loss for the Year

Based on the above factors, the Group recorded a loss attributable to the Shareholders of RMB45.9 million for the year ended 31 December 2022 (2021: RMB11.8 million), and the basic loss per share increased to RMB4.4 cents (2021: RMB1.1 cents).

Non-HKFRS Measure

To supplement consolidated financial statements which are presented in accordance with HKFRSs, we also use a non-HKFRS measure, adjusted (loss)/profit 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 (loss)/profit for the year presented to the most directly comparable financial measure calculated and presented in accordance with HKFRSs:

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Loss for the year	**(45,897)**	(11,773)
Add:		
Share-based payment	**14,063**	23,746
Adjusted (loss)/profit for the year[1]	**(31,834)**	11,973

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

Cash Flows

For the year ended 31 December 2022, our net cash outflow used in operating activities was RMB176.4 million (2021: net cash outflow of RMB12.0 million), and such change was primarily due to the increase in trade receivables for the year ended 31 December 2022. Our net cash inflow from investing activities was RMB75.1 million (2021: net cash inflow of RMB111.8 million), and the change was mainly due to the maturity of certain wealth management products on 31 December 2022. Our net cash inflow from financing activities was RMB119.0 million (2021: net cash outflow of RMB9.1 million), and such change was mainly due to the increase in the bank borrowings of Group for the year ended 31 December 2022.

Gearing Ratio

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

As at 31 December 2022, the Group was in a positive cash position while the gearing ratio was approximately 1.0% as at 31 December 2021.

Liquidity and Capital Structure

During the year ended 31 December 2022, the daily working capital of the Group was primarily derived from internally generated cash flow from operating activities and bank borrowings. As at 31 December 2022, the Group had cash and cash equivalents of approximately RMB251.5 million (as at 31 December 2021: approximately RMB225.7 million). We did not have any unutilized banking facilities as at 31 December 2022. As at 31 December 2022, the Group had interest-bearing bank borrowing of RMB127.8 million that were made in Renminbi at an effective interest rate of 1.70% and are expected to mature within 1 year.

Foreign Exchange Risk Management

The Group has transactional currency exposures. Such exposures arise from the issue of share in currencies different from the operating units' functional currencies. At present, the Group does not intend to hedge its exposure to foreign exchange fluctuations. However, the management 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 2022, 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 RMB159.8 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 2022, the carrying amount of the investment in Gushang Intelligent Technology represented approximately 8.8% 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 2022. Save as disclosed above, there were no (i) material acquisitions, disposals of subsidiaries, associates and joint ventures; (ii) significant investment; and (iii) future plan for material investments or capital assets of the Group for the year ended 31 December 2022.

Contingent Liabilities

Hengfei Holding Limited (the "**Plaintiff**") has commenced proceedings against the Company and Mr. Chen Xiaoliang (a shareholder of the Company and executive Director), in respect of allegations that the Company and Mr. Chen Xiaoliang have wrongfully retained, delayed in returning and failed/refused to return the Plaintiff's share certificate of shares in the Company, resulting in losses. According to the Plaintiff's latest pleadings, the maximum amount of the claim is approximately HK$61,000,000. The Directors believe, based on the evidence and information currently available, and the Group's legal counsel is of the view, that the Company has a number of valid defence arguments against the claim and even if plaintiff case succeeds on liability, the potential quantum would be determinable by reference to a few factors such as the date of the alleged conversion and the range of expert's respective assessment, therefore it would be extremely difficult to make any assessment for the amount of the claim reliably at this stage. Accordingly, no provision arising from the claim, other than the related legal and other costs, has been provided for as of 31 December 2022.

Charge on Assets

As at 31 December 2022, the Group recorded pledged time deposits of RMB130.1 million as security for interest-bearing bank borrowing (as at 31 December 2021: Nil).

Subsequent Event

On 1 January 2023 and 1 February 2023, 800,000 and 3,295,000 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 2022, the Group's workforce reached 748 (as at 31 December 2021: 935), including 107 sales employees, 65 administration employees, 278 operation employees and 298 research and development employees. Employees benefit expenses were RMB292.1 million for the year ended 31 December 2022 (2021: RMB331.5 million). Identification and development of high potential talents has been listed as a top priority for the management of the Company this year. Moreover, the Group may provide incentives to talents by granting them with share options and share awards of the Company. The remuneration of employees was determined based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. The Group provided trainings to staff based on their job duties and functions.

SOCIAL RESPONSIBILITY

During the year ended 31 December 2022, 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 year ended 31 December 2022, 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

The development of various industries in the current era is centered on customer demand, providing them with high-quality services and products is of great strategic significance to the development of enterprises, which can gain customers' greater loyalty to the brand through digital transformation. To this end, we will continue to tap into and cultivate the loyalty of target users for a wide range of domestic enterprises, in order to become an industry expert in the provision of products and services. 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.

With the adjustment of the COVID-19 pandemic prevention and control policy and economic recovery in 2022, the confidence of advertising customers in their advertising budget has rebounded and hence the Group's Internet Advertising business has shown a certain recovery in 2022. Looking forward to 2023, with the full release of domestic pandemic preventive policies, the Group will continue to increase the purchase of high-quality traffic from core content channels, and expand the customer base of well-known advertisers in more fields to maintain performance growth.

Report of Directors

The Board of the Company is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Group is the leading user management SaaS provider and Internet Advertising platform operator in the PRC. The principal activities of the Company and its principal subsidiaries during the Reporting Period are set out in the note 1 to the audited consolidated financial information.

RESULTS

The revenue and adjusted loss attributable to the owners of the Group for the year ended 31 December 2022 were RMB1,616.6 million and RMB31.8 million, respectively. Of such revenue, approximately 88.2% was derived from the Internet Advertising business and approximately 10.2% was derived from the user management SaaS platform business. For details, please refer to the consolidated statement of profit or loss and other comprehensive income set out on page 61 of this annual report.

DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: Nil).

BUSINESS REVIEW

Please refer to the chapter headed "Management Discussion and Analysis" on pages 8 to 16 in this annual report for details regarding the business conditions, main risks and uncertainties faced by the Group in 2022, particulars of important events affecting the Group that have occurred since 31 December 2022, and the prospect of 2023.

OUTLOOK

Please refer to the section headed "Future Outlook" on page 16 of "Management Discussion and Analysis" in this annual report for details.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years are set out on page 6 of this annual report. This summary does not form part of the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended 31 December 2022, the Group's transaction amounts to its five largest customers accounted for 86.8% (2021: 73.1%) of the Group's total revenue and the transaction amount of its single largest customer accounted for 29.7% (2021: 37.8%) of the Company's total revenue.

Major Suppliers

For the year ended 31 December 2022, the transaction amounts of the Group's five largest suppliers accounted for 56.9% (2021: 36.0%) of the Group's total purchases and the transaction amount of its single largest supplier accounted for 40.5% (2021: 18.7%) of the Group's total purchases.

For the year ended 31 December 2022, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the total number of issued Shares) had any interest in any of the Group's five largest customers and suppliers.

RELATIONS WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

Customers

We have built strong, long-standing relationships with our major customers and established a strong customer base. We are committed to protecting the interests of our customers and end users and improving their experience. Good service is one of the key competencies of the Group and we always strive to reduce complaints.

During the Reporting Period, we attended industry conferences to solicit new potential customers and maintain relationships with existing customers. To further enhance our business relationship with our customers, our operations and sales teams also visit our customers on a regular basis to exchange views and collect feedback with a view to providing better services.

Suppliers

We place advertisements on content distribution channels through our media partners consisting of online publishers and media agents which we engage on behalf of online publishers. We share with our media partners a certain percentage of the revenue we generate from the placement of advertisements usually on a monthly basis.

During the Reporting Period, we have advertisements on 5,023 content distribution channels and our relationships with our major suppliers have been, and are expected to continue to be, good and stable. All of our procurements were paid in RMB.

Employees

In addition to competitive salaries, we provide employees with supplementary compensation benefits, such as meal allowance, birthday gifts and team outing. In addition, we value our employees and provide them with continuing education and on-the-job training, encourage their career development through accumulating on-the-job experience. We are required to make contributions to various government-sponsored employee benefit funds, including social insurance fund, basic pension insurance fund and unemployment, maternity and work-related insurance funds in accordance with applicable PRC laws and regulations.

During the Reporting Period, there was no labour dispute or strike. Our Directors are of the view that our current relationship with our employees is good.

ENVIRONMENTAL PERFORMANCE AND POLICIES

The Company attaches great importance to environmental protection and resource conservation, and continuously pays attention to the impact of its business operations on the environment. The Company is committed to maintaining the common development of economy, environment and society, and promoting awareness of environmental protection and resource conservation in its daily operations. The Group had adopted various electricity-saving, water-saving and carbon emission reduction management measures, including management over garbage classification, air conditioning temperature setting, paperless office construction and timely maintenance of water equipment, thereby improving efficiency and minimizing resource consumption. The Company is in compliance with relevant environmental laws and regulations, including but not limited to the *Environmental Protection law of the People's Republic of China (《中華人民共和國環境保護法》), Atmospheric Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》), Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》)* and is not aware of any environmental-related violations during the Reporting Period.

For details of the Company's environmental policies and performance, the compliance with the relevant laws and regulations and the relations with its employees, suppliers and customers, please refer to the Environmental, Social and Governance Report of the Company for the year ended 31 December 2022 to be published on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's own website (http://www.duiba.cn) according to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, for the year ended 31 December 2022, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company during the Reporting Period are set out in note 13 to the audited consolidated financial information.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 26 to the audited consolidated financial information.

RESERVES

Details of movements in the reserves of the Company during the Reporting Period are set out in note 27 to the audited consolidated financial information.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's reserves available for distribution amounted to RMB865.1 million (equivalent to approximately US$124.2 million) (as at 31 December 2021: RMB776.3 million (equivalent to approximately US$121.8 million)).

TAXATION

Tax position of the Company during the Reporting Period is set forth in note 10 to the audited consolidated financial information.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2022, the Group had interest-bearing bank borrowing of RMB127.8 million that were made in Renminbi at an effective interest rate of 1.70% and are expected to mature within 1 year.

POST BALANCE SHEET EVENTS

The material post balance sheet events are disclosed in note 37 to the audited consolidated financial information.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report are as follows:

Executive Directors:

Mr. Chen Xiaoliang *(Chairman of the Board and Chief Executive Officer)*
Mr. Zhu Jiangbo
Mr. Cheng Peng
Mr. Yao Wenquan[1]
Ms. Li Chunting[2]

Independent Non-executive Directors:

Mr. Kam Wai Man
Dr. Ou-Yang Hui[3]
Dr. Gao Fuping
Dr. Shi Jianxun[4]

Notes:

(1) Mr. Yao Wenquan resigned as an executive Director on 18 February 2022.

(2) Ms. Li Chunting was appointed as an executive Director on 18 February 2022.

(3) Dr. Ou-Yang Hui resigned as an independent non-executive director on 8 June 2022.

(4) Dr. Shi Jianxun was appointed as an independent non-executive director on 8 June 2022.

In accordance with article 83(3) of the Articles of Association (the "**Articles**") of the Company, any Director appointed to fill a casual vacancy on the Board shall hold office only until the first general meeting of the Company and shall then be eligible for re-election at that meeting. Therefore, Dr. Shi Jianxun shall hold office until the 2023 annual general meeting and shall then be eligible for re-election.

In accordance with article 84(1) of the Articles, at every annual general meeting, one-third of the Directors for the time being (if their number is not a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. In accordance with article 84(2) of the Articles, the retiring Directors will be eligible for re-election. Accordingly, Mr. Kam Wai Man and Dr. Gao Fuping shall retire by rotation and shall be eligible for re-election at the 2023 annual general meetings. All retiring Directors will be subject to re-election.

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Details of the Directors purposed to be re-elected at the AGM are set out in the circular to the Shareholders dated 27 April 2023.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 53 to 56 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such independent non-executive Directors to be independent throughout the Reporting Period.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of Mr. Chen Xiaoliang and Mr. Zhu Jiangbo has entered into a service contract with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than two months' notice in writing served by either party on the other. Each of Mr. Cheng Peng and Ms. Li Chunting has entered into a service contract with the Company for a term of three years commencing from 2 March 2020 and 18 February 2022, respectively, which may be terminated by not less than two months' notice in writing served by either party on the other. The executive Directors are not entitled to any Director's fee.

Each of Mr. Kam Wai Man and Dr. Gao Fuping has renewed a letter of appointment with the Company on 17 April 2022 and Dr. Shi Jianxun has entered into a letter of appointment with the Company on 8 June 2022 for the term of three years commencing from their respective appointment dates, which may be terminated by not less than three months' notice in writing served by either party on the other. Mr. Kam Wai Man, Dr. Shi Jianxun and Dr. Gao Fuping are entitled to Director's fee of HK$204,000, RMB120,000 and RMB120,000, respectively, per annum. Except for Directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

None of the Directors has or is proposed to have a service contract with the Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

EMOLUMENT POLICY

A remuneration committee of the Board was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of the Directors, and the five highest paid individuals during the Reporting Period are set out in note 8 and note 9 to the audited consolidated financial information.

The Company has adopted several employee incentive schemes including, the Share Option Scheme, the Share Award Scheme, Restricted Stock Unit Scheme and Restricted Stock Unit Option Incentive Scheme, to incentivize the employees and directors of the members of the Group or associated companies of the Company. Details of the Share Option Scheme and the Share Award Scheme are set out in the paragraphs under "Share Option Scheme" and "Share Award Scheme" below. Details of the Restricted Stock Unit Scheme and Restricted Stock Unit Option Incentive Scheme are set out in note 28 to the audited consolidated financial information and in the paragraphs headed "Restricted Stock Unit Scheme" and "Restricted Stock Unit Option Incentive Scheme" below.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director or entity connected with such Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Company to which the Company or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period or subsisting as of 31 December 2022.

RIGHTS AND INTERESTS OF DIRECTORS ON COMPETING BUSINESSES

During the Reporting Period, none of the Directors or their associates had any competing interests in the businesses which compete or are likely to compete with the Company, either directly or indirectly.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

CONTRACTS OF SIGNIFICANCE

None of the Company or any of its subsidiaries entered into any contracts of significance with the controlling shareholder or any of its subsidiaries, nor was there any contracts of significance between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries in relation to provision of services during the Reporting Period.

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed in this annual report, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules for the Reporting Period and up to the date of this report.

DIRECTORS' AND CHIEF EXECUTIVE' S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Capacity/Nature of Interest	Number of Shares held(1)	Approximate percentage of interest in the Company(2)
Mr. Chen Xiaoliang ("**Mr. Chen**") (3)	Founder of a discretionary trust and interest of controlled corporations	478,823,579 (L)	44.47%
Mr. Zhu Jiangbo ("**Mr. Zhu**") (4), (7)	Beneficial owner	7,335,000 (L)	0.68%
Ms. Li Chunting ("**Ms. Li**") (5), (7)	Beneficial owner	1,250,000 (L)	0.12%
Mr. Cheng Peng ("**Mr. Cheng**") (6)	Beneficial owner	1,340,000 (L)	0.12%

Notes:

(1) The letter "L" denotes "long position" (as defined under Part XV of the SFO) of the relevant person/entity in such Shares.

(2) The percentage is calculated based on the total number of Shares in issue as at 31 December 2022 (i.e. 1,076,823,200 Shares).

(3) The disclosed interest represents (i) his deemed interest in the 454,552,000 Shares held by XL Holding, which is wholly owned by CMB Wing Lung (Trustee) Limited as trustee for the Chen's Family Trust through Antopex Limited and Blissful Plus Enterprises Limited (as nominees for CMB Wing Lung (Trustee) Limited); (ii) his deemed interest in the 19,213,579 Shares held by Kewei Holding Limited as its sole director and sole shareholder; and (iii) his deemed interest in the 5,058,000 Shares held by Duiba Kewei (BVI) Limited as its sole director and sole shareholder.

(4) Mr. Zhu is an executive Director. He directly holds 7,335,000 Shares.

(5) Ms. Li is an executive Director. She directly holds 1,250,000 Shares.

(6) Mr. Cheng is an executive Director. He directly holds 1,340,000 Shares.

(7) Each of Mr. Zhu, Ms. Li and Mr. Cheng was granted certain incentive shares under the restricted stock unit scheme/restricted stock unit option incentive scheme, the details of which are set out in the sections headed "Restricted Stock Unit Scheme" and "Restricted Stock Unit Option Incentive Scheme".

Save as disclosed above, as at 31 December 2022, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which are recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares held[1]	Approximate percentage of interest in the Company[2]
CMB Wing Lung (Trustee) Limited [3]	Trustee of a trust	454,552,000 (L)	42.21%
Antopex Limited [3]	Nominee for another persons	454,552,000 (L)	42.21%
Blissful Plus Enterprises Limited [3]	Interest of controlled corporation	454,552,000 (L)	42.21%
XL Holding Limited [3]	Beneficial owner	454,552,000 (L)	42.21%
Xinran Group Holding Limited [4]	Beneficial owner	73,055,700 (L)	6.78%
Mr. Liu Yang ("**Mr. Liu**") [4]	Interest of controlled corporation	73,055,700 (L)	6.78%

Notes:

(1) The letter "L" denotes "long position" (as defined under Part XV of the SFO) of the relevant person/entity in such Shares.

(2) The percentage is calculated based on the total number of Shares in issue as at 31 December 2022 (i.e. 1,076,823,200 Shares).

(3) CMB Wing Lung (Trustee) Limited (as trustee of the Chen's Family Trust) holds the entire issued share capital of XL Holding, through Antopex Limited and Blissful Plus Enterprises Limited (as nominee for CMB Wing Lung (Trustee) Limited). Blissful Plus Enterprises Limited in turn holds the entire issued share capital of XL Holding. The Chen's Family Trust is a discretionary trust established by Mr. Chen Xiaoliang (as settlor) and its discretionary objects are Mr. Chen Xiaoliang and his family members. Accordingly, each of Mr. Chen Xiaoliang, CMB Wing Lung (Trustee) Limited, Antopex Limited and Blissful Plus Enterprises Limited is deemed to be interested in the 454,552,000 Shares held by XL Holding.

(4) Xinran Group Holding Limited, a company incorporated in the BVI, is wholly-owned by Mr. Liu. Therefore, Mr. Liu is deemed to be interested in the 73,055,700 Shares held by Xinran Group Holding Limited.

Save as disclosed above, as at 31 December 2022, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was approved and adopted by the Shareholders on 17 April 2019 and became effective upon the listing of the Shares on the Main Board of the Stock Exchange.

The Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to an employee (whether full time or part-time) or a director of a member of the Group or associated companies of the Company, provided that any grant of options under the Share Option Scheme is subject to unanimous approval of all members of the Board entitled to approve such grant pursuant to the requirements under the Listing Rules, the Articles of Association and the applicable laws and regulations. The purpose of the Share Option Scheme is to incentivize and reward the eligible persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes must not in aggregate exceed 10% of the total number of Shares in issue as of the Listing Date, that is, 111,111,120 Shares, which represents approximately 10.31% of the Shares in issue as at the date of this annual report. The total number of Shares issued and to be issued upon exercise of the options granted (including both exercised and outstanding options) to a participant in any 12-month period must not exceed 1% of the Shares in issue as at such date unless approved by the Shareholders in a general meeting.

Any option shall be vested on an option-holder immediately upon his acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such vesting schedule and/or upon the fulfilment of the vesting conditions (as the case may be). Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board in its sole discretion may, unless the Board determines otherwise in its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remains unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option.

The options granted under the Share Option Scheme may be accepted by a participant within such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the participant concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Share Option Scheme. An amount of RMB1.00 is payable upon acceptance of the grant of an option.

The exercise price of the options granted under the Share Option Scheme shall be such price as determined by the Board and notified the participant and which shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of the option, (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant of the option, and (iii) the nominal value of the Shares.

The Share Option Scheme is valid and effective for a period of ten years commencing on the Listing Date, and it has a remaining life of approximately six years as at the date of this annual report. No options have been granted under the Share Option Scheme since the adoption of the Share Option Scheme. During the Reporting Period, no option had been granted or agreed to be granted by the Company pursuant to the Share Option Scheme. There was no outstanding share option under the Share Option Scheme as at 31 December 2022. As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme was 111,111,120 Shares, representing approximately 10.31% of the issued share capital of the Company as at the date of this annual report. The total number of options available for grant under the current scheme mandate limit was 111,111,120 as at 1 January 2022 and 31 December 2022, respectively.

SHARE AWARD SCHEME

The Company has adopted a share award scheme on 17 April 2019 (the "**Duiba Share Award Scheme**"), which is administered by the Board and Duiba Kewei (BVI) Limited as trustee (the "**Trustee**") in accordance with the Duiba Share Award Scheme and the trust deed entered into between the Company and the Trustee. The Board may from time to time cause to be paid an amount to the trust by way of settlement or otherwise contributed by the Company or other member of the Group as directed by the Board for the purchase or subscription (as the case may be) of Shares for the satisfaction of the award of shares under the Duiba Share Award Scheme. The purpose of the Duiba Share Award Scheme is to recognize contributions by certain employees and to provide them with incentives in order to retain them for the continuing operation and development of the Group and to attract suitable personnel for the further development of the Group.

The Board may from time to time select any employee of the Group (excluding any excluded employee) for participation in the Duiba Share Award Scheme as a selected employee and grant to such selected employee awarded shares at no consideration and in such number on and subject to such terms and conditions as it may in its discretion determine. The Board is entitled to impose any conditions as it deems appropriate in its discretion with respect to the vesting of the awarded shares on the selected employee.

The maximum number of shares which may be awarded to a selected employee under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time. The maximum number of Shares and awarded shares which may be held and managed by the Trustee of the Duiba Share Award Scheme shall not exceed 2% of the issued share capital of the Company from time to time. There is no scheme mandate limit under the Duiba Share Award Scheme.

Subject to any early termination as may be determined by the Board in accordance with the rules of the Duiba Share Award Scheme, the Duiba Share Award Scheme is valid and effective for a period of ten years commencing on its adoption date, and it has a remaining life of approximately six years as at the date of this annual report. Details of the Duiba Share Award Scheme are set out in the Prospectus.

No awarded shares have been granted under the Duiba Share Award Scheme since the adoption of the Duiba Share Award Scheme. During the Reporting Period, no awarded share had been granted or agreed to be granted by the Company pursuant to the Duiba Share Award Scheme. There was no outstanding awarded share under the Duiba Share Award Scheme as at 31 December 2022.

RESTRICTED STOCK UNIT SCHEME

On 11 June 2015, the Company and HZ Duiba have adopted a Restricted Stock Unit Scheme to recognise and reward the contribution of certain eligible employees to the growth and development of the Group and to give them incentives in order to retain them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group through an award of HZ Duiba's shares. The Group granted shares of HZ Duiba under the Scheme through Hangzhou Kewei Equity Investment Management LLP ("**HZ Duiba ESOP Co. I**") and Hangzhou Kede Equity Investment Management LLP ("**HZ Duiba ESOP Co. II**"). The Restricted Stock Unit Scheme is valid and effective for a period of ten years commencing on the adoption date, and it has a remaining life of approximately three years as at the date of this annual report.

On 11 June 2015 and 26 October 2015, equity interests in HZ Duiba were granted to 4 and 4 selected employees for considerations of RMB26,690 and RMB8,450, respectively. There are no performance target and service period requirements.

On 24 May 2016, HZ Duiba ESOP CO. I subscribed for approximately 7.56% equity interest in HZ Duiba. Mr. Chen Xiaoliang, being a supervisor of HZ Duiba, subscribed for an equity interest in Kede by way of entering into a partnership agreement. The purpose to establish the HZ Duiba ESOP CO. I was to reserve an equity interest for future employee incentive plans.

On 24 May 2016, 14 June 2017 and 25 December 2017, equity interests in HZ Duiba ESOP CO. I of approximately 6.91%, 31.97% and 28.14%, representing effective equity interests of 0.52%, 2.42% and 2.13% in HZ Duiba, were granted to 2, 25 and 27 selected employees, respectively, with no consideration. There is no performance target required except that the eligible participant remains as an employee of the Group during the vesting period.

On 5 January 2018, HZ Duiba ESOP CO. II subscribed for approximately 1.89% equity interest in HZ Duiba. Mr. Chen Xiaoliang, being a supervisor of HZ Duiba, subscribed for an equity interest in Kede by way of entering into a partnership agreement. The purpose to establish HZ Duiba ESOP CO. II was to reserve an equity interest for future employee incentive plans.

On 5 January 2018, 23 March 2018 and 28 May 2018, equity interests in HZ Duiba ESOP CO. II of approximately 4.89%, 4.72% and 1.69%, representing effective equity interests of 0.37%, 0.40% and 0.13% in HZ Duiba, were granted to 20, 22 and 1 selected employees, respectively, with no consideration. There is no performance target required except that the eligible participant remains as an employee of the Group during the vesting period.

As part of the reorganization of the Group for the purpose of listing of its Shares on the Main Board of the Stock Exchange, equity interest in HZ Duiba held by HZ Duiba ESOP CO. I and HZ Duiba ESOP CO. II were transferred to Duiba Group (Hong Kong) Limited. Upon completion of the aforesaid reorganization, Kewei Holding Limited became the employee share award platform for the Restricted Stock Unit Scheme. Awards under the Restricted Stock Unit Scheme are funded by existing Shares held by Kewei Holding Limited. For further details of the reorganization, please refer to the section headed "History, Reorganization and Corporate Structure" of the Prospectus.

There is no scheme mandate limit or maximum entitlement of each participant under the Restricted Stock Unit Scheme. No further awards were granted since the listing of the Shares on the Main Board of the Stock Exchange.

Details of movements on awards granted during the financial year ended 31 December 2022 are set out in the table below:

Selected Grantees	No. of awards outstanding or unvested as at 31 December 2021	No. of awards vested during the financial year	No. of awards cancelled or lapsed during the financial year	No. of awards outstanding or unvested as at 31 December 2022
Director				
Mr. Cheng Peng	382,500	382,500	–	–
Employees (in aggregate)	242,250	242,250	–	–
Total	624,750	624,750	–	–

During the Reporting Period, no awards had been granted or agreed to be granted by the Company pursuant to the Restricted Stock Unit Scheme. As at 31 December 2022, all awards granted under the Restricted Stock Unit Scheme have been vested, cancelled or lapsed. There was no outstanding awards under the Restricted Stock Unit Scheme as at 31 December 2022.

RESTRICTED STOCK UNIT OPTION INCENTIVE SCHEME

On 1 November 2018, the Group has adopted a Restricted Stock Unit Option Incentive Scheme to provide incentives and rewards to eligible participants who contribute to the Group's services at least 36 months to 48 months. Duiba Kewei (BVI) Limited will transfer the Company's shares to vested participants. Eligible participants of the Restricted Stock Unit Option Incentive Scheme include senior management members who serve as financial managers and company secretaries of the Group as well as other core technical personnel, key personnel or other natural persons or entities that were or will be important to the development of the Group. There is no performance target required except that the eligible participant remains as an employee of the Group during the vesting period. The Restricted Stock Unit Option Incentive Scheme is valid and effective for a period of ten years commencing on the adoption date, and it has a remaining life of approximately six years as at the date of this annual report.

The stock unit options granted during the year ended 31 December 2022 are as follows:

(a) The exercise price of the stock unit options is nil. 10% of the stock unit options are exercisable after 12 months from the date of grant; 30% of the stock unit options are exercisable after 24 months from the date of grant; 30% of the stock unit options are exercisable after 36 months from the date of grant; and 30% of the stock unit options are exercisable after 48 months from the date of grant.

    During the year ended 31 December 2022, a total of 20,550,000 stock unit options were granted under such terms to certain of the employees of the Group in respect of their services to the Group.

(b) The exercise price of the stock unit options is nil. The stock unit options are exercisable immediately from the date of grant.

    During the year ended 31 December 2022, a total of 65,000 stock unit options were granted under such terms to certain of the employees of the Group in respect of their services to the Group.

There is no scheme mandate limit or maximum entitlement of each participant under the Restricted Stock Unit Option Incentive Scheme.

Details of movements on stock unit options granted during the financial year ended 31 December 2022 are set out in the table below:

Selected Grantees	Date of Grant	Vesting Period	No. of Stock Unit Options outstanding or unvested as at 31 December 2021	No. of Stock Unit Options grant during the financial year	No. of Stock Unit Options vested during the financial year	No. of Stock Unit Options cancelled or lapsed during the financial year	No. of Stock Unit Options outstanding or unvested as at 31 December 2022
Directors							
Mr. Zhu Jiangbo	2019/3/1	2020/03/01-2023/03/01	730,000	–	365,000	–	365,000
	2019/7/1	2020/07/01-2023/07/01	800,000		400,000	–	400,000
	2021/4/9	2022/04/09-2025/04/09	1,000,000		100,000		900,000
Ms. Li Chunting	2019/3/1	2020/03/01-2023/03/01	255,000	–	–	–	255,000
	2019/12/1	2020/12/01-2023/12/01	962,500	–	242,500	–	720,000
	2021/6/1	2022/06/01-2025/06/01	2,500,000	–	250,000	–	2,250,000
Mr. Cheng Peng	2022/1/26[1]	2022/01/26	–	65,000	65,000	–	–
Employees (in aggregate)	2018/11/1	2019/05/01-2022/05/01	470,000	–	460,000	10,000	–
	2018/11/1	2019/11/01 -2022/11/01	1,836,000	–	1,456,000	380,000	–
	2019/3/1	2020/03/01-2023/03/01	1,123,000	–	637,000	486,000	–
	2019/7/1	2020/07/01-2023/07/01	972,000	–	227,000	617,000	128,000
	2019/9/1	2020/09/01 -2022/09/01	170,000	–	170,000	–	–
	2019/10/1	2020/10/01 -2023/10/01	90,000	–	45,000	45,000	–
	2019/10/8	2020/10/08 -2023/10/08	60,000	–	30,000	–	30,000
	2019/11/1	2020/11/01 -2023/11/01	720,000	–	360,000	–	360,000
	2019/12/1	2020/12/01 -2023/12/01	2,817,500	–	1,287,500	720,000	810,000
	2020/2/1	2021/02/01 -2024/02/01	750,000	–	–	750,000	–
	2020/3/1	2021/03/01 -2024/03/01	2,502,000	–	789,000	345,000	1,368,000
	2020/4/1	2021/04/01 -2024/04/01	405,000	–	135,000	240,000	30,000
	2020/6/1	2021/06/01 -2024/06/01	540,000	–	180,000	–	360,000
	2020/7/1	2021/07/01 -2024/07/01	747,000	–	75,000	522,000	150,000
	2020/8/1	2021/08/01 -2024/08/01	1,665,000	–	420,000	435,000	810,000
	2020/10/1	2021/10/01 -2024/10/01	180,000	–	60,000	–	120,000
	2020/11/1	2021/11/01 -2024/11/01	180,000	–	–	180,000	–
	2020/12/1	2021/12/01 -2024/12/01	720,000	–	–	720,000	–
	2021/1/1	2022/01/01 -2025/01/01	80,000	–	8,000	72,000	–
	2021/2/1	2022/02/01 -2025/02/01	100,000	–	10,000	–	90,000
	2021/4/1	2022/04/01 -2025/04/01	800,000	–	80,000	–	720,000
	2021/4/9	2022/04/09 -2025/04/09	4,000,000	–	–	4,000,000	–
	2021/5/1	2022/05/01 -2025/05/01	6,600,000	–	610,000	1,805,000	4,185,000
	2021/5/18	2022/05/18 -2025/05/18	850,000	–	85,000	–	765,000
	2021/6/1	2022/06/01 -2025/06/01	1,500,000	–	–	1,500,000	–
	2021/6/29	2022/06/29 -2025/06/29	650,000	–	65,000	135,000	450,000
	2021/7/1	2022/07/01 -2025/07/01	800,000	–	10,000	700,000	90,000
	2021/8/1	2022/08/01 -2025/08/01	5,220,000	–	492,000	615,000	4,113,000

Selected Grantees	Date of Grant	Vesting Period	No. of Stock Unit Options outstanding or unvested as at 31 December 2021	No. of Stock Unit Options grant during the financial year	No. of Stock Unit Options vested during the financial year	No. of Stock Unit Options cancelled or lapsed during the financial year	No. of Stock Unit Options outstanding or unvested as at 31 December 2022
	2021/9/1	2022/09/01 -2025/09/01	300,000	–	–	300,000	–
	2021/11/1	2022/11/01 -2025/11/01	800,000	–	80,000	–	720,000
	2021/12/1	2022/12/01 -2025/12/01	7,500,000	–	350,000	4,000,000	3,150,000
	2022/1/1[2]	2023/01/01-2026/01/01	–	1,900,000	–	800,000	1,100,000
	2022/2/1[3]	2023/02/01-2026/02/01	–	9,150,000	–	3,150,000	6,000,000
	2022/3/1[4]	2023/03/01-2026/03/01	–	800,000	–	600,000	200,000
	2022/4/1[5]	2023/04/01-2026/04/01	–	2,400,000	–	–	2,400,000
	2022/5/1[6]	2023/05/01-2026/05/01	–	700,000	–	500,000	200,000
	2022/6/1[7]	2023/06/01-2026/06/01	–	200,000	–	–	200,000
	2022/7/1[8]	2023/07/01-2026/07/01	–	300,000	–	–	300,000
	2022/8/1[9]	2023/08/01-2026/08/01	–	4,050,000	–	100,000	3,950,000
	2022/10/1[10]	2023/10/01-2026/10/01	–	700,000	–	–	700,000
	2022/12/1[11]	2023/12/01 -2026/12/01	–	350,000	–	–	350,000
Total			51,395,000	20,615,000	9,544,000	23,727,000	38,739,000

(1) The closing price immediately before the date on which the stock unit options were granted on 26 January 2022 was HK$1.24.

(2) The closing price immediately before the date on which the stock unit options were granted on 1 January 2022 was HK$1.32.

(3) The closing price immediately before the date on which the stock unit options were granted on 1 February 2022 was HK$1.25.

(4) The closing price immediately before the date on which the stock unit options were granted on 1 March 2022 was HK$1.24.

(5) The closing price immediately before the date on which the stock unit options were granted on 1 April 2022 was HK$1.03.

(6) The closing price immediately before the date on which the stock unit options were granted on 1 May 2022 was HK$0.83.

(7) The closing price immediately before the date on which the stock unit options were granted on 1 June 2022 was HK$0.84.

(8) The closing price immediately before the date on which the stock unit options were granted on 1 July 2022 was HK$0.98.

(9) The closing price immediately before the date on which the stock unit options were granted on 1 August 2022 was HK$0.98.

(10) The closing price immediately before the date on which the stock unit options were granted on 1 October 2022 was HK$0.61.

(11) The closing price immediately before the date on which the stock unit options were granted on 1 December 2022 was HK$0.65.

(12) For details of the fair value of the stock unit options granted during the year ended 31 December 2022, please refer to Note 28 to the audited consolidated financial information.

(13) The weighted average closing price of the Shares immediately before the dates on which the stock unit options under the Restricted Stock Unit Option Incentive Scheme were vested was HK$0.91.

EQUITY-LINKED AGREEMENTS

During the Reporting Period, save as disclosed in this annual report, no equity-linked agreement was entered into by or subsisted in the Company, and there was no provision to enter into any agreement which will or may result in the Company issuing shares.

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

During the year ended 31 December 2022, neither the Company nor its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions entered into by the Group during the year ended 31 December 2022 are set out in note 33 to the audited consolidated financial statement. Such related party transactions included the remuneration to the chief executive and the Directors of the Group, which form part of the "Compensation of key management personnel of the Group"described in note 33 to the consolidated financial statements. These were continuing connected transactions exempt from the connected transaction requirements under Rule 14A.76(1) or Rule 14A.95 of the Listing Rules.

Save as disclosed above, during the Reporting Period, there were no connected transactions or continuing connected transactions which are needed to be disclosed under Chapter 14A of the Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the Reporting Period.

DONATIONS

During the Reporting Period, the charitable and other donations made by the Company amounted to RMB77,310.

DEBENTURES ISSUED

During the Reporting Period, no issuance of debentures was made by the Company.

SIGNIFICANT LEGAL PROCEEDINGS

Save as the proceedings disclosed in the chapter headed "Management Discussion and Analysis – Contingent Liabilities", during the Reporting Period, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office; be indemnified and secured harmless out of the assets of the Company; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty.

The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

The employees of the Group's subsidiaries which operate in PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) that may be used by the Group to offset existing contributions under the defined contribution schemes.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 33 to 52 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the Reporting Period and as at the date of this annual report.

AUDIT COMMITTEE

The Board has established the audit committee of the Company (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. Shi Jianxun 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, together with the management of the Company, has reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 December 2022.

AUDITOR

Ernst & Young was appointed as the Auditor during the Reporting Period. The accompanying financial statements prepared in accordance with HKFRSs have been audited by Ernst & Young.

Ernst & Young shall retire at the AGM and, being eligible, will offer itself for re-appointment. A resolution for the re – appointment of Ernst & Young as Auditor will be proposed at the AGM.

The Company's auditor has not been changed during the past three years.

On behalf of the Board
Chen Xiaoliang
Chairman

Hangzhou, PRC, 30 March 2023

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Board strives to adhere to the principles of corporate governance and has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance to meet the legal and commercial standards. Save as disclosed in this annual report, the Company has complied with all applicable code provisions under the CG Code for the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Company, oversees the Company's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Company to the senior management of the Company. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the remuneration committee of the Board (the "**Remuneration Committee**") and the nomination committee of the Board (the "**Nomination Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

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

During the daily operations of the Company, all material decisions are approved by the Board and the relevant Board Committees, as well as the senior management team. 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 the 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.

Board Composition

As at the date of this annual report, the Board comprises four executive Directors and three independent non-executive Directors as follows:

Executive Directors:
Mr. Chen Xiaoliang (Chairman and chief executive officer)
Mr. Zhu Jiangbo
Mr. Cheng Peng
Ms. Li Chunting

Independent non-executive Directors:
Mr. Kam Wai Man
Dr. Shi Jianxun
Dr. Gao Fuping

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

For the Reporting Period, the Board had met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

For the Reporting Period, the Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

None of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive.

Board Independence Evaluation Mechanism

Independent non-executive Directors play an important role in the Board because they provide impartial advice on issues of strategy, performance and control of the Group and have regard for the interests of all Shareholders. All independent non-executive Directors have appropriate educational background, professional qualifications or related financial management experience. No independent non-executive Director holds any other position in the Company or any of its subsidiaries or has any interest in any shares of the Company.

The Company has adopted the Board independence evaluation mechanism (the "**Board Independence Evaluation Mechanism**"). The Board Independence Evaluation Mechanism is designed to ensure a strong independent element on the Board, which allows the Board to effectively exercise independent judgment to better safeguard Shareholders' interests. The Company established the Board Independence Evaluation Mechanism to enable Directors to seek independent professional advice in performing their duties and encourage them to access and consult with the Company's senior management independently.

The Nomination Committee and the Board will assess annually the independence of all independent non-executive Directors to ensure that they can provide independent views and advice to the Board. All relevant factors to be considered include:

- the character, integrity, expertise, experience and stability necessary to carry out their duties;
- time and efforts to be invested in the affairs of the Company;
- moves to resolutely perform their duties as independent Directors and participate in the work of the Board of Directors;
- declaration of conflicts of interest as independent non-executive Directors; and
- non-participation in the day-to-day management of the Company and no relationships or circumstances that would influence their independent judgment.

The Board of Directors has reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and will do so annually. The Company has received an annual statement from each of the independent non-executive Directors confirming their independence. Pursuant to the criteria set out Rule 3.13 of the Listing Rules, the Company considers all of them to be independent.

Board Diversity Policy

We have adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's development. Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board members have a balanced mix of experiences and background, including but not limited to experiences in computer science, e-commerce, electronics, real estate, securities, financial, education and legal industries. The Board members obtained degrees in various majors including information and computing science, automation, electrical engineering, electronic information engineering, finance, business administration, political science and law. We have three independent non-executive Directors with different industry backgrounds, and the members of Board have a wide range of age, ranging from 32 years old to 59 years old. At present, the gender diversity level at the Board has been improved, we will continue to apply the principle of appointments based on merits with reference to the Board Diversity Policy as a whole, and we will continue to take steps to promote gender diversity at all levels of the Company. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the composition of our Board satisfies the Board Diversity Policy.

The Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing board diversity under the CG Code. The Nomination Committee will review the Board Diversity Policy from time to time to ensure its effectiveness and the related objectives we have set and the progress on achieving the objectives on an annual basis.

Measurable objectives of the Board Diversity Policy and the progress on achieving the objectives

The measurable objectives

Objective 1: Considering candidates for appointment as Directors from a wide pool of talents taking into account the culture and educational background, expertise and professional experience, skills, experience, knowledge, perspectives and other contributions that would complement the current needs of the Board.

Objective 2: Reviewing annually whether the composition and structure of the Board is suitable for the overall development strategy of the Group based on its business operation and the developmental need to propose adjustment and implementation plans.

Progress on achieving the objectives

Objective 1: Selection and appointment of the Directors should be in compliance with the requirements of the Board Diversity Policy and in line with the overall development strategy of the Group. The Nomination Committee will identify the candidates for directorships and recommend to the Board according to the Board Diversity Policy for any replacement of Director or an addition to the Board. The Board would also appoint suitable candidates for directorship based on the overall development of the Group and the Board Diversity Policy.

Objective 2: The current composition and structure of the Board is appropriate for the development need of the existing business operation of the Group and is conducive for providing the Company with extensive valuable advice and supervision on decision-making. The Company will continually assess the diversity of the Board and objectively consider the composition and effectiveness of the Board from the 2022 financial year.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules, the Company considers all of them to be independent parties.

As at 31 December 2022, male employees accounted for 43.2% and female employees accounted for 56.8% of all employees (including senior management) of the Group.

To achieve gender diversity across the Group, we are committed to creating favorable conditions in our working environment to attract more female talents to join the Group, and thus increased the proportion of female employees (including senior management) through time. The current arrangement includes hiring and promoting more women to hold senior management positions based on the qualifications, experience and skills required for those positions. The Company endeavours to maintain an appropriate balance of diversity across the workforce and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. During the Reporting Period, the Company did not identify any factors or circumstances that would make achieving gender diversity in the workforce, including senior management, more challenging or would be irrelevant to gender diversity.

During the Reporting Period, the Nomination Committee and the Board have reviewed the Board Diversity Policy and consider it effective.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular latest updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills by the Company. The company secretary of the Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a Director.

According to the information provided by the Directors, a summary of training received by the Directors for the Reporting Period is as follows:

Name of Directors	**Nature of Continuous Professional Development Programmes**
Executive Directors	
Mr. Chen Xiaoliang	A, B, C and D
Mr. Zhu Jiangbo	A, B, C and D
Mr. Cheng Peng	A, B, C and D
Ms. Li Chunting	A, B, C and D
Independent non-executive Directors	
Mr. Kam Wai Man	A, B, C and D
Dr. Shi Jianxun	A, B, C and D
Dr. Gao Fuping	A, B, C and D

Notes:

A: Attending training relating to the Directors' duties and responsibilities

B: Reading materials relating to the legal and regulatory updates

C: Attending training relating to the Company's business

D: Reading materials relating to corporate governance, the Listing Rules and other relevant laws and regulations

Appointment and Re-election of Directors

Each of the Directors has entered into a service contract or a letter of appointment with the Company for a specific term of three years commencing from the date of the respective service contract or letter of appointment. For further details on the service contracts and letters of appointment of the Directors with the Company, please refer to the section headed "Directors' Service Contracts and Letters of Appointment" on page 21 of "Report of the Directors" in this annual report.

None of the Directors has or is proposed to have a service contract with the Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

In accordance with Article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last reelected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) of the Articles of Association shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

Board Meetings and Directors' Attendance Records

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the relevant papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings should be kept by the joint company secretaries with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

During the Reporting Period, four Board meetings were held. The Company convened one general meeting for the Reporting Period, the attendance of each Director at the Board meetings and the general meeting is set out in the table below:

Directors	Attended/ Eligible to attend the Board meeting(s)	Attended/ Eligible to attend the general meeting
Executive Directors:		
Mr. Chen Xiaoliang	4/4	1/1
Mr. Zhu Jiangbo	4/4	1/1
Mr. Cheng Peng	4/4	1/1
Mr. Yao Wenquan(1)	0/0	0/0
Ms. Li Chunting(2)	4/4	1/1
Independent Non-executive Directors:		
Mr. Kam Wai Man	4/4	1/1
Dr. Ou-Yang Hui(3)	2/4	1/1
Dr. Gao Fuping	4/4	1/1
Dr. Shi Jianxun(4)	2/4	0/0

Notes:

(1) Mr. Yao Wenquan resigned as an executive Director on 18 February 2022 as he would like to devote more time to his personal development.

(2) Ms. Li Chunting was appointed as an executive Director on 18 February 2022.

(3) Dr. Ou-Yang Hui resigned as an independent non-executive director on 8 June 2022 in order to devote more time to his business.

(4) Dr. Shi Jianxun served as an independent non-executive director on 8 June 2022.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she had complied with the Model Code during the Reporting Period.

For the Reporting Period, the Company had also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Company are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The Board recognises that corporate governance should be the collective responsibility of the Directors which includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on related matters;

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three members, namely Mr. Kam Wai Man (Chairman), Dr. Gao Fuping and Dr. Shi Jianxun all of whom are independent non-executive Directors.

The principal duties of the Audit Committee include the following:

1. to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

2. to review and monitor the external auditor's independence and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

3. to develop and implement policies on engaging an external auditor to supply non-audit services. For this purpose, an "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

4. to monitor the integrity of the Company's financial statements, annual reports, accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them; and

5. to review the Company's financial controls, risk management and internal control systems.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The code provision D.3.3(e)(i) of the CG Code provides that the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet at least twice a year with the Auditor. During the Reporting Period, the Audit Committee has met with the Auditor twice.

During the Reporting Period, two meetings of the Audit Committee were held to discuss and consider the following matters:

- reviewed the consolidated financial statements, annual results announcement and the annual report for the year ended 31 December 2021, and submitted them to the Board for approval and was of the view that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made;

- reviewed the consolidated unaudited financial statements, interim results announcement and the 2022 interim report for the six months ended 30 June 2022, and submitted them to the Board for approval and was of the view that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made;

- reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the re-appointment of the Auditor; the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor; and

- discussed the audit plan for the year ended 31 December of 2022 with the Auditor.

Attendance of each Audit Committee member during the Reporting Period is set out in the table below:

Directors	**Attended/ Eligible to attend**
Mr. Kam Wai Man (Chairman)	2/2
Dr. Ou-Yang Hui*	1/2
Dr. Gao Fuping	2/2
Dr. Shi Jianxun*	1/2

* Dr. Ou-Yang Hui has resigned as an independent non-executive Director on 8 June 2022. Dr. Shi Jianxun was appointed as an independent non-executive Director on 8 June 2022.

Nomination Committee

The Nomination Committee currently comprises four members, including one executive Director namely Mr. Chen Xiaoliang (Chairman), and three independent non-executive Directors namely Mr. Kam Wai Man, Dr. Shi Jianxun and Dr. Gao Fuping.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship;

3. to identify individuals who are suitably qualified to become a member of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships with regard to the Board Diversity Policy and other factors which are relevant to the Company;

4. to assess the independence of independent non-executive Directors;

5. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular, the chairman of the Board and the chief executive officer of the Company); and

6. to develop a policy concerning diversity of Board members, and disclose its policy or a summary of the policy in the corporate governance report.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, one meeting of the Nomination Committee was held to discuss and consider in relation to, among others, the appointment of Ms. Li Chunting as an executive Director.

Attendance of each Nomination Committee member during the Reporting Period is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Chen Xiaoliang (Chairman)	1/1
Mr. Kam Wai Man	1/1
Dr. Ou-Yang Hui*	1/1
Dr. Gao Fuping	1/1

* Dr. Ou-Yang Hui has resigned as an independent non-executive Director on 8 June 2022.

Policy on Director Nomination

The Nomination Committee reviews the information and documents provided by the nominated candidate as required by the Company's nomination policy for directorship and conducts the following process (in accordance with the following criteria) with a view to assessing and evaluating whether such candidate is suitably qualified to be appointed as a Director before making recommendations to the Board:

1. The Nomination Committee shall consider the following factors, which are not exhaustive and the Board has discretion if it considers appropriate, in assessing the suitability of the proposed candidate regarding the appointment of Directors or re-appointment of any existing Board member(s):

   (i) reputation for integrity;

   (ii) accomplishment, experience and reputation in the business and industry;

   (iii) commitment in respect of sufficient time, interest and attention to the businesses of the Company and its subsidiaries;

   (iv) diversity in all aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry experience;

   (v) compliance with the criteria of independence, in case for the appointment of an independent non-executive Director, as prescribed under Rule 3.13 of the Listing Rules; and

   (vi) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time as appropriate.

2. The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles of Association and other applicable rules and regulations.

3. The proposed candidates will be asked to submit the necessary personal information in a prescribed form by the Nomination Committee.

4. The secretary of the Nomination Committee shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the Nomination Committee. The Nomination Committee may also nominate candidates for its consideration.

5. For the appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of such individual and make recommendations for the Board's consideration and approval.

6. For the re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.

7. If a Shareholder wants to propose a candidate to the Board for consideration, he/she shall refer to the "Procedures for Proposing a Person for Election as a Director", which is available on the Company's website.

8. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

During the Reporting Period, the Nomination Committee and the Board reviewed the Director nomination policy and consider it effective.

Remuneration Committee

The Remuneration Committee comprises four members, including three independent non-executive Directors namely Dr. Shi Jianxun (Chairman), Dr. Gao Fuping and Mr. Kam Wai Man, and one executive Director namely Mr. Zhu Jiangbo. The principal duties of the Remuneration Committee include the following:

1. to make recommendations to the Board on the Company's policy and structure for the remuneration of all the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time;

3. to make recommendations to the Board on the remuneration packages of executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive Directors;

5. to consider factors such as the level of remuneration paid by comparable companies, the time commitment and responsibilities of Directors and senior management, and the employment conditions of the Company and its subsidiaries; and

6. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, one meeting of the Remuneration Committee was held to discuss, review and consider in relation to, among others, the remuneration packages of Ms. Li Chunting as an executive Director. The Remuneration Committee has reviewed the Company's policy and structure for the remuneration of all Directors and senior management. Based on the review, the Remuneration Committee has made recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The Remuneration Committee has also reviewed and confirmed that the terms under the Share Option Scheme, the Share Award Scheme, Restricted Stock Unit Scheme and Restricted Stock Unit Option Incentive Scheme remain valid and applicable.

Attendance of each Remuneration Committee member during the Reporting Period is set out in the table below:

Directors	Attended/ Eligible to attend
Dr. Ou-Yang Hui (Chairman)	1/1
Dr. Gao Fuping	1/1
Mr. Kam Wai Man	1/1
Mr. Zhu Jiangbo	1/1

Remuneration of Senior Management

Details of the remuneration by band of the members of the senior management of the Company (including three Directors) whose biographies are set out on pages 53 to 56 of this annual report, during the Reporting Period, are set out below:

Remuneration band (HK$)	Number of individual
0-500,000	7

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2022 which give a true and fair view of the affairs of the Company and of the Company's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly latest updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by the Auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 57 to 60 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has established a set of risk management measures and internal control policies to identify, evaluate, and manage risks arising from our operations. The Company has also formed the Audit Committee comprising three independent non-executive Directors as part of our measures to improve corporate governance.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems including environmental, social and governance risks. The Board oversees risk management functions directly and also through the Audit Committee and the senior management, and will assess the effectiveness of the risk management and internal control systems including environmental, social and governance risks at least once a year.

The Audit Committee takes the responsibility to provide the Board with an independent review of the effectiveness of the financial reporting process, internal control, and risk management system including environmental, social and governance risks of the Group, to oversee the audit process, and to perform other duties and responsibilities as assigned by the Board.

The senior management and major operation departments are responsible for organizing and coordinating the implementation and daily operation of internal control system. The senior management is also responsible for identifying and assessing the material business risk exposed to the Company, taking measures and reporting to the Audit Committee accordingly.

The Board and the Audit Committee have evaluated the design and operating effectiveness of its internal control regarding the financial report for the year ended 31 December 2022, and did not identify any material weakness as a result of the evaluation, and were not aware of any areas of concern that would have a material impact on the Company's financial position or results of operations, and considered the risk management and internal control systems including environmental, social and governance risks to be generally adequate and effective, including with respect to the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, internal audit and financial reporting functions. The Company has not yet established an internal audit function and is of the view that there is no immediate need to set up an internal audit function having taken into consideration of the size, nature and complexity of the Group's current business. The Group will continue to conduct internal control procedures and enhance its internal control measures, and will review the circumstances annually. The Board considered the risk management and internal control systems including environmental, social and governance risks for the year ended 31 December 2022 were adequate and effective.

The Company plans to continue strengthening the risk management and internal control policies by ensuring regular management review of relevant corporate governance measures and corresponding implementation.

Major risks of the Company

The Group is exposed to various risks in its business operations. The following highlights the principal risks the Group is susceptible to and is not meant to be exhaustive:

(i) the Group relies on the Internet Advertising business and cannot assure it will continue to be successful;

(ii) if the Group fails to innovate as well as adapt and respond timely and effectively to rapidly changing technologies and new trends in online marketing, the Internet Advertising business may become less competitive or obsolete;

(iii) the gross profit margin of the Internet Advertising business may decrease as a result of the increase in revenue shared with media partners, which may adversely affect the profitability of the Group;

(iv) the mobile advertising market and the Internet Advertising market in the PRC are competitive and the Group may not continue to compete successfully;

(v) regulatory or legislative developments for online businesses, including privacy and data protection regimes, are expansive, not clearly defined and rapidly evolving, and could create unexpected costs, subject the Group to enforcement actions for compliance failures, or restrict the business of the Group, or cause the Group to change its technology platform or business model; and

(vi) any significant or prolonged slowdown in the Chinese or global economy may have an adverse impact on the business, financial position and operation results of the Group.

For further details as the risks relating to the business of the Group and the industry in which the Group operates, please refer to the section headed "Risk Factors – Risks relating to our Business and Industry" in the Prospectus.

In order to reduce the risks mentioned above, the Group pays close attention to market, industry trends, regulatory and legislative developments and the following measures, among others, have been taken:

(i) regular meetings were held between the executive Directors and senior management to review and monitor the business and financial performance, so that potential risks and uncertainties can be identified and dealt with in proper and timely manner;

(ii) constantly promote the innovation and development of products and technologies, increase the investment in research and development and recruit employees with rich experience in marketing and technology to enhance product competitiveness and market share;

(iii) continue to strengthen the cooperation with business partners both in user management SaaS business and Internet Advertising business to achieve mutual benefits and joint development; and

(iv) maintains close contact with regulators to update the regulatory trends in real time and pays close attention to the new laws and regulations related to user management SaaS business and Internet Advertising business.

Disclosure of Inside Information

As for the procedure for handling and publication of inside information as well as its internal control, the Company was aware of its responsibility under the SFO and has adopted relevant internal policies covering the definition and scope of inside information, guidelines on all insiders including Directors and accountability for breaches etc. to ensure that the handling and publication of inside information are in compliance with the SFO.

DIVIDEND POLICY

In order to ensure the Board maintains an appropriate procedure on declaring and recommending the dividend payment of the Company, a dividend policy was adopted by the Board on 17 April 2019 which aims to allow the Shareholders to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

The declaration of dividend is subject to the discretion of the Board. The Board may recommend payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, Shareholders' interests and such other conditions and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to the Articles of Association, the Companies Law and any applicable laws and regulations. Any future declarations of dividend may or may not reflect our historical declarations of dividend and will be at the absolute discretion of our Directors.

During the Reporting Period, the Board has reviewed the dividend policy of the Company and considers it effective.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the Auditor to the Company for the year ended 31 December 2022 was approximately as follows:

Type of Services	**Amount**
	(RMB'000)
Audit services	2,780
Non-audit services	–
Total	2,780

COMPANY SECRETARY

The Company has retained Ms. Ng Ka Man ("**Ms. Ng**"), the manager of TMF Hong Kong Limited (a global corporate service provider), to continue to serve as the company secretary. All directors may consult the company secretary about advice and services. Ms. Ng's main contact at the Company is Mr. Chen Xiaoliang.

During the year ended 31 December 2022, Ms. Ng have completed not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and better understanding of the Company's business performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The annual general meetings of the Company provide opportunity for the Shareholders to communicate directly with the Directors. The chairman of the Board and each chairmen of the Board Committees will attend the annual general meetings of the Company to answer Shareholders' questions. The Auditor will also attend the annual general meetings of the Company to answer questions about the conduct of the audit, the preparation and its content of the auditor's report, the accounting policies and auditor independence. Shareholders are given sufficient notice of general meetings, detailed procedures for conducting a poll was stated in circular to shareholders accompanying the notice of the general meeting.

To promote effective communication with the Shareholders and other stakeholders, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at http://www.duiba.cn, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The Board has reviewed the implementation and effectiveness of the shareholders communication policy, such as measures taken at general meetings and inquiries received, and considers the policy's implementation effective during the year ended 31 December 2022.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of Extraordinary General Meeting and Putting Forward Proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the address of the Company's principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong (email address: ir@duiba.com.cn).

Environmental, Social and Governance Report

The Environmental, Social and Governance Report of the Company for the year 2022 will be disclosed separately in accordance with the Listing Rules.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company adopted the amended and restated memorandum and articles of association on 17 April 2019, which have been effective from the Listing Date (the "**Existing M&A**"). During the Reporting Period, the Existing M&A did not have any change.

The Board proposed to amend the Existing M&A and adopt the second amended and restated memorandum of association and articles of association (the "**Amended M&A**") in substitution for the Existing M&A at the forthcoming annual general meeting of the Company. The Amended M&A shall become effective upon the approval by the Shareholders at the AGM.

EXECUTIVE DIRECTORS

Mr. Chen Xiaoliang (陳曉亮), aged 32, was appointed as an executive Director on 26 February 2018. Mr. Chen is also the founder of the Group, the chairman of the Board and the chief executive officer of the Company. Mr. Chen is responsible for overseeing the strategic development and business operations of the Group. He received a bachelor of science degree in information and computing science from Hangzhou Normal University Qianjiang College, the PRC in June 2013. He founded HZ Duiba in May 2011 and served as a director from its establishment until April 2014, when he became the chief executive officer of HZ Duiba. Mr. Chen Xiaoliang also holds directorship in a number of subsidiaries of the Company, namely Duiba Group (Hong Kong) Limited, HZ Duiba, HZ Tuia, Hangzhou Maibaola Internet Technology Company Limited* (杭州麥爆啦網絡科技有限公司), Hangzhou Keze Network Technology Company Limited* (杭州可澤網絡科技有限公司) and Hangzhou Duijie Internet Technology Company Limited* (杭州兑捷網絡科技有限公司). Mr. Chen Xiaoliang is the director of XL Holding, a controlling shareholder of the Company.

Mr. Zhu Jiangbo (朱江波), aged 32, was appointed as an executive Director on 14 August 2018. Mr. Zhu is the chief operating officer of the Group and an executive Director. He received a bachelor of science degree in Electronic Information Engineering (Embedded Software Services) from Hangzhou Normal University Qianjiang College, the PRC in June 2014. He joined the Group in May 2014 and served as the chief marketing officer of the Group from May 2014 to March 2018, responsible for the formulation and execution of the overall marketing strategies of the Group. Mr. Zhu was appointed as the president of Zhejiang Jiujiubao Insurance Sales Company Limited*（浙江九九保保險銷售有限公司）in March 2018 and is also responsible for the overall business operation and management of Zhejiang Jiujiubao since then. Mr. Zhu was promoted to the chief operating officer of the Group in August 2018 and he is responsible for the overall operation and management of the business of the Group.

Mr. Zhu is currently a director in a number of subsidiaries of the Company, namely HZ Duiba, Hangzhou Maiquan Internet Technology Company Limited* (杭州麥全網絡科技有限公司), Hangzhou Youfen Internet Technology Company Limited* (杭州有粉網絡科技有限公司), Hangzhou Nanjue Internet Technology Company Limited* (杭州南爵網絡科技有限公司), Hangzhou Moli Internet Company Limited* (杭州魔力網絡有限公司), Hangzhou Maiyan Internet Technology Company Limited* (杭州麥嚴網絡科技有限公司), Hangzhou Keze Internet Technology Company Limited* (杭州可澤網絡科技有限公司), Hangzhou Maiyougou Internet Technology Company Limited* (杭州麥優購網絡科技有限公司), Hangzhou Meiren Internet Technology Company Limited* (杭州美韌網絡科技有限公司), Hangzhou Shentong Internet Technology Company Limited* (杭州神同網絡科技有限公司), Hangzhou Taotaole Internet Technology Company Limited* (杭州淘淘樂網絡科技有限公司), Hangzhou Fenlefei Internet Technology Company Limited* (杭州粉樂飛網絡科技有限公司), Hangzhou Maiyoupin Network Technology Company Limited * (杭州麥優品網絡科技有限公司), Huocheng Duijie Internet Technology Company Limited * (霍城兑捷網絡科技有限公司) and Hangzhou Kejiji Internet Technology Company Limited* (杭州客吉吉網絡科技有限公司).

Mr. Cheng Peng (**程鵬**), aged 35, was appointed as an executive Director on 2 March 2020. Mr. Cheng is responsible for overseeing the legal and regulatory affairs of the Group and providing leadership to legal and corporate governance functions of the Group. Mr. Cheng received a bachelor of laws degree, specialising in intellectual property, from East China University of Political Science and Law, the PRC in July 2012. He joined the Group in May 2018. Mr. Cheng worked (i) from October 2017 to May 2018 at Zhe Jiang Z&J Law Firm* (浙江浙經律師事務所) as a lawyer; (ii) from April 2016 to September 2017 in the investment banking division of the Zhejiang branch of Industrial Securities Co., Ltd.* (興業證券股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 601377) which provides a wide range of financial services including (1) brokerage, (2) loans and financing, (3) investment banking, (4) asset management, and (5) proprietary trading, where he was a manager and was responsible for monitoring the legal and regulatory aspects of corporate transactions; and (iii) from March 2013 to March 2016 at Zhejiang Zehow Law Firm* (浙江澤厚律師事務所) as a lawyer. Mr. Cheng is currently a director in a number of subsidiaries of the Company, namely HZ Duiba, Hangzhou Keze Internet Technology Company Limited* (杭州可澤網絡科技有限公司), Khorgas Tuia Internet Technology Co., Ltd.* (霍爾果斯推啊網絡科技有限公司), Hangzhou Maiquan Internet Technology Company Limited* (杭州麥全網絡科技有限公司), Hangzhou Duia Internet Technology Company Limited* (杭州兑啊網絡科技有限公司), Fujian Duiba Internet Technology Company Limited *(福建兑吧網絡科技有限公司), Khorgas Duiba Internet Technology Company Limited *(霍爾果斯兑吧網絡科技有限公司), Khorgas Duitui Internet Technology Company Limited *(霍爾果斯兑推網絡科技有限公司), Zhejiang Jieshengxin Network Technology Company Limited *(浙江捷盛欣網絡科技有限公司) and Sichuan Kejie Network Technology Co., Ltd.* (四川客捷網絡科技有限公司)

Ms. Li Chunting (李春婷), aged 34, was appointed as an executive Director on 18 February 2022, and now is the senior vice president of Internet Advertising business. Ms. Li graduated from Chongqing University of Posts and Telecommunications. After joined the Group in June 2017, Ms. Li has engaged in the data mining analysis, operation strategy formulation and implementation and operation team management, and has held important positions within the Group.

Prior to joining the Group, Ms. Li worked as a sales analyst at BBK Educational Electronics Co., Limited* (步步高教育電子有限公司), a company principally engaged in the sales and supply of electronic products, from July 2013 to June 2014. She then served as a director of business data analysis at Hangzhou Jiuyan Technology Co., Ltd.* (杭州九言科技有限公司, now known as 杭州九言科技股份有限公司), a company mainly engaged in the business of software development and information technology service, from July 2014 to May 2017.

Ms. Li received a bachelor' degree in electronic and communication engineering from Chongqing University of Posts and Telecommunications (重慶郵電大學), China in June 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kam Wai Man (**甘偉民**), aged 48, was appointed as an independent non-executive Director on 17 April 2019. Mr. Kam has over 15 years of experience in corporate finance. Mr. Kam has served as a managing director of Innovax Capital Limited ("**Innovax Capital**") since February 2017. He has been a responsible officer of Innovax Capital for Type 6 regulated activities (advising on corporate finance) under the SFO since April 2017 and Mr. Kam is one of the sponsor principals of Innovax Capital.

From April 2003 to November 2005, he served as a licensed representative at Kingsway Capital Limited. He then worked at China Everbright Capital Limited from November 2005 to February 2017 with his last position being the managing director and head of the corporate finance department.

Mr. Kam obtained a bachelor of arts (Honors) in business studies from City University of Hong Kong in November 1997 and a Postgraduate Diploma in Professional Accountancy from the Chinese University of Hong Kong in December 2004. He is a member of the Hong Kong Institute of Certified Public Accountants and a CFA Institute charterholder. Since January 2020, Mr. Kam has served as an independent non-executive director of Wealthy Way Group Limited, a company listed on the Stock Exchange (stock code: 3848).

Dr. Shi Jianxun (石建勳), aged 59, was appointed as an independent non-executive Director on 8 June 2022. He obtained his bachelor of engineering degree from Lanzhou University of Technology (formerly known as Gansu University of Technology) in 1982. He further obtained a master's degree in management from the School of Economics and Management of Tsinghua University in 1998 and a doctoral degree in economics from the Economics and Management School of Wuhan University (formerly known as the Economics School of Wuhan University). From July 1982 to January 1994, Dr. Shi served various positions from engineer to head engineer at Xinxiang Machine Tool Factory of Henan* (河南新鄉機床廠) and subsequently at Qingdao Electric Welding Rod Factory* (青島電焊條廠), respectively. From January 1995 to February 1997, he served as the director of General Office (Enterprise Division) of Qingdao Free Trade Zone Management Committee* (青島保稅區管委會綜合處（企業處）). From February 1997 to February 1999, Dr. Shi acted as the vice present of Hui Kai Group Co., Ltd* (匯凱集團有限公司) and the director of Beijing Hui Kai Trading Development Co., Ltd.* (北京匯凱貿易發展有限公司). He also served as the director and the vice president of Dare Power Dekor Home Co., Ltd. (formerly known as Dare Technology Co., Ltd.* (大亞科技股份有限公司), a company listed on the Shenzhen stock exchange (stock code: 000910.SZ)) from March 1999 to March 2003. He then engaged in post-doctoral research at the post-doctoral research station of Fudan University from January 2003 to January 2005. Dr. Shi has been working at Tongji University since January 2005, with his current positions as a professor of applied economics, the director of the Institute of Finance and Economics and the vice president of the National Institute of Innovation and Development of Tongji University. Dr. Shi also currently serves as the vice president of Shanghai Association of Finance* (上海市金融學會) and Shanghai Association of World Economics* (上海市世界經濟學會), respectively.

Dr. Gao Fuping (高富平), aged 58, was appointed as an independent non-executive Director on 17 April 2019. Dr. Gao obtained a bachelor's degree in political science from the China University of Political Science and Law, the PRC in July 1987, a master's degree in law from Shanxi University, the PRC in July 1993 and a doctor's degree in civil commercial law from China University of Political Science and Law, the PRC in July 1998. In September 1995, Dr. Gao was admitted as a qualified lawyer by the Ministry of Justice of the PRC. In September 2001, he was recognised as a "Shu Guang"scholar (曙光學者) by the Shanghai Municipal Education Commission (上海市教育委員會) and the Shanghai Educational Development Foundation (上海市教育發展基金會).

Since July 1998, Dr. Gao has lectured in East China University of Political Science and Law, the PRC ("**ECUPL**") and has served as lecturer, associate professor, and professor. From 2004 to 2014, Dr. Gao served as dean of the Intellectual Property School at the ECUPL. Since March 2014, Dr. Gao has served as dean of Property Law Research Institute of the ECUPL. Since July 2018, Dr. Gao has served as a senior partner at Watson & Band Law Offices, Shanghai, the PRC.

In addition, Dr. Gao acted as an independent non-executive director of Founder Broadband Network Service Company Limited (方正寬帶網絡服務股份有限公司), a joint stock company established in the PRC, which was converted into Founder Broadband Network Services Co., Ltd. (方正寬帶網絡服務有限公司) in April 2014. From August 2013 to June 2021, Dr. Gao served as an independent non-executive director of Wuxi Sunlit Science and Technology Company Limited (無錫盛力達科技股份有限公司), a company listed on the Stock Exchange (stock code: 1289).

SENIOR MANAGEMENT

Mr. Chen Xiaoliang (陳曉亮), Chief Executive Officer of the Company – see the paragraph under "Executive Directors" above.

Mr. Zhu Jiangbo (朱江波), Chief Operating Officer of the Company – see the paragraph under "Executive Directors" above.

Ms. Li Chunting (李春婷), the senior vice president of Internet Advertising business – see the paragraph under "Executive Directors" above.

Mr. Lu Wen (陸文), aged 31, is the senior vice president of user management SaaS platform business and mainly responsible for the strategy formulation and implementation of the user management SaaS platform business. Mr. Lu graduated from Zhejiang A & F University. After joining the Group in June 2016, Mr. Lu has engaged in the marketing and operation and has extensive experience in enterprise customer service.

Ms. Lu Hui (盧慧), aged 34, is the vice president of Internet Advertising business and mainly responsible for the growth of key account of content distribution channels and talent development of the team. Ms. Lu joined the Group in March 2015 and was promoted to partner in October 2017.

Mr. Zheng Kaiyao (鄭凱耀), aged 31, is the vice president of innovative business and mainly responsible for customer acquisition, operation and delivery capability improvement. Mr. Zheng graduated from Hangzhou Normal University and joined the Group in January 2018, and he has a wealth of experience in operation and production.

Ms. Li Jia (李佳), aged 39, is the vice president of sales of user management SaaS platform business and joined the Group in May 2019. Ms. Li is a member of the first Finance Executive Master of Business Administration course in Shanghai Jiao Tong University. She obtained a master's degree in business administration from the Business School Netherlands and and is pursuing a doctorate degree at business administration from the Business School Netherlands. Ms. Li is responsible for exploring effective business opportunities for user management SaaS business and mainly engages in sales conversion of the banking customers.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report:
To the shareholders of Duiba Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Duiba Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 61 to 146, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

KEY AUDIT MATTERS (continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables	
As at 31 December 2022, the net carrying value of the Group's trade receivables amounted to RMB233,521,000 after netting off a loss allowance for impairment of RMB20,291,000, representing 13% of the Group's total assets. The impairment of trade receivables was assessed based on the expected credit loss model. The assessment of expected credit losses of trade receivables was performed at 31 December 2022 using the simplified approach which involved significant management's judgement and estimation including their assessment of customers' current financial position and forward-looking information. The assessment was highly judgmental. The Group's disclosures about the impairment assessment of trade receivables are included in notes 2.4, 3 and 17 to the financial statements.	We evaluated the expected credit loss provision methodology used by the Group. We also evaluated management's assessment on the estimates of customers' current financial position and the forward-looking adjustments by reviewing the analyses of the ageing of the receivables, examining on a sample basis, payments received subsequent to the year end and historical payment patterns, reviewing correspondence related to any disputes between the parties involved and market information about the credit status of the counterparties, where available, and evaluating the analyses of influence from macroeconomics on the loss rates of the Group's customers.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the Management Discussion and Analysis of the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Chairman's Statement, the Report of Directors and the Corporate Governance Report, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT (continued)

When we read the Chairman's Statement, the Report of Directors and the Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lai Chee Kong.

Ernst & Young
Certified Public Accountants
Hong Kong
30 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	5	**1,616,602**	1,312,476
Cost of sales		**(1,307,483)**	(941,991)
Gross profit		**309,119**	370,485
Other income and gains	5	**45,326**	58,130
Selling and distribution expenses		**(154,486)**	(160,074)
Administrative expenses		**(202,515)**	(258,350)
Impairment losses on financial assets, net		**(11,529)**	(18,910)
Other expenses		**(11,653)**	(979)
Finance costs	7	**(367)**	(353)
Share of losses of an associate		**(1,052)**	(631)
LOSS BEFORE TAX	6	**(27,157)**	(10,682)
Income tax expense	10	**(18,740)**	(1,091)
LOSS FOR THE YEAR		**(45,897)**	(11,773)
Attributable to:			
Owners of the parent		**(45,897)**	(11,773)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**52,408**	(14,428)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**52,408**	(14,428)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**6,511**	(26,201)
Attributable to:			
Owners of the parent		**6,511**	(26,201)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
BASIC AND DILUTED (RMB)	12	**(4.4) cents**	(1.1) cents

Consolidated Statement of Financial Position

31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	7,775	13,361
Intangible assets	14	2,963	1,320
Right-of-use assets	15(a)	8,833	7,870
Investment in an associate	16	159,782	84,834
Deferred tax assets	25	13,229	27,043
Time deposit	20	31,424	30,359
Prepayments, other receivables and other assets	18	2,014	9,462
Total non-current assets		226,020	174,249
CURRENT ASSETS			
Trade receivables	17	233,521	64,395
Prepayments, other receivables and other assets	18	233,413	122,555
Financial assets at fair value through profit or loss	19	329,508	958,444
Restricted cash	20	2,418	20,210
Pledged time deposits	20	130,133	–
Cash and cash equivalents	20	654,671	225,741
Total current assets		1,583,664	1,391,345
CURRENT LIABILITIES			
Trade payables	21	78,330	69,440
Other payables and accruals	22	203,938	168,815
Tax payable		3,835	–
Contract liabilities	23	79,762	32,660
Interest-bearing bank borrowing	24	127,822	–
Lease liabilities	15(b)	7,391	5,165
Total current liabilities		501,078	276,080
NET CURRENT ASSETS		1,082,586	1,115,265
TOTAL ASSETS LESS CURRENT LIABILITIES		1,308,606	1,289,514
NON-CURRENT LIABILITIES			
Lease liabilities	15(b)	326	1,448
Deferred tax liabilities	25	689	1,049
Total non-current liabilities		1,015	2,497
Net assets		1,307,591	1,287,017

Consolidated Statement of Financial Position

31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	**70**	70
Reserves	27	**1,307,521**	1,286,947
Total equity		**1,307,591**	1,287,017

Mr. Chen Xiaoliang
Director

Mr. Cheng Peng
Director

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the parent						
	Share capital	Share premium account*	Capital reserve*	Statutory surplus reserve*	Accumulated losses*	Exchange fluctuation reserve*	Total equity
	RMB'000 (note 26)	RMB'000 (note 26)	RMB'000 (note 27)	RMB'000 (note 27)	RMB'000	RMB'000	RMB'000
At 1 January 2022	70	1,942,530	(27,644)	56,737	(643,928)	(40,748)	1,287,017
Loss for the year	–	–	–	–	(45,897)	–	(45,897)
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations	–	–	–	–	–	52,408	52,408
Total comprehensive income for the year	–	–	–	–	(45,897)	52,408	6,511
Equity-settled share award and option arrangements (note 28)	–	–	14,063	–	–	–	14,063
At 31 December 2022	70	1,942,530	(13,581)	56,737	(689,825)	11,660	1,307,591

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the parent							
	Share capital	Treasury shares	Share premium account*	Capital reserve*	Statutory surplus reserve*	Accumulated losses*	Exchange fluctuation reserve*	Total equity
	RMB'000 (note 26)	RMB'000 (note 26)	RMB'000 (note 26)	RMB'000 (note 27)	RMB'000 (note 27)	RMB'000	RMB'000	RMB'000
At 1 January 2021	70	–	1,943,450	(51,390)	47,584	(623,002)	(26,320)	1,290,392
Loss for the year	–	–	–	–	–	(11,773)	–	(11,773)
Other comprehensive loss for the year:								
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(14,428)	(14,428)
Total comprehensive loss for the year	–	–	–	–	–	(11,773)	(14,428)	(26,201)
Equity-settled share award and option arrangements (note 28)	–	–	–	23,746	–	–	–	23,746
Repurchase of shares	–	(920)	–	–	–	–	–	(920)
Cancellation of treasury shares	–	920	(920)	–	–	–	–	–
Transfer to statutory reserve	–	–	–	–	12,807	(12,807)	–	–
Disposal of subsidiaries	–	–	–	–	(3,654)	3,654	–	–
At 31 December 2021	70	–	1,942,530	(27,644)	56,737	(643,928)	(40,748)	1,287,017

* These reserve accounts comprise the consolidated reserves of RMB1,307,521,000 (2021: RMB1,286,947,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(27,157)	(10,682)
Adjustments for:			
Share of losses of an associate		1,052	631
Interest income	5	(11,465)	(2,485)
Investment income from financial assets at fair value through profit or loss	5	(9,664)	(18,916)
Foreign exchange loss/(gain), net		628	(4,593)
Loss on disposal of items of property, plant and equipment		97	83
Loss on termination of leases		345	60
Depreciation of property, plant and equipment	13	5,986	4,333
Fair value loss/(gains), net:			
Financial assets at fair value through profit or loss		2,325	(14,932)
Amortisation of intangible assets	14	727	510
Finance costs	7	367	353
Equity-settled share award and option expense		14,063	23,746
Depreciation of right-of-use assets	15(a)	8,285	7,427
Impairment of financial assets, net		11,529	18,910
		(2,882)	4,445
Decrease in restricted cash		18,344	42
(Increase)/decrease in trade receivables		(117,226)	9,747
Increase in prepayments, other receivables and other assets		(113,668)	(1,610)
Decrease in trade payables		(42,463)	(19,994)
Increase in other payables and accruals		32,801	16,938
Increase/(decrease) in contract liabilities		47,102	(23,175)
Cash used in operations		(177,992)	(13,607)
Interest received		3,622	1,617
Income tax paid		(1,998)	–
Net cash flows used in operating activities		(176,368)	(11,990)

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2022

	Notes	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		195	45
Purchases of items of property, plant and equipment	13	(692)	(9,646)
Purchases of financial assets at fair value through profit or loss		(697,000)	(1,535,244)
Proceeds from disposal of financial assets at fair value through profit or loss		1,376,973	1,748,706
Repayment from loans receivable		7,960	8,093
Advances of loans receivable		(6,900)	(7,300)
Purchase of a shareholding in an associate		(76,000)	(61,500)
Purchases of intangible assets	14	(182)	(1,315)
Increase in time deposits		(399,071)	(30,000)
Increase in pledged time deposits		(130,000)	–
Acquisition of subsidiaries	29	(2,244)	–
Interest received		2,018	–
Net cash flows from investing activities		75,057	111,839
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments	30(b)	(8,489)	(7,782)
Interest paid for lease liabilities		(367)	(353)
New bank borrowing		127,822	–
Repurchase of shares		–	(920)
Net cash flows from/(used in) financing activities		118,966	(9,055)
NET INCREASE IN CASH AND CASH EQUIVALENTS		17,655	90,794
Effect of foreign exchange rate changes, net		8,082	(322)
Cash and cash equivalents at beginning of year		225,741	135,269
CASH AND CASH EQUIVALENTS AT END OF YEAR		251,478	225,741
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	251,478	225,741
Non-pledged time deposits with original maturity between three months and one year, when acquired	20	403,193	–
Cash and cash equivalents as stated in the consolidated statement of financial position		654,671	225,741
Non-pledged time deposits with original maturity between three months and one year, when acquired		(403,193)	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		251,478	225,741

1. CORPORATE AND GROUP INFORMATION

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

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

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

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Duiba Group (Hong Kong) Limited	Hong Kong 11 April 2018	Hong Kong dollar ("**HK$**") 1	100%	–	Investment holding
Hangzhou Duiba Internet Technology Co., Ltd. ("**HZ Duiba**") 杭州兑吧網絡科技有限公司(i)	People's Republic of China (the "**PRC**")/ Mainland China 13 May 2011	Renminbi ("**RMB**") 50,000,000	–	100%	User management SaaS platform
Hangzhou Tuia Internet Technology Co., Ltd. ("**HZ Tuia**") 杭州推啊網絡科技有限公司(ii)	PRC/Mainland China 22 September 2016	RMB50,000,000	–	100%	Internet advertising
Hangzhou Maibaola Internet Technology Co., Ltd. 杭州麥爆啦網絡科技有限公司(ii)	PRC/Mainland China 12 October 2016	RMB1,000,000	–	100%	Internet advertising
Khorgas Tuia Internet Technology Co., Ltd. ("**Khorgas Tuia**") 霍爾果斯推啊網絡科技有限公司(ii)	PRC/Mainland China 25 January 2018	RMB10,000,000	–	100%	Internet advertising
Hangzhou Maiquan Network Technology Co., Ltd. 杭州麥全網絡科技有限公司(ii)	PRC/Mainland China 28 December 2017	RMB1,000,000	–	100%	Internet advertising

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Hangzhou Nanjue Network Technology Co., Ltd. 杭州南爵網絡科技有限公司(ii)	PRC/Mainland China 15 January 2018	RMB12,000,000	–	100%	Internet advertising
Hangzhou Duia Network Technology Co., Ltd. ("**HZ Duia**") 杭州兑啊網絡科技有限公司(ii)	PRC/Mainland China 15 January 2018	RMB50,000,000	–	100%	User management SaaS platform
Hangzhou Kejiji Network Technology Co., Ltd. 杭州客吉吉網絡科技有限公司(ii)	PRC/Mainland China 29 March 2018	RMB5,000,000	–	100%	User management SaaS platform
Hangzhou Keze Network Technology Co., Ltd. 杭州可澤網絡科技有限公司(ii)	PRC/Mainland China 25 September 2018	USD20,000,000	–	100%	Internet advertising
Fujian Duiba Network Technology Co., Ltd. ("**Fujian Duiba**") 福建兑吧網絡科技有限公司(ii)(iii)	PRC/Mainland China 8 August 2022	RMB50,000,000	–	100%	User management SaaS platform
Khorgas Duitui Internet Technology Co., Ltd. ("**Khorgas Duitui**") 霍爾果斯兑推網絡有限公司(ii)(iii)	PRC/Mainland China 12 August 2022	RMB10,000,000	–	100%	Internet advertising
Zhejiang Jiujiubao Insurance Sale Co., Ltd. ("**Jiujiubao**") 浙江九九保保險銷售有限公司(ii)	PRC/Mainland China 3 December 2009	RMB5,000,000	–	100%	Provision of Insurance service
Zhejiang Jieshengxin Network Technology Co., Ltd. ("**Jieshengxin**") 浙江捷盛欣網絡科技有限公司(ii)	PRC/Mainland China 12 February 2018	RMB20,000,000	–	100%	Provision of Insurance service

Notes:

(i) This entity is registered as a wholly-foreign-owned enterprise under PRC law.

(ii) These entities are limited liability enterprises established under PRC law.

(iii) These entities are newly established in August 2022.

During the year, the Group acquired Jieshengxin and Jiujiubao from third parties. Further details of this acquisition are included in note 29 to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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 an 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 Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, 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.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	50%
Office equipment	9.5%-31.67%
Motor vehicles	9.5%-23.75%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Licence

Purchased licence with an indefinite useful life is stated at cost less any impairment losses.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of 1 to 5 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term and the estimated useful lives of the assets are as follows:

Buildings	1 to 2 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented separately in the statement of financial position.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowing and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, financial liabilities include trade and other payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

The Group is mainly in the business of providing internet advertising services. Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for goods or services transferred to the customer. The Group recognises revenue when it transfers control over a product or service to the counterparty.

(a) Internet advertising services

Revenue from internet advertising services is recognised at a point in time when the services are rendered based on the consumption of advertising fees.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right of volume rebates. The rights of volume rebates give rise to variable consideration.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) *Internet advertising services* (continued)

(i) Variable consideration (continued)

The Group provides retrospective volume rebates to certain customers once the volume of advertising consumption during the period exceeds a threshold specified in the contract. Rebates are recharged to the customers' accounts in the Group's advertising system. To estimate the variable consideration for the expected future rebates, the Group applies the expected value method for all contracts as there is more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

(ii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in HKFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(b) *User management SaaS platform business*

Revenue from SaaS services included in the user management SaaS platform business is recognised at a point time or over time when the services are rendered based on the deduction of prepayment from applications.

(c) *Sale of goods*

Revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

There are no variable consideration and significant financing component for the user management SaaS platform business and the sale of goods.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Principal versus agent consideration

In accordance with the principal versus agent consideration prescribed by HKFRS 15, the principal is the entity that has promised to provide goods or services to its customers. An agent arranges for goods or services to be provided by the principal to its end customer. An agent normally receives a commission or fee for these activities. For the majority of the Group's income, the Group is primarily responsible for fulfilling the services and has discretion in establishing prices, and accordingly, the Group acts as a principal, and the related revenue is presented on a gross basis. In part of other income, the Group acts as an agent, and related revenue is presented on a net basis.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates share award and option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the shares at the date at which they are granted. The fair value is measured at the market value of the shares, adjusted for the exclusion of expected dividends to be received in the vesting period, further details of which are given in note 28 to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The financial statements are presented in Renminbi because the Group's principal operations are carried out in Mainland China. The Company's functional currency is the United States dollars ("**US$**"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies were translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on changes in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than Renminbi. As at the end of the reporting period, the assets and liabilities of these entities are translated into Renminbi at the exchange rates prevailing at the end of the reporting period and their profits or losses are translated into Renminbi at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

There is no significant effect on the amounts recognised in the financial statements arising from the judgements, apart from those involving estimations, made by management in the process of applying the Group's accounting policies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of the reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details are disclosed in note 25 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Fair value of unlisted equity investment

The unlisted equity investment has been valued based on a market-based valuation technique as detailed in note 35 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of this investment as Level 3. The fair value of the unlisted equity investment at 31 December 2022 was nil (2021: RMB9,934,000). Further details are included in note 19 to the financial statements.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of intangible asset with an indefinite useful life at 31 December 2022 was RMB2,188,000 (2021: Nil). Further details are given in note 14.

4. 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:

	2022	2021
	RMB'000	RMB'000
Customer 1	**479,531**	495,506
Customer 2	**320,077**	N/A*
Customer 3	**318,745**	N/A*
Customer 4	**N/A***	149,482

* 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.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022	2021
	RMB'000	RMB'000
Revenue from contracts with customers	1,616,602	1,312,476

Revenue from contracts with customers

(a) Disaggregated revenue information

	2022	2021
	RMB'000	RMB'000
Types of services or goods		
Internet advertising business	1,425,784	1,139,300
User management SaaS platform business	165,548	173,166
Others	25,270	10
	1,616,602	1,312,476

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines.

	2022	2021
	RMB'000	RMB'000
Timing of revenue recognition		
Over time		
– SaaS services included in user management SaaS platform business	19,443	75,021
At a point in time		
– Internet advertising business	1,425,784	1,139,300
– Other services included in user management SaaS platform business	146,105	98,145
– Others	25,270	10
	1,597,159	1,237,455
	1,616,602	1,312,476

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2022	2021
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
User management SaaS platform business	15,226	37,281
Internet advertising business	17,434	18,554
	32,660	55,835

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Internet advertising services

Revenue from internet advertising services is recognised at a point in time when the services are rendered based on the consumption of advertising fees.

User management SaaS platform business

Revenue from SaaS services included in the user management SaaS platform business is recognised at a point time or over time when the services are rendered based on the deduction of prepayment from applications.

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

Sale of goods

Revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022	2021
	RMB'000	RMB'000
Amounts expected to be recognised as revenue:		
Within one year		
– Volume rebate	61,602	17,434
– Deferred revenue	18,160	15,226
	79,762	32,660

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

	2022	2021
	RMB'000	RMB'000
Other income and gains		
Interest income	11,465	2,485
Government grants*	16,366	14,641
Investment income from financial assets at fair value through profit or loss	9,664	18,916
Fair value gains on financial assets at fair value through profit or loss	7,609	14,932
Foreign exchange gain, net	–	4,593
Others	222	2,563
	45,326	58,130

* 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.

6. LOSS BEFORE TAX

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

	Notes	2022 RMB'000	2021 RMB'000
Cost of inventories sold		**49,781**	35,534
Cost of services provided		**1,257,702**	906,457
Depreciation of property, plant and equipment	13	**5,986**	4,333
Depreciation of right-of-use assets	15(a)	**8,285**	7,427
Amortisation of intangible assets*	14	**727**	510
Interest income	5	**(11,465)**	(2,485)
Foreign exchange loss/(gain), net		**628**	(4,593)
Loss on disposal of items of property, plant and equipment		**97**	83
Loss on termination of leases		**345**	60
Share of losses of an associate		**1,052**	631
Impairment of financial assets, net:			
Impairment of trade receivables, net		**1,132**	18,910
Impairment of other receivables, net		**10,397**	–
		11,529	18,910
Fair value loss/(gains), net:			
Unlisted equity investment		**9,934**	3,551
Other unlisted investments		**(7,609)**	(18,483)
		2,325	(14,932)
Investment income from financial assets at fair value through profit or loss	5	**(9,664)**	(18,916)
Research and development costs		**123,515**	171,767
Lease payments not included in the measurement of lease liabilities	15(c)	**164**	34
Auditor's remuneration		**2,780**	2,780
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**201,031**	220,708
Equity-settled share award and option expense		**10,894**	20,990
Pension scheme contributions**		**12,742**	20,207
Staff welfare expense		**60,860**	63,892
		285,527	325,797

* 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.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	RMB'000	RMB'000
Interest on lease liabilities	367	353

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2022	2021
	RMB'000	RMB'000
Fees	528	616
Other emoluments:		
Salaries, allowances and benefits in kind	1,607	2,197
Performance related bonuses*	1,182	–
Equity-settled share award and option expense	3,169	2,756
Pension scheme contributions	135	179
	6,093	5,132
	6,621	5,748

* Certain executive directors of the Company are entitled to bonus payments which are discretionary or are related to the Group's performance.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

During the year and in prior years, certain directors were granted share awards and options, in respect of their services to the Group, under the Restricted Stock Unit Scheme and Restricted Stock Unit Option Incentive Scheme of the Company, further details of which are set out in note 28 to the financial statements. The fair value of such share awards and options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2022	2021
	RMB'000	RMB'000
Dr. Ou-Yang Hui*	150	300
Mr. Kam Wai Man	198	196
Dr. Gao Fuping	120	120
Dr. Shi Jianxun*	60	–
	528	616

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

(b) Executive directors, non-executive directors and the chief executive

	Fee	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share award and option expense	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2022						
Executive directors:						
Mr. Chen Xiaoliang***	-	356	270	33	-	659
Mr. Cheng Peng	-	301	180	33	337	851
Mr. Zhu Jiangbo	-	354	270	33	560	1,217
Mr. Yao Wenquan**	-	41	-	3	-	44
Ms. Li Chunting**	-	555	462	33	2,272	3,322
	-	1,607	1,182	135	3,169	6.093

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, non-executive directors and the chief executive (continued)

	Fee	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share award and option expense	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021						
Executive directors:						
Mr. Chen Xiaoliang***	–	334	–	33	–	367
Mr. Cheng Peng	–	379	–	33	251	663
Mr. Zhu Jiangbo	–	330	–	33	465	828
Ms. Chen Ting****	–	149	–	33	–	182
Mr. Chen Xiuyi****	–	516	–	14	–	530
Mr. Yao Wenquan	–	489	–	33	2,040	2,562
	–	2,197	–	179	2,756	5,132
Non-executive director:						
Mr. Huang Tao****	–	–	–	–	–	–
	–	–	–	–	–	–

* Dr. Ou-Yang Hui resigned as an independent non-executive director on 8 June 2022. Dr. Shi Jianxun was appointed as an independent non-executive director on 8 June 2022.

** Mr. Yao Wenquan resigned as an executive director on 18 February 2022. Ms. Li Chunting was appointed as an executive director on 18 February 2022.

*** Mr. Chen Xiaoliang is also the chief executive officer of the Company.

**** Ms. Chen Ting and Mr. Chen Xiuyi resigned as executive directors on 28 May 2021 and 20 June 2021, respectively. Mr. Huang Tao resigned as a non-executive director on 28 May 2021.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2021: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2021: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022	2021
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	2,869	1,758
Performance related bonuses	1,051	–
Pension scheme contributions	152	226
Equity-settled share award and option expense	2,371	7,747
	6,443	9,731

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2022	2021
HK$1,000,001 to HK$1,500,000	–	–
HK$1,500,001 to HK$2,000,000	4	–
HK$2,000,001 to HK$2,500,000	–	–
HK$2,500,001 to HK$3,000,000	–	3
HK$3,000,001 to HK$3,500,000	–	–
HK$3,500,001 to HK$4,000,000	–	1
	4	4

During the year and in prior years, share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 28 to the financial statements. The fair value of such share awards and options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Under the relevant income tax law, the PRC subsidiaries were subject to income tax at a statutory rate of 25% on their respective taxable income, except for certain subsidiaries of the Group in Mainland China which are granted tax concession and are taxed at preferential tax rates.

HZ Duiba and HZ Tuia are qualified as High and New Technology Enterprises ("**HNTE**") for the year ended 31 December 2022 and and were subject to a preferential income tax rate of 15%, while they were certified as Software Enterprises for the year ended 31 December 2021, and were subject to a preferential income tax rate of 12.5%.

HZ Duia is certified as a HNTE and was subject to a preferential income tax rate of 15% (2021: 15%) during the year.

Khorgas Tuia, which was established in Khorgas Development Zone of Xinjiang on 25 January 2018 is exempted from income tax from the first year of operation for a 5-year period according to the regulations set out by the local authority. Since Khorgas Tuia started its operation in 2018, the period of tax exemption commenced from the year of 2018.

Khorgas Duitui, which was established in Khorgas Development Zone of Xinjiang on 12 August 2022 is exempted from income tax from the first year of operation for a 5-year period according to the regulations set out by the local authority. Since Khorgas Duitui started its operation in 2022, the period of tax exemption commenced from the year of 2022.

Certain subsidiaries of the Group are accredited as Small and Micro Enterprises and were entitled to a preferential tax rate of 2.5% (2021: 2.5%) during the year.

10. INCOME TAX (continued)

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

	2022	2021
	RMB'000	RMB'000
Charge for the year	5,833	–
Deferred tax (note 25)	12,907	1,091
Total tax charge for the year	18,740	1,091

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

	2022	2021
	RMB'000	RMB'000
Loss before tax	(27,157)	(10,682)
Tax at the tax rate of 25%	(6,789)	(2,670)
Effect of tax rate differences in other jurisdictions	(1,318)	496
Effect of preferential lower tax rates entitled	(2,364)	(8,988)
Additional deduction allowance for research and development costs	(12,803)	(12,349)
Expenses not deductible for tax	8,660	7,150
Effect on different of tax rate between current tax and deferred tax	–	4,475
Losses attributable to an associate	263	158
Tax losses not recognised	31,853	14,625
Income not subject to tax	–	(1,806)
Adjustments in respect of current tax of previous periods	1,238	–
Tax charge at the Group's effective rate	18,740	1,091

11. DIVIDENDS

The board of directors did not recommend the payment of any final dividend for the year ended 31 December 2022.

12. 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 2022 and 2021 have been arrived at after eliminating the shares of the Company held under the restricted stock units and shares repurchased.

	2022	2021
	RMB'000	RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent	(45,897)	(11,773)

	Number of shares	
	2022	2021
Shares		
Weighted average number of shares in issue during the year	1,047,653,500	1,032,373,500

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the impact of the restricted stock units and restricted stock unit options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Office equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022				
At 1 January 2022:				
Cost	**8,889**	**17,571**	**1,719**	**28,179**
Accumulated depreciation	**(6,273)**	**(7,706)**	**(839)**	**(14,818)**
Net carrying amount	**2,616**	**9,865**	**880**	**13,361**
At 1 January 2022, net of accumulated depreciation	**2,616**	**9,865**	**880**	**13,361**
Additions	**–**	**234**	**458**	**692**
Disposals	**–**	**(186)**	**(106)**	**(292)**
Depreciation provided during the year	**(1,663)**	**(3,922)**	**(401)**	**(5,986)**
At 31 December 2022, net of accumulated depreciation	**953**	**5,991**	**831**	**7,775**
At 31 December 2022:				
Cost	**8,889**	**16,898**	**1,987**	**27,774**
Accumulated depreciation	**(7,936)**	**(10,907)**	**(1,156)**	**(19,999)**
Net carrying amount	**953**	**5,991**	**831**	**7,775**
31 December 2021				
At 1 January 2021:				
Cost	5,733	11,434	1,719	18,886
Accumulated depreciation	(5,597)	(4,632)	(481)	(10,710)
Net carrying amount	136	6,802	1,238	8,176
At 1 January 2021, net of accumulated depreciation	136	6,802	1,238	8,176
Additions	3,156	6,490	–	9,646
Disposals	–	(128)	–	(128)
Depreciation provided during the year	(676)	(3,299)	(358)	(4,333)
At 31 December 2021, net of accumulated depreciation	2,616	9,865	880	13,361
At 31 December 2021:				
Cost	8,889	17,571	1,719	28,179
Accumulated depreciation	(6,273)	(7,706)	(839)	(14,818)
Net carrying amount	2,616	9,865	880	13,361

14. INTANGIBLE ASSETS

	Licence	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2022			
Cost at 1 January 2022, net of accumulated amortisation	–	1,320	1,320
Additions	–	182	182
Amortisation provided during the year	–	(727)	(727)
Acquisition of subsidiaries (note 29)	2,188	–	2,188
At 31 December 2022	2,188	775	2,963
At 31 December 2022:			
Cost	2,188	2,740	4,928
Accumulated amortisation	–	(1,965)	(1,965)
Net carrying amount	2,188	775	2,963

	Software
	RMB'000
31 December 2021	
Cost at 1 January 2021, net of accumulated amortisation	515
Additions	1,315
Amortisation provided during the year	(510)
At 31 December 2021	1,320
At 31 December 2021:	
Cost	2,558
Accumulated amortisation	(1,238)
Net carrying amount	1,320

14. INTANGIBLE ASSETS (continued)

Impairment testing of licence

Licence acquired through business combination is allocated to the Jieshengxin cash-generating unit for impairment testing.

The recoverable amount of licence has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The pre-tax discount rate applied to cash flow projections and the growth rate used to extrapolate the cash flows of the Jieshengxin cash-generating unit beyond the five-year period are as follows:

	2022
	%
Terminal growth rate	2.5
Pre-tax discount rate	18.1

Assumptions were used in the value in use calculation of the licence as at 31 December 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of licence:

Budgeted revenue – The budgeted revenue used for the five-year period projection is based on the historical data and management's expectation on the future market.

Growth rate – The growth rate used to extrapolate the cash flows beyond the forecast period is based on the estimated growth rate of the Group taking into account the industry growth rate, past experience and the medium-term or long-term growth target of the Group.

Discount rate – The discount rate used is before tax and reflects management's estimate of the risks specific to the relevant unit.

The values assigned to the key assumptions are consistent with management's past experience and external information sources.

15. LEASES

The Group as a lessee

The Group has lease contracts for buildings used in its operations. Leases of buildings generally have lease terms between 1 and 2 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are no lease contracts that include extension and termination options and variable lease payments.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings
	RMB'000
At 1 January 2021	9,033
Additions	6,414
Depreciation charge	(7,427)
Reduction as a result termination of leases	(150)
As at 31 December 2021 and 1 January 2022	7,870
Additions	10,731
Depreciation charge	(8,285)
Reduction as a result termination of leases	(1,483)
As at 31 December 2022	8,833

15. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2022	2021
	RMB'000	RMB'000
Carrying amount at 1 January 2022	6,613	8,071
New leases	10,731	6,414
Accretion of interest recognised during the year	367	353
Payments	(8,856)	(8,135)
Reduction as a result termination of leases	(1,138)	(90)
Carrying amount at 31 December 2022	7,717	6,613
Analysed into:		
Current portion	7,391	5,165
Non-current portion	326	1,448

The maturity analysis of lease liabilities is disclosed in note 36 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2022	2021
	RMB'000	RMB'000
Interest on lease liabilities	367	353
Depreciation charge of right-of-use assets	8,285	7,427
Expenses relating to short-term leases (included in selling and distribution expenses and administrative expenses)	164	34
Loss on termination of leases	345	60
Total amount recognised in profit or loss	9,161	7,874

(d) The total cash outflow for leases is disclosed in note 30(c) to the financial statements.

16. INVESTMENT IN AN ASSOCIATE

	2022	2021
	RMB'000	RMB'000
Share of net assets	**159,782**	84,834

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Zhejiang Gushang Intelligent Technology Co., Ltd. ("**Gushang Technology**")	Ordinary shares	PRC/Mainland China	19%	Project operation

The Group's shareholdings in this associate comprise equity shares held through a wholly-owned subsidiary of the Company.

Gushang Technology, which is considered a material associate of the Group, is a strategic partner of the Group for the primary purpose of developing a project, which will include constructing buildings and parking lots on a land parcel located in the Hangzhou Zijingang Science and Technology Town. Upon completion of the project, Gushang Technology will be dissolved and the properties of the project will be distributed to the shareholders. The Group will use the building from the project as its new headquarters. The investment is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Gushang Technology adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

16. INVESTMENT IN AN ASSOCIATE (continued)

	2022	2021
	RMB'000	RMB'000
Current assets	236,507	140,139
Non-current assets	604,528	306,588
Current liabilities	(79)	(159)
Non-current liabilities	–	(75)
Net assets	840,956	446,493
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	19%	19%
Carrying amount of the investment	159,782	84,834
Revenue	–	–
Loss and total comprehensive loss for the year	(5,537)	(3,320)

17. TRADE RECEIVABLES

	2022	2021
	RMB'000	RMB'000
Trade receivables	253,812	83,554
Impairment	(20,291)	(19,159)
	233,521	64,395

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:

	2022	2021
	RMB'000	RMB'000
0 to 30 days	142,644	32,973
31 to 90 days	48,858	26,118
91 to 180 days	20,600	4,757
181 to 365 days	19,057	547
1 to 2 years	2,362	–
	233,521	64,395

17. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2022	2021
	RMB'000	RMB'000
At beginning of year	19,159	251
Impairment losses, net (note 6)	1,132	18,910
Amount written off as uncollectible	–	(2)
At end of year	20,291	19,159

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than three year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2022

		Trade receivables ageing		
	Default receivables	Within 1 year	1 to 2 years	Total
Expected credit loss rate	100.00%	0.13%	26.23%	7.99%
Gross carrying amount (RMB'000)	19,159	231,451	3,202	253,812
Expected credit losses (RMB'000)	19,159	292	840	20,291

As at 31 December 2021

		Trade receivables ageing		
	Default receivables	Within 1 year	1 to 2 years	Total
Expected credit loss rate	100.00%	0.13%	100.00%	22.93%
Gross carrying amount (RMB'000)	19,077	64,477	–	83,554
Expected credit losses (RMB'000)	19,077	82	–	19,159

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022	2021
	RMB'000	RMB'000
Prepayments	124,701	49,594
Deposits and other receivables	89,849	46,568
Loans to third parties	15,000	13,000
Loans to employees	10,028	12,363
Prepaid expenses	1,132	1,278
Other current assets	5,114	9,214
	245,824	132,017
Impairment allowance	(10,397)	–
	235,427	132,017
Less:		
Prepaid expenses, non-current portion	152	55
Loans to employees, non-current portion	801	5,904
Other receivables, non-current portion	1,061	3,503
	233,413	122,555

The loans to employees were given by HZ Duiba for the purpose of enabling the employees to purchase properties.

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

An impairment analysis was performed at the end of each reporting period by considering the probability of default of comparable companies with published credit ratings, where applicable. The Group has applied the general approach to provide for expected credit losses for non-trade loans receivable, deposits and other receivables under HKFRS 9. As at 31 December 2022, the probability of default applied ranged from 0.03% to 6.90% and the loss given default was estimated range from 45% to 100%. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2021 the Group estimated that the expected loss rate for loans receivable, deposits and other receivables was minimal.

The movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

	2022	2021
	RMB'000	RMB'000
At beginning of year	**–**	–
Impairment losses recognised (note 6)	**10,397**	–
At end of year	**10,397**	–

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	RMB'000	RMB'000
Unlisted equity investment, at fair value	**–**	9,934
Other unlisted investments, at fair value	**329,508**	948,510
	329,508	958,444

The above unlisted equity investment was classified as a financial asset at fair value through profit or loss as it was held for trading.

The above other unlisted investments were financial products issued by banks and licensed financial institutions in Mainland China and Hong Kong. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

20. CASH AND CASH EQUIVALENTS, TIME DEPOSITS, PLEDGED TIME DEPOSITS AND RESTRICTED CASH

		2022	2021
	Note	RMB'000	RMB'000
Cash and bank balances		251,478	225,741
Non-pledged time deposits		434,617	30,359
Pledged time deposits		130,133	–
Restricted cash		2,418	20,210
		818,646	276,310
Less:			
Current portion:			
Restricted cash		(2,418)	(20,210)
Pledged time deposits for bank borrowing	24	(130,133)	–
Non-current portion:			
Time deposit		(31,424)	(30,359)
Cash and cash equivalents		654,671	225,741
Denominated in RMB		235,036	118,956
Denominated in HK$		1,105	1,592
Denominated in US$		418,530	105,193
Cash and cash equivalents		654,671	225,741

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Restricted cash mainly represents bank balances of RMB2,228,000 (2021: RMB20,210,000) which were frozen pursuant to the relevant rulings and deposits for the performance guarantee of certain contracts of RMB190,000 (2021: RMB190,000).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods from one year to three years depending on the immediate cash requirements of the Group, and earns interest at the time deposit rate. The bank balances and pledged time deposits are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

	2022	2021
	RMB'000	RMB'000
Trade payables	78,330	69,440

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

	2022	2021
	RMB'000	RMB'000
0 to 30 days	39,352	39,272
31 to 90 days	14,448	6,945
91 to 180 days	6,723	6,169
181 to 365 days	3,612	6,690
Over 365 days	14,195	10,364
	78,330	69,440

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

22. OTHER PAYABLES AND ACCRUALS

	2022	2021
	RMB'000	RMB'000
Payroll payable	110,374	108,637
Advances from customers	44,626	25,439
Accrued expense	28,177	26,801
Taxes payable other than corporate income tax	13,648	2,239
Other payables	7,113	5,699
	203,938	168,815

Other payables are non-interest-bearing and repayable on demand.

23. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2022	2021
	RMB'000	RMB'000
Short-term advances received from customers		
User management SaaS platform business	18,160	15,226
Internet advertising business	61,602	17,434
	79,762	32,660

Contract liabilities include short-term advances received to render services. The increase in contract liabilities in 2022 was mainly due to the increase in short-term advances received from customers in relation to the provision of services at the end of the year.

24. INTEREST-BEARING BANK BORROWING

	2022		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Discounted notes – secured	1.70	2023	127,822

	2022
	RMB'000
Analysed into:	
Bank borrowing repayable:	
Within one year	127,822

The Group's bank borrowing is secured by the pledge of the Group's time deposits amounting to RMB130,133,000.

25. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Accrued expenses	Payroll payable	Loss available for offsetting against future taxable profits	Changes in fair value of financial assets at fair value through profit or loss	Impairment financial assets	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	100	3,148	25,472	–	21	983	29,724
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(100)	1,403	(4,834)	10	1,823	(467)	(2,165)
Gross deferred tax assets at 31 December 2021 and 1 January 2022	–	4,551	20,638	10	1,844	516	27,559
Deferred tax credited/(charged) to profit or loss during the year (note 10)	–	(2,462)	(14,344)	1,490	1,502	43	(13,771)
Gross deferred tax assets at 31 December 2022	**–**	**2,089**	**6,294**	**1,500**	**3,346**	**559**	**13,788**

25. DEFERRED TAX (continued)

The movements in deferred tax assets and liabilities during the year are as follows: (continued)

Deferred tax liabilities

	Fair value adjustments arising from acquisition of a subsidiary	Right-of-use assets	Changes in fair value of financial assets at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	–	1,103	1,536	2,639
Deferred tax credited to profit or loss (note 10)	–	(502)	(572)	(1,074)
Gross deferred tax liabilities at 31 December 2021 and 1 January 2022	–	601	964	1,565
Deferred tax charged/(credited) to profit or loss (note 10)	–	40	(904)	(864)
Acquisition of subsidiaries (note 29)	547	–	–	547
Gross deferred tax liabilities at 31 December 2022	547	641	60	1,248

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2022	2021
	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	13,229	27,043
Net deferred tax liabilities recognised in the consolidated statement of financial position	689	1,049

The Group has tax losses arising in Mainland China of RMB454,124,000 (2021: RMB315,182,000) that will expire in one to ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

25. DEFERRED TAX (continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2022, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, these subsidiaries' fund will be retained in Mainland China for the expansion of these subsidiaries' operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB121,998,000 (2021: RMB175,319,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. SHARE CAPITAL

Shares

	2022	2021
Authorised:		
5,000,000,000 (2021: 5,000,000,000) ordinary shares of US$0.00001 (2021: US$0.00001) each		
US$	**50,000**	50,000
Issued and fully paid:		
1,076,823,200 (2021: 1,076,823,200) ordinary shares of US$0.00001 (2021: US$0.00001) each		
US$	**10,768**	10,768
RMB	**70,000**	70,000

26. SHARE CAPITAL (continued)

A summary of movements in the Company's share capital, treasury shares and share premium is as follows:

	Number of shares in issue	Share capital	Treasury shares	Share premium account	Total
		RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	1,077,323,200	70	–	1,943,450	1,943,520
Shares repurchased (note a)	–	–	(920)	–	(920)
Cancellation of treasury shares (note b)	(500,000)	–	920	(920)	–
At 31 December 2021, 1 January 2022 and 31 December 2022	**1,076,823,200**	**70**	**–**	**1,942,530**	**1,942,600**

Notes:

(a) In January 2021, the Company purchased 500,000 of its shares on the Stock Exchange for a total consideration of HK$1,109,000 (equivalent to approximately RMB920,000).

(b) On 14 May 2021, the Company cancelled 500,000 shares which were repurchased on the Stock Exchange.

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 64 to 65 of the financial statements.

Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Other surplus reserve was appropriated from net profit in accordance with a prescribed percentage approved in a general meeting of the shareholders. Other surplus reserve may be used to offset accumulated losses or increase capital. Where an enterprise satisfies the stipulated conditions, other surplus reserve can also be used to distribute cash dividends.

Capital reserve

The capital reserve represents the aggregated amount of the paid-up capital of those companies comprising the Group prior to the incorporation of the Company and equity-settled share award and option expense. Details of the Group's share award and option schemes and the shares and options issued and granted under the schemes are included in note 28 to the financial statements.

28. SHARE AWARD AND OPTION

Restricted Stock Unit Scheme

The Company and HZ Duiba have adopted a Restricted Stock Unit Scheme to recognise and reward the contribution of certain eligible employees to the growth and development of the Group and to give them incentives in order to retain them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group through an award of HZ Duiba's shares. The Group granted shares of HZ Duiba under the Scheme through Hangzhou Kewei Equity Investment Management LLP ("**HZ Duiba ESOP Co. I**") and Hangzhou Kede Equity Investment Management LLP ("**HZ Duiba ESOP Co. II**").

On 11 June 2015 and 26 October 2015, equity interests in HZ Duiba were granted to 4 and 4 selected employees for considerations of RMB26,690 and RMB8,450, respectively. There are no performance target and service period requirements.

On 24 May 2016, HZ Duiba ESOP CO. I (the "**PRC Share Incentive Entity I**") subscribed for approximately 7.56% equity interest in HZ Duiba. Mr. Chen Xiaoliang, being a supervisor of HZ Duiba, subscribed for an equity interest in Kede by way of entering into a partnership agreement. The purpose to establish the PRC Share Incentive Entity I was to reserve an equity interest for future employee incentive plans.

On 24 May 2016, 14 June 2017 and 25 December 2017, equity interests in HZ Duiba ESOP CO. I of approximately 6.91%, 31.97% and 28.14%, representing effective equity interests of 0.52%, 2.42% and 2.13% in HZ Duiba, were granted to 2, 25 and 27 selected employees, respectively, with no consideration. There is no performance target required except that the eligible participant remains as an employee of the Group during the vesting period.

On 5 January 2018, HZ Duiba ESOP CO. II (the "**PRC Share Incentive Entity II**") subscribed for approximately 1.89% equity interest in HZ Duiba. Mr. Chen Xiaoliang, being a supervisor of HZ Duiba, subscribed for an equity interest in Kede by way of entering into a partnership agreement. The purpose to establish the PRC Share Incentive Entity II was to reserve an equity interest for future employee incentive plans.

On 5 January 2018, 23 March 2018 and 28 May 2018, equity interests in HZ Duiba ESOP CO. II of approximately 4.89%, 4.72% and 1.69%, representing effective equity interests of 0.37%, 0.40% and 0.13% in HZ Duiba, were granted to 20, 22 and 1 selected employees, respectively, with no consideration. There is no performance target required except that the eligible participant remains as an employee of the Group during the vesting period.

During the year, a share award expense of RMB369,000 (2021: RMB1,890,000) was charged to profit or loss.

Restricted Stock Unit Option Incentive Scheme

The Group has adopted a Restricted Stock Unit Option Incentive Scheme to provide incentives and rewards to eligible participants who contribute to the Group's services. Duiba Kewei (BVI) Limited ("**Duiba ESOP Co. III**") will transfer the Company's shares to vested participants. Eligible participants of the Scheme include senior management members who serve as financial managers and company secretaries of the Group as well as other core technical personnel, key personnel or other natural persons or entities that were or will be important to the development of the Group. There is no performance target required except that the eligible participant remains as an employee of the Group during the vesting period.

28. SHARE AWARD AND OPTION (continued)

Restricted Stock Unit Option Incentive Scheme (continued)

The share options granted during the years ended 31 December 2022 and 2021 are as follows:

(a) The exercise price of the share options is nil. 10% of the share options are exercisable after 12 months from the date of the option incentive agreement; 30% of the share options are exercisable after 24 months from the date of the share option incentive agreement; 30% of the share options are exercisable after 36 months from the date of the option incentive agreement; and 30% of the share options are exercisable after 48 months from the date of the option incentive agreement.

During the year, a total of 20,550,000 (2021: 34,980,000) share options were granted to certain of the employees of the Group in respect of their services to the Group.

(b) The exercise price of the share options is nil. The share options are exercisable immediately from the date of the option incentive agreement.

During the year, a total of 65,000 (2021: Nil) share options were granted to certain of the employees of the Group in respect of their services to the Group.

(c) The exercise price of the share options is nil. 25% of the share options are exercisable after 12 months from the date of the option incentive agreement; 25% of the share options are exercisable after 24 months from the date of the share option incentive agreement; 25% of the share options are exercisable after 36 months from the date of the option incentive agreement; and 25% of the share options are exercisable after 48 months from the date of the option incentive agreement.

In 2021, a total of 2,100,000 share options were granted to certain of the employees of the Group in respect of their services to the Group

The following share options were outstanding under the Restricted Stock Unit Option Incentive Scheme during the year:

	2022 Weighted average exercise price	**2022** Number of options	2021 Weighted average exercise price	2021 Number of options
	US$	**'000**	US$	'000
At 1 January	**–**	**51,395**	–	43,177
Granted during the year	**–**	**20,615**	–	37,080
Exercised during the year	**–**	**(9,544)**	–	(10,027)
Forfeited during the year	**–**	**(23,727)**	–	(18,835)
At 31 December	**–**	**38,739**	–	51,395

28. SHARE AWARD AND OPTION (continued)

Restricted Stock Unit Option Incentive Scheme (continued)

The following table discloses the details of share options outstanding at the end of the reporting period:

2022

Number of options	Exercise price per share	Vesting period/exercise period	Fair value per share
'000	US$		US$
620	–	2020/03/01 to 2023/03/01	4.79
528	–	2020/07/01 to 2023/07/01	0.60
30	–	2020/10/08 to 2023/10/08	0.59
360	–	2020/11/01 to 2023/11/01	0.65
1,530	–	2020/12/01 to 2023/12/01	0.61
1,368	–	2021/03/01 to 2024/03/01	0.46
30	–	2021/04/01 to 2024/04/01	0.29
360	–	2021/06/01 to 2024/06/01	0.40
150	–	2021/07/01 to 2024/07/01	0.41
810	–	2021/08/01 to 2024/08/01	0.50
120	–	2021/10/01 to 2024/10/01	0.37
90	–	2022/02/01 to 2025/02/01	0.29
720	–	2022/04/01 to 2025/04/01	0.29
900	–	2022/04/09 to 2025/04/09	0.28
4,185	–	2022/05/01 to 2025/05/01	0.28
765	–	2022/05/18 to 2025/05/18	0.25
2,250	–	2022/06/01 to 2025/06/01	0.28
450	–	2022/06/29 to 2025/06/29	0.29
90	–	2022/07/01 to 2025/07/01	0.29
4,113	–	2022/08/01 to 2025/08/01	0.23
720	–	2022/11/01 to 2025/11/01	0.24
3,150	–	2022/12/01 to 2025/12/01	0.21
1,100	–	2023/01/01 to 2026/01/01	0.17
6,000	–	2023/02/01 to 2026/02/01	0.16
200	–	2023/03/01 to 2026/03/01	0.16
2,400	–	2023/04/01 to 2026/04/01	0.13
200	–	2023/05/01 to 2026/05/01	0.11
200	–	2023/06/01 to 2026/06/01	0.10
300	–	2023/07/01 to 2026/07/01	0.12
3,950	–	2023/08/01 to 2026/08/01	0.12
700	–	2023/10/01 to 2026/10/01	0.08
350	–	2023/12/01 to 2026/12/01	0.08
38,739			

28. SHARE AWARD AND OPTION (continued)

Restricted Stock Unit Option Incentive Scheme (continued)

2021

Number of options	Exercise price per share	Vesting period/exercise period	Fair value per share
'000	US$		US$
472	–	2019/05/01 to 2022/05/01	2.92
1,830	–	2019/11/01 to 2022/11/01	2.92
2,108	–	2020/03/01 to 2023/03/01	4.79
1,776	–	2020/07/01 to 2023/07/01	0.60
170	–	2020/09/01 to 2022/09/01	0.57
90	–	2020/10/01 to 2023/10/01	0.59
60	–	2020/10/08 to 2023/10/08	0.59
720	–	2020/11/01 to 2023/11/01	0.65
3,780	–	2020/12/01 to 2023/12/01	0.61
750	–	2021/02/01 to 2024/02/01	0.45
2,502	–	2021/03/01 to 2024/03/01	0.46
405	–	2021/04/01 to 2024/04/01	0.29
540	–	2021/06/01 to 2024/06/01	0.40
747	–	2021/07/01 to 2024/07/01	0.41
1,665	–	2021/08/01 to 2024/08/01	0.50
180	–	2021/10/01 to 2024/10/01	0.37
180	–	2021/11/01 to 2024/11/01	0.36
720	–	2021/12/01 to 2024/12/01	0.30
80	–	2022/01/01 to 2025/01/01	0.32
100	–	2022/02/01 to 2025/02/01	0.29
800	–	2022/04/01 to 2025/04/01	0.29
5,000	–	2022/04/09 to 2025/04/09	0.28
6,600	–	2022/05/01 to 2025/05/01	0.28
850	–	2022/05/18 to 2025/05/18	0.25
4,000	–	2022/06/01 to 2025/06/01	0.28
650	–	2022/06/29 to 2025/06/29	0.29
800	–	2022/07/01 to 2025/07/01	0.29
5,220	–	2022/08/01 to 2025/08/01	0.23
300	–	2022/09/01 to 2025/09/01	0.27
800	–	2022/11/01 to 2025/11/01	0.24
7,500	–	2022/12/01 to 2025/12/01	0.21
51,395			

28. SHARE AWARD AND OPTION (continued)

Restricted Stock Unit Option Incentive Scheme (continued)

The fair value of the share options granted during the year was US$2,964,000 (equivalent to approximately RMB19,168,000) (2021: US$9,517,000 (equivalent to approximately RMB61,357,000)), of which the Group recognised a share option expense of RMB13,694,000 (2021: RMB21,856,000) during the year ended 31 December 2022.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2022	2021
Expected volatility (%)	**74.0-77.3**	90.6-95.2
Risk-free interest rate (%)	**2.4-2.6**	2.6-3.0
Expected life of options (years)	**10**	10
Weighted average share price (US$)	**0.08-0.17**	0.21-0.32
Forfeiture rate (%)	**18.7**	26.0

No other feature of the options granted was incorporated into the measurement of fair value.

Subsequent to the end of the reporting period, on 1 January 2023 and 1 February 2023, share options of 800,000 and 3,295,000 under the Restricted Stock Unit Option Incentive Scheme, respectively, were granted to certain employees of the Group in respect of their services to the Group in the forthcoming year. These share options vest at 10%, 30%, 30% and 30% from 1 January 2024 to 1 February 2027 and the exercise prices are nil. The prices of the Company's shares at the dates of grant were HK$0.72 per share and HK$0.69 per share, respectively.

At the date of approval of these financial statements, the Company had 42,834,000 share options outstanding under the Scheme, which represented approximately 4.0% of the Company's shares in issue as at that date.

29. BUSINESS COMBINATION

On 30 September 2022, the Group acquired a 100% interest in Jieshengxin and its subsidiary, Jiujiubao, from third parties. Jieshengxin and Jiujiubao are engaged in the provision of insurance service. The acquisition was made as part of the Group's strategy to expand its business in insurance industry in Zhejiang and achieve external growth through acquisition. The purchase consideration for the acquisition was in the form of cash and fully paid during the year.

29. BUSINESS COMBINATION (continued)

The fair values of the identifiable assets and liabilities as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Cash and cash equivalents		556
Restricted cash		552
Trade receivables		53,032
Prepayments, other receivables and other assets		694
Trade payables		(51,353)
Intangible asset	14	2,188
Deferred tax liabilities	25	(547)
Other payables and accruals		(2,322)
Total identifiable net assets at fair value		2,800
Satisfied by cash		2,800

The fair value of the trade receivables as at the date of acquisition amounted to RMB53,032,000. The gross contractual amount of trade receivables was RMB53,032,000 and it is expected that the full contractual amounts can be collected.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(2,800)
Cash and cash equivalents acquired	556
Net outflow of cash and cash equivalents included in cash flows from investing activities	(2,244)

Since the acquisition, Jieshengxin and Jiujiubao have contributed RMB14,990,000 to the Group's revenue and profit of RMB155,000 to the consolidated loss for the year ended 31 December 2022.

Had the combination taken place at the beginning of the year, the revenue of the Group and the consolidated loss of the Group for the year would have been RMB1,675,072,000 and RMB44,523,000, respectively.

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB10,731,000 (2021: RMB6,414,000) and RMB10,731,000 (2021: RMB6,414,000), respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

2022

	Bank borrowing	Lease liabilities
	RMB'000	RMB'000
At 1 January 2022	–	6,613
Changes from financing cash flows	127,822	(8,856)
New leases	–	10,731
Interest accrued	–	367
Reduction as a result of termination of leases	–	(1,138)
At 31 December 2022	127,822	7,717

2021

	Lease liabilities
	RMB'000
At 1 January 2021	8,071
Changes from financing cash flows	(8,135)
New leases	6,414
Interest accrued	353
Reduction as a result of termination of leases	(90)
At 31 December 2021	6,613

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2022	2021
	RMB'000	RMB'000
Within operating activities	164	34
Within financing activities	8,856	8,135
	9,020	8,169

31. CONTINGENT LIABILITIES

In 2020, 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, and 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.

32. COMMITMENTS

At the end of the reporting period, the Group did not have any significant commitments.

33. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	2022	2021
	RMB'000	RMB'000
Short term employee benefits	**3,582**	5,200
Performance-related bonuses	**1,490**	–
Equity-settled share award and option expense	**6,172**	10,932
Pension scheme contributions	**248**	446
Total compensation paid to key management personnel	**11,492**	16,578

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2022

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss Mandatorily designated as such	Total
	RMB'000	RMB'000	RMB'000
Trade receivables	233,521	–	233,521
Financial assets included in prepayments, other receivables and other assets	104,480	–	104,480
Financial assets at fair value through profit or loss	–	329,508	329,508
Restricted cash	2,418	–	2,418
Pledged time deposits	130,133	–	130,133
Time deposit	31,424	–	31,424
Cash and cash equivalents	654,671	–	654,671
	1,156,647	329,508	1,486,155

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000
Trade payables	78,330	78,330
Lease liabilities	7,717	7,717
Financial liabilities included in other payables and accruals	7,113	7,113
Interest-bearing bank borrowing	127,822	127,822
	220,982	220,982

34. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2021

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss — Mandatorily designated as such	Total
	RMB'000	RMB'000	RMB'000
Trade receivables	64,395	–	64,395
Financial assets included in prepayments, other receivables and other assets	81,145	–	81,145
Financial assets at fair value through profit or loss	–	958,444	958,444
Restricted cash	20,210	–	20,210
Time deposit	30,359	–	30,359
Cash and cash equivalents	225,741	–	225,741
	421,850	958,444	1,380,294

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000
Trade payables	69,440	69,440
Lease liabilities	6,613	6,613
Financial liabilities included in other payables and accruals	7,371	7,371
	83,424	83,424

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2022, the fair values of the Group's financial assets and liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, restricted cash, pledged time deposits, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current financial assets included in prepayments, other receivables and other assets and time deposit have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of unlisted investments at fair value through profit or loss have been calculated by discounting the expected future cash flows using discount rates currently available for instruments with similar terms, credit risk and remaining maturities. The valuation requires the directors to make estimates about the expected future cash flows including the expected future interest return on maturity of the products based on market interest rates. The directors believe that the estimated fair values resulting from the valuation technique approximate to the carrying amounts at the end of the reporting period. The fair values of tradeable financial assets at fair value through profit or loss are obtained from quoted prices in active markets.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair value of an unlisted equity investment designated at fair value through profit or loss has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The Group has used the Market Approach when applicable to determine the underlying equity value of the company and adopted the equity allocation model to determine the fair value of an unlisted equity investment as at 31 December 2022. The directors believe that the estimated fair value resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair value, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For the fair value of the unlisted equity investment at fair value through profit or loss, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Set out below is a summary of significant unobservable inputs to the valuation of the financial instrument together with a quantitative sensitivity analysis as at 31 December 2022:

Significant unobservable inputs

	2022	2021
Time to exit event	2.52 years	3.52 years
Risk-free rate	2.39%	2.49%
Equity volatility	49.07%	48.00%
Discount for lack of marketability ("**DLOM**")	N/A*	5%

Quantitative sensitivity analysis

	2022	2021
	RMB'000	RMB'000
1 year increase in time to exit event	N/A*	(301)
1 year decrease in time to exit event	N/A*	219
1% increase in risk-free rate	N/A*	(261)
1% decrease in risk-free rate	N/A*	297
1% increase in equity volatility	N/A*	(39)
1% decrease in equity volatility	N/A*	66
1% increase in DLOM	N/A*	(101)
1% decrease in DLOM	N/A*	101

* Since the fair value of the financial instrument is assessed at nil as at 31 December 2022, DLOM and quantitative sensitivity analysis are not applicable for the reporting period.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss:				
Other unlisted investments	149,804	179,704	–	329,508

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss:				
Unlisted equity investment	–	–	9,934	9,934
Other unlisted investments	792,849	155,661	–	948,510
	792,849	155,661	9,934	958,444

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets measured at fair value: **(continued)**

The movements in fair value measurements within Level 3 during the year are as follows:

	2022	2021
	RMB'000	RMB'000
Unlisted equity investment at fair value though profit or loss		
At 1 January	9,934	13,485
Total losses recognised in profit or loss included in other expenses	(9,934)	(3,551)
At 31 December	–	9,934

The Group did not have any financial liabilities measured at fair value as at 31 December 2022 and 31 December 2021.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2021: Nil).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from issue of shares of the Company by operating units in currencies other than the units' functional currencies. At present, the Group does not intend to hedge its exposure to foreign exchange fluctuations. However, 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.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$ exchange rate, with all other variables held constant, of the Group's loss before tax (arising from foreign currency denominated financial instruments) and the Group's equity (due to exchange differences on translation of foreign operations).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Increase/ (decrease) in rate of foreign currency	Increase/ (decrease) in loss before tax	Increase/ (decrease) in equity
	%	RMB'000	RMB'000
2022			
If the RMB weakens against the US$	**5**	**–**	**2,620**
If the RMB strengthens against the US$	**(5)**	**–**	**(2,620)**
If the RMB weakens against the HK$	**5**	**2,784**	**2,784**
If the RMB strengthens against the HK$	**(5)**	**(2,784)**	**(2,784)**
2021			
If the RMB weakens against the US$	5	26,419	55,227
If the RMB strengthens against the US$	(5)	(26,419)	(55,227)

Credit risk

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	19,159	234,653	253,812
Financial assets included in prepayments, other receivables and other assets					
– Normal**	104,480	–	–	–	104,480
– Doubtful**	–	–	10,397	–	10,397
Financial assets at fair value through profit or loss					
– Not yet past due	329,508	–	–	–	329,508
Restricted cash					
– Not yet past due	2,418	–	–	–	2,418
Pledged time deposits					
– Not yet past due	130,133	–	–	–	130,133
Non-current time deposit					
– Not yet past due	31,424	–	–	–	31,424
Cash and cash equivalents					
– Not yet past due	654,671	–	–	–	654,671
	1,252,634	–	29,556	234,653	1,516,843

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	19,077	64,477	83,554
Financial assets included in prepayments, other receivables and other assets					
– Normal**	81,145	–	–	–	81,145
Financial assets at fair value through profit or loss	958,444	–	–	–	958,444
Restricted cash					
– Not yet past due	20,210	–	–	–	20,210
Non-current time deposit					
– Not yet past due	30,359	–	–	–	30,359
Cash and cash equivalents					
– Not yet past due	225,741	–	–	–	225,741
	1,315,899	–	19,077	64,477	1,399,453

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 17 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the financial statements.

Since the Group trades mainly with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different regions.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowing to meet its working capital requirements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	31 December 2022				
	On demand	Less than 1 month	1 to 12 months	1 to 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	–	39,777	22,214	16,339	78,330
Financial liabilities included other payables and accruals	7,113	–	–	–	7,113
Lease liabilities	–	105	7,372	332	7,809
Interest-bearing bank borrowing	–	–	130,000	–	130,000
	7,113	39,882	159,586	16,671	223,252

	31 December 2021				
	On demand	Less than 1 month	1 to 12 months	1 to 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	–	39,449	13,068	16,923	69,440
Financial liabilities included other payables and accruals	7,371	–	–	–	7,371
Lease liabilities	–	126	5,221	1,472	6,819
	7,371	39,575	18,289	18,395	83,630

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 31 December 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes interest-bearing bank borrowing, trade payables and other payables and accruals, less cash and cash equivalents. The gearing ratios as at the end of the reporting periods were as follows:

	2022	2021
	RMB'000	RMB'000
Interest-bearing bank borrowing	**127,822**	–
Trade payables	**78,330**	69,440
Other payables and accruals	**203,938**	168,815
Less: Cash and cash equivalents	**(654,671)**	(225,741)
Net debt	**(244,581)**	12,514
Total equity	**1,307,591**	1,287,017
Total capital and net debt	**1,063,010**	1,299,531
Gearing ratio	**N/A**	1%

37. EVENTS AFTER THE REPORTING PERIOD

On 1 January 2023 and 1 February 2023, unvested incentive shares of 800,000 and 3,295,000 of the Company, respectively, were granted to certain employees of the Group, under the Restricted Stock Unit Option Incentive Scheme adopted by the Company prior to the listing of the shares of the Company on the Stock Exchange, further details of which are included in note 28 to the financial statements.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022	2021
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	124,462	101,062
Total non-current assets	124,462	101,062
CURRENT ASSETS		
Due from subsidiaries	327,442	260,515
Financial assets at fair value through profit or loss	–	314,461
Prepayments, other receivables and other assets	217	227
Cash and cash equivalents	414,228	101,236
Total current assets	741,887	676,439
CURRENT LIABILITIES		
Other payables and accruals	1,205	1,135
Total current liabilities	1,205	1,135
NET CURRENT ASSETS	740,682	675,304
TOTAL ASSETS LESS CURRENT LIABILITIES	865,144	776,366
Net assets	865,144	776,366
EQUITY		
Share capital	70	70
Reserves (note)	865,074	776,296
Total equity	865,144	776,366

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account	Capital reserve	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	1,943,448	(170,591)	28,741	(967,726)	776,390
Loss for the year	–	–	–	(5,233)	(5,233)
Other comprehensive loss for the year:					
Exchange differences on translation of foreign operations	–	–	(17,687)	–	(17,687)
Total comprehensive loss for the year	–	–	(17,687)	(5,233)	(22,920)
Cancellation of treasury shares	(920)	–	–	–	(920)
Equity-settled share award and option arrangements	–	23,746	–	–	23,746
At 31 December 2021 and 1 January 2022	**1,942,528**	**(146,845)**	**(46,428)**	**(972,959)**	**776,296**
Profit for the year	**–**	**–**	**–**	**2,911**	**2,911**
Other comprehensive income for the year:					
Exchange differences on translation of foreign operations	**–**	**–**	**71,804**	**–**	**71,804**
Total comprehensive income for the year	**–**	**–**	**71,804**	**2,911**	**74,715**
Equity-settled share award and option arrangements	**–**	**14,063**	**–**	**–**	**14,063**
At 31 December 2022	**1,942,528**	**(132,782)**	**25,376**	**(970,048)**	**865,074**

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2023.

Definitions

In this annual report, the following expressions have the meanings set out below unless the context otherwise requires:

"AGM"	the forthcoming annual general meeting of the Company to be held on 31 May 2023
"Articles" or "Articles of Association"	the amended and restated articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Auditor"	Ernst & Young, the external auditor of the Company
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chen's Family Trust"	the Jiayou Trust, a discretionary trust set up by Mr. Chen Xiaoliang and whose beneficiaries are Mr. Chen Xiaoliang and his family members
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961), as consolidated and revised of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Company" or "Duiba"	Duiba Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange under stock code 01753
"CPC"	cost per click
"Director(s)"	the director(s) of the Company
"Group" or "we" or "us"	the Company and our subsidiaries or any of them
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HZ Duiba"	杭州兑吧網絡科技有限公司* (Hangzhou Duiba Internet Technology Company Limited), a company with limited liability established in the PRC on 13 May 2011 and a wholly-owned subsidiary of the Company
"HZ Tuia"	杭州推啊網絡科技有限公司* (Hangzhou Tuia Internet Technology Company Limited), a company with limited liability established in the PRC on 22 September 2016, and a wholly-owned subsidiary of the Company
"Internet Advertising"	interest advertising platform, formerly known as interactive advertising platform

"Listing Date"	7 May 2019, being the date on which the Shares became listed and commenced trading on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Net Proceeds"	the net proceeds of approximately HK$569.5 million from the global offering of the Shares, after deducting professional fees, underwriting commissions and other related listing expenses
"PRC" or "China"	the People's Republic of China, excluding, for the purposes of this annual report only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus of the Company dated 24 April 2019
"Reporting Period"	the year ended 31 December 2022
"RMB"	Renminbi yuan, the lawful currency of the PRC
"SaaS"	software as a service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
"SFO"	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
"Share(s)"	ordinary share(s) of the Company with nominal value of US$0.00001 each in the share capital of the Company
"Share Award Scheme"	the share award scheme adopted by the Company on April 17, 2019
"Share Option Scheme"	the post-IPO share option scheme approved and adopted by the Board on 17 April 2019
"Shareholders"	holders of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"XL Holding"	Xiaoliang Holding Limited, a company with limited liability incorporated in the BVI on 26 February 2018, and wholly owned by Blissful Plus Enterprises Limited, a company controlled by the Chen's Family Trust for the benefit of Mr. Chen Xiaoliang and of his family members

Note: The English transliteration of the Chinese name(s) in this annual report, where indicated by an asterisk (*), is included for identification purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).