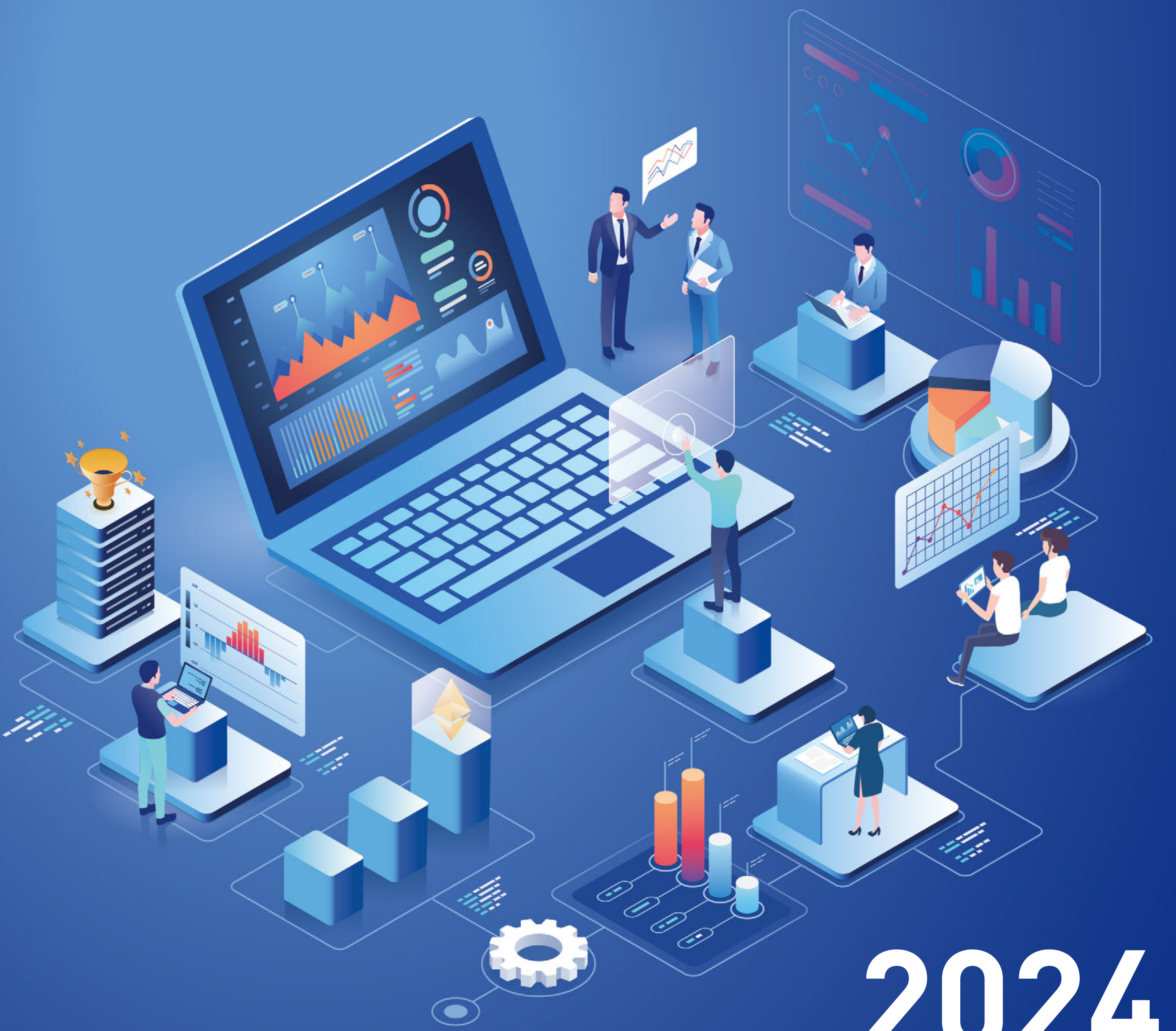
Duiba Group
兑吧集团

兑吧集团有限公司
Duiba Group Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1753



2024
Annual Report

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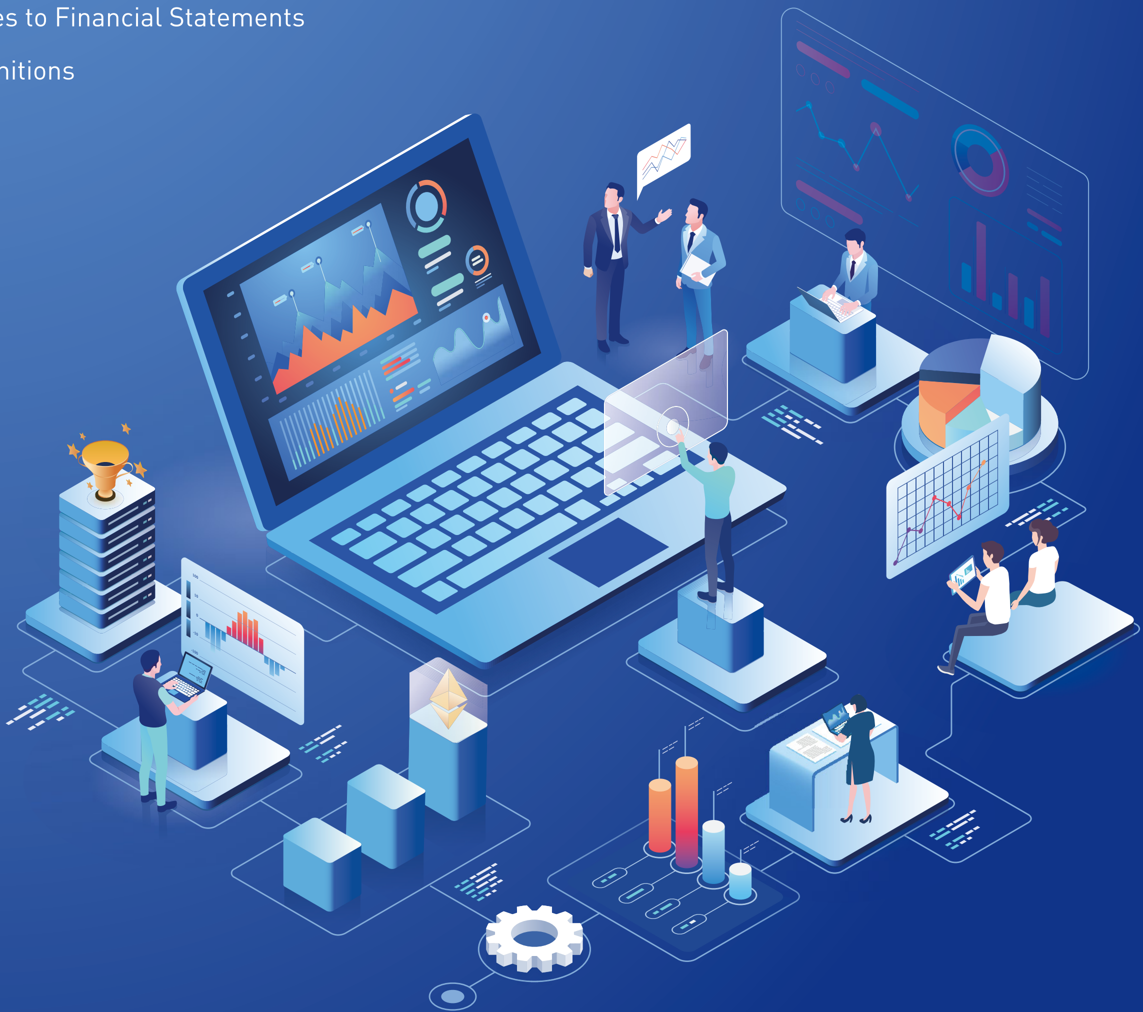


Company Profile

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

Non-executive Director

Ms. Yang Jiaqing *(appointed on 20 March 2024)*

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

AUTHORISED 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

Confucius International CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
Room 1501-08, 15/F.
Tai Yau Building
181 Johnston Road
Wanchai
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 Sub-branch)
123, Wenyi Road
Xihu District
Hangzhou
PRC

COMPANY'S WEBSITE

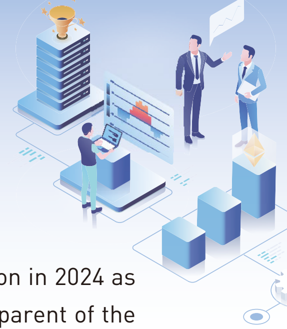
http://www.duiba.cn

STOCK CODE

1753

DATE OF LISTING

7 May 2019



Chairman's Statement

The revenue of the Company's business decreased by approximately 17.3% year-on-year to RMB906.5 million in 2024 as compared to 2023 (2023: RMB1,096.4 million). The Group recorded a loss attributable to the owners of the parent of the Company of RMB39.5 million in 2024 (2023: a profit attributable to the owners of the parent of the Company of RMB30.5 million). This was mainly due to the impact of global economic uncertainty, advertising customers' budget plan has become more conservative, resulting in a significant decrease in advertising revenue. Despite these challenges, we are actively optimizing our strategies, controlling costs, and exploring new growth opportunities to rebuild momentum and deliver sustainable value.

Looking forward to 2025, regarding team building, we remain committed to attracting and nurturing more top talents to strengthen our team's overall capabilities and innovative edge, ensuring we are better equipped to tackle evolving market and technological challenges. On technology research and development (R&D), we will continue to allocate significant resources to R&D, with a focus on artificial intelligence and big data analytics, to enhance the quality and efficiency of our services. By leveraging our differentiated service offerings and compliant operational strategies, we aim to deliver enduring value for our clients and drive the Company's sustainable growth over the long term.

On behalf of the Company, I would like to express our sincere gratitude to all customers for their enduring trust, to our dedicated employees for their unremitting efforts, and to our Shareholders and investors for their support and encouragement.

Chen Xiaoliang
Chairman
Hangzhou, PRC, 31 March 2025

Financial and Operational Data Highlights

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**906,513**	1,096,438	1,616,602	1,312,476	1,070,863
Gross profit	**129,462**	244,472	309,119	370,485	224,330
Profit/(loss) before tax	**(37,195)**	35,383	(27,157)	(10,682)	(70,460)
Profit/(loss) after tax	**(39,461)**	30,450	(45,897)	(11,773)	(63,566)
Adjusted profit/(loss)	**(37,251)**	35,530	(31,834)	11,973	(25,128)

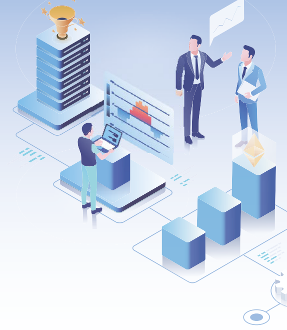
	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total non-current assets	**401,547**	385,350	226,020	174,249	68,461
Total current assets	**1,969,233**	1,756,112	1,583,664	1,391,345	1,528,804
Total current liabilities	**1,044,168**	784,108	501,078	276,080	303,188
Total non-current liabilities	**1,377**	2,358	1,015	2,497	3,685
Total equity	**1,325,235**	1,354,996	1,307,591	1,287,017	1,290,392

FINANCIAL DATA HIGHLIGHTS

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue		
User management SaaS platform business	**244,534**	191,884
Internet Advertising business	**607,363**	838,859
Others	**54,616**	65,695
Total	**906,513**	1,096,438

For the year ended 31 December 2024, our revenue decreased by approximately 17.3% as compared with the corresponding period of 2023.

Financial and Operational Data Highlights



ADJUSTED (LOSS)/PROFIT FOR THE YEAR

For the year ended 31 December 2024, the Group recorded an adjusted loss of RMB37.3 million (2023: adjusted profit of RMB35.5 million).

OPERATIONAL DATA HIGHLIGHTS

Duiba Group Limited is a user management SaaS service 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 BUSINESS

As at 31 December 2024, 631 paying customers (2023: 693), including 199 customers from financial industry (2023: 248) and 432 customers from other industries (2023: 445), had used the Group's charged services. The total value of newly signed contracts (including renewed contracts) for the year ended 31 December 2024 was approximately RMB129.4 million (2023: approximately RMB89.2 million).

INTERNET ADVERTISING BUSINESS

For the year ended 31 December 2024, the revenue from our Internet Advertising business decreased by approximately 27.6% to RMB607.4 million (2023: RMB838.9 million).

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 Platform Business

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

As at 31 December 2024, the number of paying customers who used our charged user management SaaS services decreased to 631 (2023: 693), including 199 customers from financial industry (2023: 248) and 432 customers from other industries (2023: 445). For the year ended 31 December 2024, the number of newly signed contracts (including renewed contracts) for the Group's user management SaaS platform business reached 375 (2023: 368). The total value of our newly signed contracts (including renewed contracts) in 2024 was approximately RMB129.4 million (2023: approximately RMB89.2 million), and the average charge per signed contract was approximately RMB345,000.

In the meantime, our user management SaaS platform business in the second half of 2024 still maintained a growth as compared to the first half of 2024. The total value of our newly signed contracts (including renewed contracts) in the second half of 2024 reached RMB53.9 million. The revenue generated from user management SaaS platform business in the second half of 2024 was RMB127.6 million, representing an increase of approximately 9.1% over the first half of 2024 (first half of 2024: RMB117.0 million).

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

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue	**244,534**	191,884
Cost of sales	**(193,773)**	(113,027)
Selling and distribution expenses	**(53,035)**	(75,331)
Administrative expenses (excluding research and development expenses)	**(30,886)**	(52,502)
Research and development expenses	**(19,320)**	(27,392)
Total	**(52,480)**	(76,368)

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

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
User management SaaS solutions	**69,293**	79,393
Other value-added services	**175,241**	112,491
Total	**244,534**	191,884

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 activities, and achieved large-scale monetization through advertisements, thereby achieving a win-win situation for each of the advertising customers, media providers 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 2024 was generated from the CPC (cost per click) model (the "**CPC Model**"). Under the CPC Model, we charged customers only if viewers interacted with our advertising tools and were directed to the mobile internet pages designated by the advertising customers.

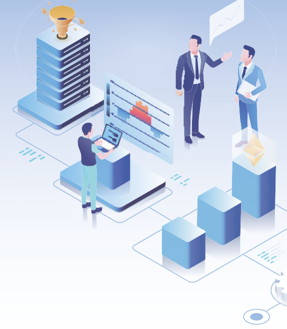
For the year ended 31 December 2024, the revenue from our Internet Advertising business decreased by approximately 27.6% to RMB607.4 million (2023: RMB838.9 million).

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 the Internet Advertising platform consisting of the media management platform and the smart advertising system.

3. Research and Development

As at 31 December 2024, the number of employees from our research and development department was 153 (2023: 144), accounting for approximately 31.0% (2023: 33.0%) of the Group's total employees. The Group's research and development expenses decreased by approximately 31.0% from RMB44.7 million in 2023 to RMB30.9 million in 2024.

Management Discussion and Analysis



FINANCIAL REVIEW

In 2024, due to the impact of uncertainties in industry growth, advertising customers have become more inclined to tighten their future budgets. As a result, the scale of the Internet Advertising business has experienced a relatively significant contraction. Meanwhile, in order to provide advertisers with better advertising services, the Company continued to increase the proportion of purchasing high-quality platform traffic. Consequently, the costs of the Internet Advertising business have further increased, leading to a decline in profitability.

Revenue

For the year ended 31 December 2024, the Group recorded a total revenue of RMB906.5 million (2023: RMB1,096.4 million), representing a decrease of approximately 17.3% as compared with the corresponding period of 2023. The decrease was mainly attributable to a decrease of approximately RMB231.5 million in revenue from our Internet Advertising business for the year ended 31 December 2024 as compared with the corresponding period of 2023, which reflects the apparent slump in the growth of the Internet Advertising business due to the tightening of advertising customers' future budgets under the trend of uncertainty in the growth of the industry.

The revenue generated from our user management SaaS platform business increased by approximately 27.4% to RMB244.5 million for the year ended 31 December 2024 as compared with the corresponding period of 2023, which was mainly due to the increase in the total amount of other value-added services in 2024.

In addition, the Group recorded a revenue of RMB448.2 million in the second half of 2024 (first half of 2024: RMB458.3 million), representing a decrease of approximately 2.2% as compared with the first half of 2024.

Gross Profit

For the year ended 31 December 2024, the Group recorded a gross profit of RMB129.5 million (2023: RMB244.5 million), representing a decrease of approximately 47.0% as compared with the corresponding period of 2023. The gross profit margin was approximately 14.3% (2023: approximately 22.3%) and the classified gross profit margin of user management SaaS platform business and Internet Advertising business were approximately 20.8% and 12.4%, respectively. The decrease in gross profit was mainly due to the increase in advertising costs and the decrease in total revenue during the year ended 31 December 2024.

Selling and Distribution Expenses

For the year ended 31 December 2024, the Group recorded selling and distribution expenses of RMB88.4 million (2023: RMB117.7 million), representing a decrease of approximately 24.9% as compared with the corresponding period of 2023, which was mainly due to the decrease in related costs of sales employees of the Group. Meanwhile, affected by this, selling and distribution expenses as a percentage of the total revenue decreased to approximately 9.8% (2023: approximately 10.7%).

Administrative Expenses

For the year ended 31 December 2024, the Group recorded administrative expenses of RMB85.9 million, representing a decrease of approximately 25.8% as compared with RMB115.8 million for the corresponding period of 2023. Meanwhile, administrative expenses as a percentage of the total revenue decreased to approximately 9.5% (2023: approximately 10.6%), which was mainly due to the more stringent internal control of related expenses in 2024. The Group recorded research and development expenses of RMB30.9 million (2023: RMB44.7 million) and share-based payment of RMB2.2 million (2023: RMB5.1 million), respectively, for the year ended 31 December 2024.

(Loss)/Profit for the Year

Based on the above factors, the Group recorded a loss attributable to the owners of the parent of the Company of RMB39.5 million for the year ended 31 December 2024 (2023: a profit attributable to the owners of the parent of the Company of RMB30.5 million), and the basic loss per Share was RMB3.7 cents (2023: basic earnings per Share of RMB2.9 cents).

Non-HKFRS Measure

To supplement the consolidated financial statements in this annual report 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	
	2024	2023
	RMB'000	RMB'000
(Loss)/profit for the year	**(39,461)**	30,450
Add:		
Share-based payment	**2,210**	5,080
Adjusted (loss)/profit for the year[1]	**(37,251)**	35,530

(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 should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under HKFRSs.

For the year ended 31 December 2024, the Group recorded an adjusted loss of RMB37.3 million (2023: adjusted profit of RMB35.5 million).

Cash Flows

For the year ended 31 December 2024, our net cash outflow used in operating activities was RMB537.0 million (2023: net cash outflow of RMB297.1 million), and such change was primarily due to the increase in trade receivables for the year ended 31 December 2024. Our net cash inflow from investing activities was RMB348.8 million (2023: net cash inflow of RMB24.4 million), and such change was mainly due to the maturity of certain wealth management products on 31 December 2024. Our net cash inflow from financing activities was RMB176.7 million (2023: net cash inflow of RMB299.1 million), and such change was mainly due to the increase in the bank borrowings of the Group for the year ended 31 December 2024.

Gearing Ratio

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

As at 31 December 2024, the gearing ratio was approximately 35.9% while the ratio was approximately 25.7% as at 31 December 2023.

Liquidity and Capital Structure

During the year ended 31 December 2024, 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 2024, the Group had cash and cash equivalents of approximately RMB280.8 million (as at 31 December 2023: approximately RMB288.5 million). As at 31 December 2024, the Group had interest-bearing bank borrowings of RMB667.2 million and are expected to mature within 1 year.

Foreign Exchange Risk Management

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

Material Acquisitions, Disposals of Subsidiaries, Associates and Joint Ventures, Significant Investment

As of 31 December 2024, the Group held a total of 19.0% equity interest in Zhejiang Gushang Intelligent Technology Co., Ltd.* (浙江谷尚智能科技有限公司) ("**Gushang Intelligent Technology**") through a wholly-owned subsidiary of the Company, Hangzhou Keze Network Technology Co., Ltd.* (杭州可澤網絡科技有限公司) ("**Hangzhou Keze Network**"), with an aggregate carrying value of RMB231.6 million. The principal activities of Gushang Intelligent Technology include the construction of buildings and parking lots on a land parcel located in the Hangzhou Zijingang Science and Technology Town (the "**Project**"). As of 31 December 2024, the carrying amount of the investment in Gushang Intelligent Technology represented approximately 9.8% 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. As at the date of this annual report, Gushang Intelligent Technology is an associate of the Group. During the year ended 31 December 2024, the Project was completed and the Group did not receive any dividend. Save as disclosed above, as at the date of this annual report, there were no (i) material acquisitions, disposals of subsidiaries, associates and joint ventures; and (ii) significant investment of the Group for the year ended 31 December 2024.

Future Plans for Material Investment or Capital Assets

Save as disclosed in this annual report, as of 31 December 2024, the Group had no concrete plans to make any material investment or acquire capital assets other than in the Group's ordinary course of business.

Contingent Liabilities

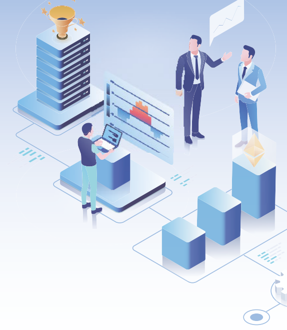
Hengfei Holding Limited (the "**Plaintiff**") has commenced proceedings against the Company and Mr. Chen Xiaoliang (a Shareholder and executive Director), in respect of allegations that the Company and Mr. Chen Xiaoliang have wrongfully retained, delayed in returning and failed/refused to return the 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 the Plaintiff's 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 2024.

Charge on Assets

As at 31 December 2024, the Group recorded pledged deposits of RMB379.5 million as security for interest-bearing bank borrowings (as at 31 December 2023: RMB367.2 million).

Subsequent Event

There are no significant events that require additional disclosure or adjustments occurred after 31 December 2024.



ORGANIZATION AND TALENT RETENTION

As at 31 December 2024, the Group's workforce was 493 (as at 31 December 2023: 437), including 75 sales employees, 56 administration employees, 209 operation employees and 153 research and development employees. Employees benefit expenses were approximately RMB129.7 million for the year ended 31 December 2024 (2023: approximately RMB166.5 million). Identification and development of high potential talents have 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 2024, the Group upheld the principle of "serving the people and giving back to the society" and actively sought opportunities to give back to the society in order to create a better living environment for the local communities. During the year ended 31 December 2024, the Group made donations of teaching materials to Hangzhou Normal University.

FUTURE OUTLOOK

Facing the complexity of the global economic environment and profound transformations in the competitive landscape of the industry, the Company will focus on the structural optimization of its advertising business and the upgrade of digital service capabilities, vigorously building core competitiveness for sustainable development. The Company will continue to commit to delivering innovative digital marketing solutions and efficient services to customers, in order to adapt to the ever-changing market demands.

Looking ahead to 2025, in terms of team development, the Company will focus on attracting and cultivating more outstanding talents to enhance the overall strength and innovation capabilities of the team, enabling better responses to market and technological challenges. In terms of technology research and development, the Company will continue to increase research and development investments, specifically in the fields of artificial intelligence and big data analytics, to enhance our service quality and efficiency. By leveraging differentiated service capabilities and compliant operational strategies, the Company aims to continuously create long-term value for customers and achieve sustainable development.

ADDITIONAL INFORMATION REGARDING THE QUALIFIED AUDIT OPINION

References are made to the Company's annual results announcement dated 28 March 2024 (the "**AR Announcement**"), the annual report for the year ended 31 December 2023 published on 29 April 2024 (the "**Annual Report**") and the update announcement dated 13 November 2024 (the "**Update Announcement**"), in relation to the audited consolidated results of the Group for the year ended 31 December 2023. Unless defined otherwise, capitalised terms used herein shall have the same meanings as those defined in the AR Announcement, the Annual Report and the Update Announcement. As set out in the AR Announcement and the Annual Report, the consolidated financial statements of the Group for the year ended 31 December 2023 had been subject to qualified opinion. As disclosed in the Annual Report, the qualified opinion was in connection with the Group's investment in the BVI Fund, where the investor (i.e. Duiba HK) has requested for an early redemption, and the BVI Fund has confirmed and agreed that the full redemption proceeds in respect of the early redemption request of Duiba HK will be paid to Duiba HK on or before 27 June 2024. As disclosed in the Annual Report, part of the redemption proceeds amounting to a total of HK$20 million were received by Duiba HK from the BVI Fund in April 2024. As disclosed in the Update Announcement, (i) subsequent to the publication of the Annual Report, Duiba HK has received all remaining redemption proceeds amounting to US$3,313,930 and HK$42,768,578 from the BVI Fund, and the redemption has completed and the investment funds in the BVI Fund have been fully recovered by Duiba HK as at 30 August 2024; and (ii) the Company adopted additional measures to further strengthen its internal control procedures to prevent the occurrence of similar incidents in the future, in addition to the enhanced investment approval procedures on financial products (which serve as the policies and procedures for managing idle funds) as disclosed in the Annual Report.

As disclosed in the paragraph headed "Qualified Opinion" in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2024 (the "**Independent Auditor's Report**"), the Auditor, Confucius International CPA Limited ("**Confucius**"), expressed a qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2024. The management of the Company obtained the understanding with Confucius that the audit opinion for the year ended 31 December 2024 is qualified only to the extent of the comparative information of the consolidated statements of profit or loss and cash flows for the year ended 31 December 2023 in the section of "Basis for Qualified Opinion" of the Independent Auditor's Report.

Other than the comparability of the related financial information mentioned above, in the opinion of Confucius, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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.

Audit Committee's view on the qualified audit opinion and the responses from the management

The Audit Committee had reviewed the basis for qualified audit opinion on the Group's audited consolidated financial statements for the year ended 31 December 2024.

The Audit Committee is in agreement with the management's position for the responses set out as above with respect to the issues set out in the qualified audit opinion, in particular the matters which were the subject matters of the scope limitation referred to the qualified audit opinion no longer have possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 December 2023, and it had no carried forward effect to the consolidated financial statements for the year ended 31 December 2024, except the effect of comparability of the relevant financial information presented as comparative figures.

The Board has obtained an understanding with Confucius that the Company considers itself to have addressed the issues giving rise to the qualified audit opinion in the consolidated financial statements for the year ended 31 December 2024 since the current year's consolidated financial statements are modified mainly due to the possible effects of these matters on the comparability of the current year's figures and the corresponding figures. Hence, it had no carried forward effect to the consolidated financial statements for the year ended 31 December 2024.

Report of Directors

The Board is pleased to present the report of Directors together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Group is a leading user management SaaS service 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 note 1 to the audited consolidated financial statements.

RESULTS

The revenue and adjusted loss attributable to the owners of the Group for the year ended 31 December 2024 were RMB906.5 million and RMB37.3 million, respectively. Of such revenue, approximately 67.0% was derived from the Internet Advertising business and approximately 27.0% 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 63 of this annual report.

DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

BUSINESS REVIEW

Please refer to the chapter headed "Management Discussion and Analysis" on pages 8 to 17 of this annual report for details regarding the business conditions, main risks and uncertainties faced by the Group in 2024, particulars of important events affecting the Group that have occurred since 31 December 2024, and the prospect of 2025.

OUTLOOK

Please refer to the section headed "Future Outlook" on page 15 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 is 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 2024, the Group's transaction amounts to its five largest customers accounted for 52.8% (2023: 74.0%) of the Group's total revenue and the transaction amount of its single largest customer accounted for 17.5% (2023: 30.4%) of the Group's total revenue.

Major Suppliers

For the year ended 31 December 2024, the transaction amounts of the Group's five largest suppliers accounted for 37.3% (2023: 43.3%) of the Group's total purchases and the transaction amount of its single largest supplier accounted for 16.9% (2023: 19.1%) of the Group's total purchases.

For the year ended 31 December 2024, 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 (excluding Treasury 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 the major customers and established a strong customer base. We are committed to protecting the interests of the 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 the business relationship with our customers, our operations and sales teams also visit the 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.

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 the employees and provide them with continuing education and on-the-job training and 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 the 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 2024 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 Listing Rules.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board was aware, for the year ended 31 December 2024, 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 statements.

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 statements.

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 statements.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution amounted to RMB914.0 million (equivalent to approximately US$127.1 million) (as at 31 December 2023: RMB897.1 million (equivalent to approximately US$126.7 million)).

TAXATION

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

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2024, the Group had interest-bearing bank borrowings of RMB667.2 million that were made in RMB 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 statements.

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

Non-executive Director:

Ms. Yang Jiaqing[1]

Independent Non-executive Directors:

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

Note:

(1) Ms. Yang Jiaqing was appointed as a non-executive Director on 20 March 2024.

In accordance with the Article 83(3) of the Articles, 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 so appointed shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

In accordance with Article 84(1) of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), 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 of the Company at least once every three years. In accordance with Article 84(2) of the Articles, the retiring Directors shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. Accordingly, Mr. Cheng Peng, Mr. Kam Wai Man and Dr. Gao Fuping shall retire by rotation and shall be eligible for re-election at the AGM. All retiring Directors will be subject to re-election.

No Director proposed for re-election at the AGM 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 of the Company sent to the Shareholders dated 29 April 2025.

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 7 May 2022, which may be terminated by not less than two months' notice in writing served by either party on the other. Mr. Cheng Peng has entered into a service contract with the Company for a term of three years commencing from 2 March 2023, 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.

Ms. Yang Jiaqing has entered into a letter of appointment with the Company for a term of three years commencing from 20 March 2024, which may be terminated by no less than two months' notice in writing served by either party on the other. Ms. Yang Jiaqing is not entitled to any Director's fee, and she is not expected to receive any remuneration for holding her office as a non-executive Director. Under the contract of employment in relation to Ms. Yang Jiaqing's employment as a legal counsel of HZ Duiba, she is entitled to an annual salary together with other benefits in kind amounting to approximately RMB250,000 and is eligible to receive a discretionary bonus.

Each of Mr. Kam Wai Man and Dr. Gao Fuping has entered into a letter of appointment with the Company for a term of three years commencing on 23 April 2022 and Dr. Shi Jianxun has entered into a letter of appointment with the Company for a term of three years commencing on 8 June 2022, 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 a 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 the Company's 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 Company (the "**Remuneration Committee**") was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Company, having regard to the Group's operating results, individual performance of the Directors and the Company's 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 statements.

The Company has adopted several employee incentive schemes, including the Share Option Scheme, the Share Award Scheme, the restricted stock unit scheme (the "**Restricted Stock Unit Scheme**") and the restricted stock unit option incentive scheme (the "**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 headed "Share Option Scheme" and "Share Award Scheme" below. Details of the Restricted Stock Unit Scheme and the Restricted Stock Unit Option Incentive Scheme are set out in note 28 to the audited consolidated financial statements 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 Group 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 2024.

RIGHTS AND INTERESTS OF DIRECTORS ON COMPETING BUSINESSES

Saved as disclosed in this annual report, 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 Group, 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 annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the Directors and the chief executive 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 were 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 which were required to be entered in the register required to be kept by the Company 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:

Interest in the Shares and underlying Shares

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 in controlled corporations	461,438,329 (L)	42.85%
Mr. Zhu Jiangbo ("**Mr. Zhu**")[4], [6]	Beneficial owner	8,700,000 (L)	0.81%
Mr. Cheng Peng ("**Mr. Cheng**")[5], [6]	Beneficial owner	1,340,000 (L)	0.12%
Ms. Yang Jiaqing ("**Ms. Yang**")[7]	Beneficial owner	45,000 (L)	0.00%

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 2024 (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 of the Chen's Family Trust) through Antopex Limited (as nominee for CMB Wing Lung (Trustee) Limited) and Blissful Plus Enterprises Limited; (ii) his deemed interest in the 1,828,329 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 8,700,000 Shares.

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

(6) Each of Mr. Zhu 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".

(7) Ms. Yang is a non-executive Director. She directly holds 45,000 Shares.

Save as disclosed above, as at 31 December 2024, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 which was required to be entered in the register required to be kept by the Company pursuant to 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 2024, 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 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 were required to be entered 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 person	454,552,000 (L)	42.21%
Blissful Plus Enterprises Limited[3]	Interest in controlled corporation	454,552,000 (L)	42.21%
XL Holding[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 in 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 2024 (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 (as nominee for CMB Wing Lung (Trustee) Limited) and Blissful Plus Enterprises 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 the 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 2024, the Directors were not aware of any other persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares 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 required to be entered in the register required to be kept by the Company pursuant to 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 10.32% of the Shares in issue (excluding Treasury Shares) 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 (excluding Treasury Shares) 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/her 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 of the option) 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 four 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 2024. 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 10.32% of the issued share capital of the Company (excluding Treasury Shares) 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 2024 and 31 December 2024, 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 Duiba Share Award Scheme shall not exceed 1% of the issued share capital of the Company (excluding Treasury Shares) 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 (excluding Treasury Shares) 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 four 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 2024.

RESTRICTED STOCK UNIT SCHEME

On 11 June 2015, the Company and HZ Duiba have adopted the Restricted Stock Unit Scheme to recognise and reward the contribution of certain eligible employees to the growth and development of the Group; 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 two months 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 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 HK. 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 the 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.

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 2024, all awards granted under the Restricted Stock Unit Scheme have been vested, cancelled or lapsed. There were no outstanding awards under the Restricted Stock Unit Scheme as at 31 December 2024.

RESTRICTED STOCK UNIT OPTION INCENTIVE SCHEME

On 1 November 2018, the Group has adopted the 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 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 secretary 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 four years as at the date of this annual report.

There were no stock unit options granted during the Reporting Period.

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

Details of the movements on stock unit options granted during the year ended 31 December 2024 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 2023	No. of Stock Unit Options Granted during the Year	No. of Stock Unit Options Vested during the Year	No. of Stock Unit Options Cancelled or Lapsed during the Year	No. of Stock Unit Options Outstanding or Unvested as at 31 December 2024
Directors							
Mr. Zhu Jiangbo	2021/4/9	2022/04/09 to 2025/04/09	600,000	–	300,000	–	300,000
Employees (in aggregate)	2020/3/1	2021/03/01 to 2024/03/01	489,000	–	489,000	–	–
	2020/6/1	2021/06/01 to 2024/06/01	120,000	–	120,000	–	–
	2020/7/1	2021/07/01 to 2024/07/01	75,000	–	–	75,000	–
	2020/8/1	2021/08/01 to 2024/08/01	150,000	–	105,000	45,000	–
	2020/10/1	2021/10/01 to 2024/10/01	60,000	–	60,000	–	–
	2021/2/1	2022/02/01 to 2025/02/01	60,000	–	30,000	–	30,000
	2021/4/1	2022/04/01 to 2025/04/01	480,000	–	240,000	–	240,000
	2021/5/1	2022/05/01 to 2025/05/01	1,560,000	–	750,000	60,000	750,000
	2021/6/29	2022/06/29 to 2025/06/29	300,000	–	150,000	–	150,000
	2021/8/1	2022/08/01 to 2025/08/01	1,140,000	–	435,000	300,000	405,000
	2021/11/1	2022/11/01 to 2025/11/01	480,000	–	240,000	–	240,000
	2022/1/1	2023/01/01 to 2026/01/01	540,000	–	180,000	–	360,000
	2022/2/1	2025/02/01 to 2026/02/01	3,105,000	–	1,035,000	150,000	1,920,000
	2022/3/1	2023/03/01 to 2026/03/01	90,000	–	30,000	–	60,000
	2022/8/1	2023/08/01 to 2026/08/01	1,845,000	–	495,000	360,000	990,000
	2022/10/1	2025/10/01 to 2026/10/01	180,000	–	54,000	–	126,000
	2023/2/1	2024/02/01 to 2027/02/01	2,245,000	–	225,000	–	2,020,000
	2023/3/1	2024/03/01 to 2027/03/01	250,000	–	15,000	100,000	135,000
Total			13,769,000	–	4,953,000	1,090,000	7,726,000

(1) For details of the fair value of the stock unit options granted during the year ended 31 December 2024, please refer to note 28 to the audited consolidated financial statements.

(2) 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$0.27.

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 COMPANY'S LISTED SECURITIES

During the year ended 31 December 2024, neither the Company nor its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of Treasury Shares, if any). As of 31 December 2024, the Company did not hold any Treasury Shares.

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 the 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 2024 are set out in note 33 to the audited consolidated financial statement. Such related party transactions included the remuneration to the chief executive of the Group and the Directors, 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 were required 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 Company made donations of teaching materials to Hangzhou Normal University.

DEBENTURES ISSUED

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

SIGNIFICANT LEGAL PROCEEDINGS

Save for the proceedings disclosed in the section headed "Management Discussion and Analysis – Contingent Liabilities" in this annual report, 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/she may incur or sustain in or about the execution of his/her duties in his/her office; be indemnified and secured harmless out of the assets of the Company; and 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 the Directors and officers of the Company.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

The employees of the Group's subsidiaries which operate in the 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 34 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 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 audited consolidated financial statements of the Group for the year ended 31 December 2024.

AUDITOR

Ernst & Young ("**EY**") has resigned as the Auditor with effect from 1 November 2024 and Confucius was appointed as the new Auditor on 1 November 2024 to fill the casual vacancy following the resignation of EY and to hold office until the conclusion of the AGM. Details of the above change of Auditor can be referred to the Company's announcement dated 1 November 2024.

The accompanying financial statements for the year ended 31 December 2024 prepared in accordance with HKFRSs have been audited by Confucius.

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

Saved as disclosed above, there has been no other change in Auditor in the past three years.

On behalf of the Board
Chen Xiaoliang
Chairman

Hangzhou, PRC, 31 March 2025

Corporate Governance Report

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 CG Code 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 and the nomination committee of the Company (the "**Nomination Committee**") (together, the "**Board Committee(s)**"). 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 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 the decision-making and execution process given his familiarity with the Group.

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

The Board is therefore of the view that there is an adequate balance of power and that appropriate safeguards are in place. The dual roles of Mr. Chen Xiaoliang have no 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 three executive Directors, one non-executive Director and three independent non-executive Directors as follows:

Executive Directors:
Mr. Chen Xiaoliang *(Chairman of the Board and Chief Executive Officer)*
Mr. Zhu Jiangbo
Mr. Cheng Peng

Non-executive Director:
Ms. Yang Jiaqing

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

The biographies of the Directors are set out in the section headed "Directors and Senior Management" in 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 and chief executive of the Company have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive of the Company.

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.

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;
- 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 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 in 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 33 years old to 60 years old. The Board resolved to appoint Ms. Yang Jiaqing as a non-executive Director on 20 March 2024. With the appointment of Ms. Yang Jiaqing, the Company has complied with the requirement of diversity of board members under Rule 13.92 of the Listing Rules. For details, please refer to the announcements of the Company dated 22 December 2023, 6 March 2024 and 20 March 2024. 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 the Directors, the composition of the 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. We will also disclose 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 the Group's 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 or an addition of the Directors. 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 2024 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 2024, male employees accounted for 41.4% and female employees accounted for 58.6% of all employees (including the Company's senior management) of the Group.

To achieve gender diversity across the Group, we are committed to creating favorable conditions in the working environment to attract more female talents to join the Group, and thus increased the proportion of female employees (including senior management of the Company) 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 to general employees) 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 more challenging or irrelevant for the entire workforce, including the Company's management.

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 training 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. In particular, Ms. Yang Jiaqing, who was appointed as a non-executive Director on 20 March 2024, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 20 March 2024, and Ms. Yang Jiaqing has confirmed that she understood her obligations as a Director.

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
Non-executive Director	
Ms. Yang Jiaqing	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 22 of the chapter headed "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 the Company's 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 so appointed shall hold office only until the first annual general meeting of the Company after his/her appointment 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 (3), 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 of the Company 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/she 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/herself 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 re-elected 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 the 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 company secretary of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and the 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 during 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
Non-executive Director:		
Ms. Yang Jiaqing[1]	4/4	1/1
Independent Non-executive Directors:		
Mr. Kam Wai Man	4/4	1/1
Dr. Gao Fuping	4/4	1/1
Dr. Shi Jianxun	4/4	1/1

Note:

(1) Ms. Yang Jiaqing was appointed as a non-executive Director on 20 March 2024.

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 required standard as set out in 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 Company's 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 Company's 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 the Company's 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 the senior management of the Company, 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 2023, 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 2024 interim report for the six months ended 30 June 2024, 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 2024 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. Gao Fuping	2/2
Dr. Shi Jianxun	2/2

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.

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. Shi Jianxun	1/1
Dr. Gao Fuping	1/1

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 certain 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 Group;

   (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 Company's 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 policy and structure for the remuneration of all the Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve remuneration proposals of the Company's management 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 of the Company, 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 of the Company, 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. The Remuneration Committee has reviewed the policy and structure for the remuneration of all Directors and senior management of the Company. Based on the review, the Remuneration Committee has made recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company.

The Remuneration Committee has also reviewed and confirmed that the terms under the Share Option Scheme, the Share Award Scheme, the Restricted Stock Unit Scheme and the 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. Shi Jianxun (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	5

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 2024, which give a true and fair view of the affairs of the Company and of the Company's results and cash flows.

The management of the Company 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 the 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 62 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 Company's 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 of the Company and major operation departments are responsible for organizing and coordinating the implementation and daily operation of internal control system. The senior management of the Company 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 2024, 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 2024 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 PRC or global economy may have an adverse impact on the business, financial position and operation results of the Group.

For further details of 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 the Company's 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 platform 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 platform 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 the 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 Act and any applicable laws and regulations. Any future declarations of dividend may or may not reflect the historical declarations of dividend and will be at the absolute discretion of the 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 2024 was approximately as follows:

Type of Services	**Amount**
	(RMB'000)
Audit services	1,900
Non-audit services	–
Total	1,900

COMPANY SECRETARY

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

During the year ended 31 December 2024, Ms. Ng has 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 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's independence. Shareholders are given sufficient notice of general meetings, detailed procedures for conducting a poll was stated in the 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 2024.

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 the 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 company 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/herself (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 2024 is disclosed separately in accordance with the Listing Rules.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company has adopted the second amended and restated memorandum of association and third amended and restated articles of association of the Company on 31 May 2024 upon Shareholders' approval at the annual general meeting of the Company held on 31 May 2024.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chen Xiaoliang (陳曉亮) ("Mr. Chen"), aged 34, 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 HK, HZ Duiba, HZ Tuia, Hangzhou Maibaola Internet Technology Company Limited* (杭州麥爆啦網絡科技有限公司) and Hangzhou Keze Network. Mr. Chen Xiaoliang is the director of XL Holding, a controlling shareholder of the Company.

Mr. Zhu Jiangbo (朱江波) ("Mr. Zhu"), aged 34, was appointed as an executive Director on 14 August 2018. Mr. Zhu is also the chief operating officer of the Group. 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 Insurance Sales Company Limited* (浙江九九保保險銷售有限公司) 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) ("Mr. Cheng"), aged 36, was appointed as an executive Director on 2 March 2020. Mr. Cheng is responsible for overseeing the legal, regulatory affairs and equity business markets of the Group and providing leadership to legal, corporate governance functions and equity business department 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 Zhejiang 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) and Zhejiang Jieshengxin Network Technology Company Limited* (浙江捷盛欣網絡科技有限公司).

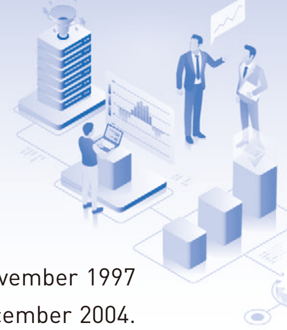
NON-EXECUTIVE DIRECTOR

Ms. Yang Jiaqing (楊佳青) ("Ms. Yang"), aged 34, was appointed as a non-executive Director on 20 March 2024. Ms. Yang joined the Group in March 2016 and currently serves as the legal counsel of HZ Duiba, an indirect wholly-owned subsidiary of the Company, and is mainly responsible for the Group's compliance and risk management. Prior to joining the Group, Ms. Yang worked at the legal department of Beijing Zhongtong United Information Services Co., Ltd.* (北京中童聯合資訊服務有限公司), a company principally engaged in the operation of a wireless reading platform, from July 2013 to March 2016, and was primarily responsible for providing legal and compliance support for the company's operations. Ms. Yang received a bachelor's degree in law, majoring in intellectual property law, from Zhejiang University of Technology (浙江工業大學) of the China in June 2013. She obtained the legal professional qualification certificate of China issued by the Ministry of Justice of China in August 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kam Wai Man (甘偉民) ("Mr. Kam"), aged 50, was appointed as an independent non-executive Director on 17 April 2019. Mr. Kam has over 16 years of experience in corporate finance. Mr. Kam has been serving 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 Haosen Fintech Group Limited (formerly known as Wealthy Way Group Limited), a company listed on the Stock Exchange (stock code: 3848). Since June 2023, he has also served as an independent non-executive director of IGG Inc, a company listed on the Stock Exchange (stock code: 799).

Dr. Shi Jianxun (石建勳) ("Dr. Shi"), aged 61, 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 in 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* (青島保税區管委會綜合處(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) ("Dr. Gao"), aged 60, 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 (the "**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), the chief executive officer of the Company – see the paragraph under "Executive Directors" above.

Mr. Zhu Jiangbo (朱江波), the chief operating officer of the Company – see the paragraph under "Executive Directors" above.

Mr. Cheng Peng (程鵬), the vice president of the Company's group – see the paragraph under "Executive Directors" above.

Mr. Lu Wen (陸文) ("Mr. Lu"), aged 33, is the vice president of the Company's group and mainly responsible for the strategy formulation and implementation of the user management SaaS platform business. Mr. Lu graduated from Zhejiang Agriculture and Forestry 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.

Mr. Xu Kai (徐凱) ("Mr. Xu"), aged 37, is the vice president of the Company's group and mainly leads the finance department of the Group as well as responsible for the strategy formulation and implementation of the equity business. Mr. Xu graduated from the University of Newcastle upon Tyne in the United Kingdom and joined the Group in October 2021. Mr. Xu is engaged in establishment of equity business supply chain, market development and marketing operations and has extensive experience in corporate customer service and end-user operations.

PAN-CHINA 天健國際會計師事務所有限公司
Confucius International CPA Limited
Certified Public Accountants

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

QUALIFIED OPINION

We have audited the consolidated financial statements of Duiba Group Limited (the"**Company**") and its subsidiaries (the "**Group**") set out on pages 63 to 162, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by other auditor (the "**Predecessor Auditor**"), who expressed a qualified opinion on those financial statements on 28 March 2024. For an unlisted British Virgin Islands fund (the "**BVI Fund**") of RMB80,358,000 as "Financial assets at fair value through profit or loss" as at 31 December 2023, and recorded a fair value gain of RMB871,000 for the year then ended. As disclosed in the annual report of the Company for the year ended 31 December 2023, the Predecessor Auditor was unable to obtain sufficient reliable audit evidence to substantiate the commercial substance and nature of the payments for the BVI Fund. They were unable to determine the appropriate accounting impact of these payments, including classification, valuation, recoverability, and related disclosures consequently.

Any adjustments to the figure as described above might have a consequential effect on the financial position of the Group as at 31 December 2023 presented as comparative figures in these consolidated financial statements and hence affect the comparability of the current year's figures and the corresponding figures.

BASIS FOR QUALIFIED OPINION (continued)

These amounts were fully redeemed during the year ended 31 December 2024. In respect of the consolidated financial statements of the Group for the year ended 31 December 2024, the scope limitations of the financial assets at fair value through profit or loss no longer have possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 December 2024. However, we were unable to obtain sufficient appropriate audit evidence regarding the classification, valuation, recoverability, and related disclosures of financial assets at fair value through profit or loss as at 31 December 2023. Any adjustments to be found necessary might have a consequential effect on the Group's result and cash flows for current and prior year, and related disclosures in the consolidated financial statements.

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

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. In addition to the matters described in the basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report. 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 2024, the net carrying value of the Group's trade receivables amounted to RMB723,783,000 after netting off a loss allowance for impairment of RMB61,672,000 representing 30.53% 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 for trade receivables was performed at 31 December 2024 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 sampling basis, payments received subsequent to the year end and historical payment patterns, reviewing the 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 MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed a qualified opinion on those statements on 28 March 2024.

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.

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.

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

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.

- 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.

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

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.

Confucius International CPA Limited
Certified Public Accountants
Yip Yuen Nga
Practising Certificate Number: P05908
Hong Kong
31 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**906,513**	1,096,438
Cost of sales		**(777,051)**	(851,966)
Gross profit		**129,462**	244,472
Other income and gains	5	**52,736**	65,442
Selling and distribution expenses		**(88,392)**	(117,747)
Administrative expenses		**(85,941)**	(115,771)
Impairment losses on financial assets, net		**(22,777)**	(26,406)
Other expenses		**(3,912)**	(4,984)
Finance costs	7	**(15,401)**	(8,732)
Share of losses of associates, net of tax		**(2,970)**	(891)
(LOSS)/PROFIT BEFORE TAX	6	**(37,195)**	35,383
Income tax expense	10	**(2,266)**	(4,933)
(LOSS)/PROFIT FOR THE YEAR		**(39,461)**	30,450
Attributable to:			
Owners of the parent		**(39,461)**	30,450
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**7,490**	11,875
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**7,490**	11,875
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(31,971)**	42,325
Attributable to:			
Owners of the parent		**(31,971)**	42,325
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	12	**(3.7) cents**	2.9 cents

Consolidated Statement of Financial Position

31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**2,171**	2,796
Intangible assets	14	**100**	2,301
Right-of-use assets	15(a)	**2,809**	4,075
Investment in associates	16	**234,922**	234,891
Deferred tax assets	25	**9,736**	9,712
Time deposit	20	**506**	–
Pledged deposits	20	**144,314**	121,692
Prepayments, other receivables and other assets	18	**6,989**	9,883
Total non-current assets		**401,547**	385,350
CURRENT ASSETS			
Trade receivables	17	**723,783**	344,051
Note receivables		**530**	–
Prepayments, other receivables and other assets	18	**584,592**	363,134
Financial assets at fair value through profit or loss	19	**135,824**	215,899
Restricted cash	20	**8,586**	1,223
Pledged deposits	20	**235,168**	245,459
Time deposits	20	**–**	297,886
Cash and cash equivalents	20	**280,750**	288,460
Total current assets		**1,969,233**	1,756,112
CURRENT LIABILITIES			
Trade payables	21	**82,207**	63,419
Other payables and accruals	22	**278,640**	187,926
Tax payable		**5,595**	4,001
Contract liabilities	23	**8,427**	21,406
Interest-bearing bank borrowings	24	**667,164**	505,525
Lease liabilities	15(b)	**2,135**	1,831
Total current liabilities		**1,044,168**	784,108
NET CURRENT ASSETS		**925,065**	972,004
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,326,612**	1,357,354
NON-CURRENT LIABILITIES			
Lease liabilities	15(b)	**844**	1,741
Deferred tax liabilities	25	**533**	617
Total non-current liabilities		**1,377**	2,358
Total net assets		**1,325,235**	1,354,996

Consolidated Statement of Financial Position

31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	**70**	70
Reserves	27	**1,325,165**	1,354,926
Total equity		**1,325,235**	1,354,996

Mr. Chen Xiaoliang
Director

Mr. Cheng Peng
Director

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the parent						
	Share capital	Share premium account*	Capital reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total equity
	RMB'000 (note 26)	RMB'000 (note 26)	RMB'000 (note 27)	RMB'000 (note 27)	RMB'000 (note 27)	RMB'000	RMB'000
At 1 January 2024	70	1,942,530	(8,501)	56,737	23,535	(659,375)	1,354,996
Loss for the year	–	–	–	–	–	(39,461)	(39,461)
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	–	–	–	–	7,490	–	7,490
Total comprehensive loss for the year	–	–	–	–	7,490	(39,461)	(31,971)
Equity-settled share award and option arrangements (note 28)	–	–	2,210	–	–	–	2,210
At 31 December 2024	70	1,942,530	(6,291)	56,737	31,025	(698,836)	1,325,235

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2024

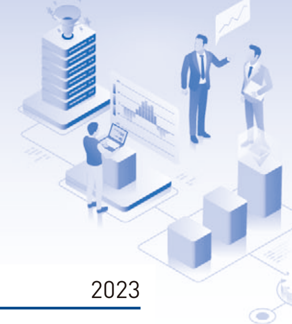
	Attributable to owners of the parent						
	Share capital	Share premium account*	Capital reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total equity
	RMB'000 (note 26)	RMB'000 (note 26)	RMB'000 (note 27)	RMB'000 (note 27)	RMB'000 (note 27)	RMB'000	RMB'000
At 1 January 2023	70	1,942,530	(13,581)	56,737	11,660	(689,825)	1,307,591
Profit for the year	–	–	–	–	–	30,450	30,450
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	–	–	–	–	11,875	–	11,875
Total comprehensive income for the year	–	–	–	–	11,875	30,450	42,325
Equity-settled share award and option arrangements (note 28)	–	–	5,080	–	–	–	5,080
At 31 December 2023	70	1,942,530	(8,501)	56,737	23,535	(659,375)	1,354,996

* These reserve accounts comprise the consolidated reserves of RMB1,325,165,000 (2023: RMB1,354,926,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(37,195)**	35,383
Adjustments for:			
Share of losses of associates, net of tax		**2,970**	891
Interest income	5	**(21,882)**	(27,912)
Investment income from financial assets at fair value through profit or loss	5	**(3,058)**	(3,363)
Foreign exchange differences, net		**(351)**	(1,573)
(Gain)/loss on disposal of items of property, plant and equipment		**(296)**	256
Loss on termination of leases		**–**	244
Depreciation of property, plant and equipment	13	**1,632**	4,510
Fair value losses/(gains), net:			
Financial assets at fair value through profit or loss		**316**	(5,372)
Amortisation of intangible assets	14	**340**	676
Finance costs	7	**15,401**	8,732
Equity-settled share award and option expense		**2,210**	5,080
Depreciation of right-of-use assets	15(a)	**3,227**	7,208
Impairment of intangible assets	14	**1,995**	2,472
Impairment of financial assets, net		**22,777**	26,406
		(11,914)	53,638
(Increase)/decrease in restricted cash		**(965)**	1,195
Increase in trade receivables		**(394,826)**	(136,608)
Increase in note receivables		**(530)**	–
Increase in prepayments, other receivables and other assets		**(229,051)**	(123,718)
Increase/(decrease) in trade payables		**18,788**	(14,911)
Increase/(decrease) in other payables and accruals		**90,714**	(18,714)
(Decrease) in contract liabilities		**(12,979)**	(58,356)
Cash used in operations		**(540,763)**	(297,474)
Interest received		**4,562**	2,267
Income tax paid		**(780)**	(1,892)
Net cash flows used in operating activities		**(536,981)**	(297,099)



Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		389	498
Purchases of items of property, plant and equipment	13	(1,100)	(229)
Purchases of financial assets at fair value through profit or loss		(27,028)	(147,000)
Proceeds from disposal of financial assets at fair value through profit or loss		109,301	272,249
Repayment from loans receivable		16,104	9,240
Advances of loans receivable		(13,300)	(20,300)
Increase in restricted cash		(6,398)	–
Purchase of shareholdings in associates		(3,000)	(76,000)
Purchases of intangible assets	14	(134)	(207)
Purchases of time deposits		(126,000)	(407,068)
Repayment of time deposits		270,000	544,204
Purchases of pledged deposits		(521,159)	(300,000)
Repayment of pledged deposits		634,737	130,000
Acquisition of subsidiaries	29	–	(1,649)
Interest received		16,430	20,679
Net cash flows from investing activities		348,842	24,417
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments	30(b)	(2,554)	(6,839)
Interest paid for lease liabilities		(171)	(343)
Purchases of pledged deposits		(100,941)	(202,012)
Repayment of pledged deposits		133,973	139,009
New bank borrowings		1,529,053	906,510
Repayment of bank borrowings		(1,367,593)	(531,846)
Interest paid for bank borrowings		(15,051)	(5,350)
Net cash flows from financing activities		176,716	299,129
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(11,423)	26,447
Effect of foreign exchange rate changes, net		3,713	10,535
Cash and cash equivalents at beginning of year		288,460	251,478
CASH AND CASH EQUIVALENTS AT END OF YEAR		280,750	288,460

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2024

	Note	2024 RMB'000	2023 RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of cash flows	20	**280,750**	288,460

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.

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**")/ Chinese Mainland 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/Chinese Mainland 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[iii]	PRC/Chinese Mainland 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[iii]	PRC/ Chinese Mainland 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/ Chinese Mainland 28 December 2017	RMB1,000,000	–	100%	Internet advertising
Hangzhou Nanjue Network Technology Co., Ltd. 杭州南爵網絡科技有限公司[ii]	PRC/ Chinese Mainland 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/ Chinese Mainland 15 January 2018	RMB50,000,000	–	100%	User management SaaS platform

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	Indirect	Principal activities
Hangzhou Kejiji Network Technology Co., Ltd. 杭州客吉吉網絡科技有限公司[ii]	PRC/ Chinese Mainland 29 March 2018	RMB5,000,000	–	100%	User management SaaS platform
Hangzhou Keze Network Technology Co., Ltd. ("**HZ Keze**") 杭州可澤網絡科技有限公司[ii]	PRC/ Chinese Mainland 25 September 2018	USD20,000,000	–	100%	Internet advertising
Fujian Duiba Network Technology Co., Ltd. 福建兑吧網絡科技有限公司[ii]	PRC/ Chinese Mainland 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]	PRC/ Chinese Mainland 12 August 2022	RMB10,000,000	–	100%	Internet advertising
Zhejiang Jiujiubao Insurance Sale Co., Ltd. 浙江九九保保險銷售有限公司[ii]	PRC/ Chinese Mainland 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/ Chinese Mainland 12 February 2018	RMB20,000,000	–	100%	Provision of Insurance service
Shanghai Jiujiubao Insurance Agency Co., Ltd ("**Shanghai Jiujiubao**") 上海九九保保險代理有限公司[ii] (formerly known as Jiahong Insurance Agency (Shanghai) Co., Ltd 嘉鴻保險代理（上海）有限公司)	PRC/ Chinese Mainland 11 February 2010	RMB2,000,000	–	100%	Provision of Insurance service
Hangzhou Aoyin Network Technology Co., Ltd. ("**Aoyin**") 杭州凹印網絡科技有限公司[ii]	PRC/ Chinese Mainland 19 May 2012	RMB3,000,000	–	100%	Internet advertising
Shanxi Yufeng Consulting Services Co., Ltd ("**Yufeng**") 山西御風諮詢服務有限公司[ii]	PRC/ Chinese Mainland 29 September 2019	RMB5,000,000	–	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.

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. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investments in financial products and 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 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

2.2 AMENDMENTS TO HKFRSS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*
Amendments to HKAS 1	*Non-current Liabilities with Covenants*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 NEW AND AMENDMENTS TO HKFRS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS 9 and HKAS 7	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS Accounting Standards	*Annual Improvements to HKFRS Accounting Standards – Volume 11*[3]
Amendments to HKAS 21	*Lack of Exchangeability*[2]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments.

2.3 NEW AND AMENDMENTS TO HKFRS IN ISSUE BUT NOT YET EFFECTIVE (continued)

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments (continued)

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

2.3 NEW AND AMENDMENTS TO HKFRS IN ISSUE BUT NOT YET EFFECTIVE (continued)

Amendments to HKAS 21 Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability;
- the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate – including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations – and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

2.3 NEW AND AMENDMENTS TO HKFRS IN ISSUE BUT NOT YET EFFECTIVE (continued)

Amendments to HKAS 21 Lack of Exchangeability (continued)

The amendments add a new appendix as an integral part of HKAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying HKAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2.4 MATERIAL ACCOUNTING POLICIES

Business combinations or asset acquisitions

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs. Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "**Conceptual Framework**") except for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21 Levies, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations or asset acquisitions (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 Leases) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations or asset acquisitions (continued)

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures

An associate is an entity over which the Group has 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

The Group applies HKFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Changes in the Group's interests in associates and joint ventures (continued)

Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the consolidated financial statements only to the extent of other parties' interests in the joint operation. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 MATERIAL 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 non-current 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 MATERIAL 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 tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

2.4 MATERIAL 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.

Licences

Purchased licences 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 3 years.

2.4 MATERIAL 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 (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets are as follows:

Buildings	1 to 3 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 MATERIAL 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 consolidated 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 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets **(continued)**

Classification and subsequent measurement of financial assets (continued)

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets **(continued)**

Classification and subsequent measurement of financial assets (continued)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivable, other receivables and other assets) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets **(continued)**

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets **(continued)**

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings,or in the case of trade receivables, when the amounts are over 3 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets **(continued)**

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets **(continued)**

Derecognition/modification of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity **(continued)**

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity **(continued)**

Financial liabilities at FVTPL (continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits/accumulated losses upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities including borrowings, trade payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity **(continued)**

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other income and gains' line item in profit or loss (note 5) as part of net foreign exchange differences for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under 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 a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Taxation

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.

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "Other income and gains".

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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.

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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers **(continued)**

(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.

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 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).

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates share award and option schemes. 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.

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.

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Chinese Mainland 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.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. 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

These financial statements are presented in Renminbi because the Group's principal operations are carried out in Chinese Mainland. 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).

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve 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).

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.

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 Chinese Mainland. All of the non-current assets of the Group were located in Chinese Mainland.

Information about major customers

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

	2024	2023
	RMB'000	RMB'000
Customer 1	**158,458**	Nil
Customer 2	**140,021**	333,619
Customer 3	**N/A***	299,779

* 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 year.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers	906,513	1,096,438

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024	2023
	RMB'000	RMB'000
Types of services or goods		
Internet advertising business	607,363	838,859
User management SaaS platform business	244,534	191,884
Others	54,616	65,695
Total	906,513	1,096,438

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.

	2024	2023
	RMB'000	RMB'000
Timing of revenue recognition		
Over time		
– SaaS services included in user management SaaS platform business	9,553	12,504
At a point in time		
– Internet advertising business	607,363	838,859
– Other services included in user management SaaS platform business	234,981	179,380
– Others	54,616	65,695
Subtotal	896,960	1,083,934
Total	906,513	1,096,438

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:

	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
User management SaaS platform business	**8,058**	18,160
Internet advertising business	**13,348**	61,602
Total	**21,406**	79,762

(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:

	2024	2023
	RMB'000	RMB'000
Amounts expected to be recognised as revenue:		
Within one year		
– Volume rebate	**–**	13,348
– Deferred revenue	**8,427**	8,058
Total	**8,427**	21,406

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

Other income and gains

	2024	2023
	RMB'000	RMB'000
Other income and gains		
Interest income	**21,882**	27,912
Government grants*	**18,734**	26,400
Investment income from financial assets at fair value through profit or loss	**3,058**	3,363
Fair value gain, net:		
Financial assets at fair value through profit or loss	**–**	5,372
Foreign exchange differences, net	**351**	1,573
Gain on disposal of items of property, plant and equipment	**296**	–
Compensation income**	**7,052**	–
Others	**1,363**	822
Total other income and gains	**52,736**	65,442

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

** The amount represents compensation received from remediation settlement.

6. (LOSS)/PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold		**192,690**	129,668
Cost of services provided		**584,361**	722,298
Depreciation of property, plant and equipment	13	**1,632**	4,510
Depreciation of right-of-use assets	15(a)	**3,227**	7,208
Amortisation of intangible assets*	14	**340**	676
Interest income	5	**(21,882)**	(27,912)
Foreign exchange differences, net		**(351)**	(1,573)
(Gain)/loss on disposal of items of property, plant and equipment		**(296)**	256
Loss on termination of leases	15(c)	**–**	244
Share of losses of associates, net of tax		**2,970**	891
Impairment of intangible assets**	14	**1,995**	2,472
Impairment of financial assets, net:			
Impairment of trade receivables, net	17	**15,094**	26,287
(Reversal) impairment of other receivables, net		**(119)**	119
Impairment of other assets, net		**7,802**	–
Total		**22,777**	26,406
Fair value loss**/(gain), net:			
Unlisted equity investments		**41**	129
Other unlisted investments		**275**	(5,501)
Total		**316**	(5,372)
Investment income from financial assets at fair value through profit or loss	5	**(3,058)**	(3,363)
Research and development costs		**30,861**	44,739
Lease payments not included in the measurement of lease liabilities	15(c)	**3,600**	1,265
Auditor's remuneration		**1,900**	2,630
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**93,891**	126,345
Equity-settled share award and option expense		**2,083**	3,990
Pension scheme contributions (defined contribution scheme)***		**9,925**	5,901
Staff welfare expense		**1,982**	25,143
Total		**107,881**	161,379

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

** The impairment of intangible assets and fair value loss of financial assets at fair value through profit or loss, net are included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	RMB'000
Interest on bank borrowings	**15,230**	8,389
Interest on lease liabilities	**171**	343
Total	**15,401**	8,732

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	
	2024	2023
	RMB'000	RMB'000
Fees	**427**	424
Other emoluments:		
Salaries, allowances and benefits in kind	**1,574**	1,974
Performance related bonuses*	**1,544**	1,440
Equity-settled share award and option expense	**127**	1,090
Pension scheme contributions	**126**	160
Subtotal	**3,371**	4,664
Total fees and other emoluments	**3,798**	5,088

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

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:

	2024	2023
	RMB'000	RMB'000
Mr. Kam Wai Man	**187**	184
Dr. Gao Fuping	**120**	120
Dr. Shi Jianxun	**120**	120
Total	**427**	424

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

(b) Executive directors and non-executive director

	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
2024						
Executive directors:						
Mr. Chen Xiaoliang***	-	523	540	40	-	1,103
Mr. Cheng Peng	-	372	360	32	-	764
Mr. Zhu Jiangbo	-	497	570	40	105	1,212
Non-executive director:						
Ms. Yang Jiaqing**	-	182	74	14	22	292
Total	-	1,574	1,544	126	127	3,371

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

(b) Executive directors and non-executive director (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
2023						
Executive directors:						
Mr. Chen Xiaoliang***	–	494	420	40	–	954
Mr. Cheng Peng	–	369	276	40	–	685
Mr. Zhu Jiangbo	–	488	420	40	433	1,381
Ms. Li Chunting*	–	623	324	40	657	1,644
Total	–	1,974	1,440	160	1,090	4,664

* Ms. Li Chunting resigned as an executive director on 22 December 2023.

** Ms. Yang Jiaqing was appointed as an non-executive director on 20 March 2024.

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

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 two directors (2023: two director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024	2023
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**2,170**	2,234
Performance related bonuses	**752**	516
Pension scheme contributions	**91**	120
Equity-settled share award and option expense	**393**	997
Total	**3,406**	3,867

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	
	2024	2023
HK$1,000,001 to HK$1,500,000	**3**	3
Total	**3**	3

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% (2023: 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 Chinese Mainland which are granted tax concession and are taxed at preferential tax rates.

HZ Duiba, HZ Tuia and HZ Duia are qualified as High and New Technology Enterprises ("**HNTE**") and were subject to a preferential income tax rate of 15% (2023: 15%) during the year.

Khorgas Tuia, which was established in Khorgas Development Zone of Xinjiang 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 to 2022.

Khorgas Duitui, which was established in Khorgas Development Zone of Xinjiang 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 to 2026.

Certain subsidiaries of the Group are accredited as Small and Micro Enterprises and were entitled to a preferential tax rate of 5% (2023: 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:

	2024	2023
	RMB'000	RMB'000
Charge for the year	2,374	2,058
Deferred tax (note 25)	(108)	2,875
Total tax charge for the year	2,266	4,933

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

	2024	2023
	RMB'000	RMB'000
(Loss)/Profit before tax	(37,195)	35,383
Tax at the tax rate of 25%	(9,299)	8,846
Effect of tax rate differences in other jurisdictions	(608)	(2,074)
Effect of preferential lower tax rates entitled	4,655	(12,046)
Additional deduction allowance for research and development costs	(6,070)	(6,685)
Expenses not deductible for tax	4,380	12,043
Tax effect of share of results of associates	776	223
Under provision in prior years	764	–
Tax losses utilised from previous periods	(2,605)	(2,920)
Tax losses not recognised	11,578	8,494
Income not subject to tax	(1,305)	(948)
Tax charge at the Group's effective rate	2,266	4,933

11. DIVIDENDS

The board of directors did not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

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

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year. The number of shares for the years ended 31 December 2024 and 2023 have been arrived at after eliminating the shares of the Company held under the restricted stock units and restricted stock unit options.

	2024	2023
	RMB'000	RMB'000
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent	**(39,461)**	30,450

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,063,918,250**	1,058,004,500

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 December 2024 and 2023 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)/earnings 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 2024				
At 1 January 2024:				
Cost	**5,783**	**13,300**	**1,987**	**21,070**
Accumulated depreciation	**(5,764)**	**(10,949)**	**(1,561)**	**(18,274)**
Net carrying amount	**19**	**2,351**	**426**	**2,796**
At 1 January 2024, net of accumulated depreciation	**19**	**2,351**	**426**	**2,796**
Additions	**–**	**767**	**333**	**1,100**
Disposals	**–**	**(69)**	**(24)**	**(93)**
Depreciation provided during the year	**(19)**	**(1,354)**	**(259)**	**(1,632)**
At 31 December 2024 net of accumulated depreciation	**–**	**1,695**	**476**	**2,171**
At 31 December 2024				
Cost	**3,188**	**13,098**	**1,813**	**18,099**
Accumulated depreciation	**(3,188)**	**(11,403)**	**(1,337)**	**(15,928)**
Net carrying amount	**–**	**1,695**	**476**	**2,171**
31 December 2023				
At 1 January 2023:				
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
At 1 January 2023, net of accumulated depreciation	953	5,991	831	7,775
Additions	–	229	–	229
Acquisition of a subsidiary (note 29)	–	56	–	56
Disposals	–	(754)	–	(754)
Depreciation provided during the year	(934)	(3,171)	(405)	(4,510)
At 31 December 2023, net of accumulated depreciation	19	2,351	426	2,796
At 31 December 2023:				
Cost	5,783	13,300	1,987	21,070
Accumulated depreciation	(5,764)	(10,949)	(1,561)	(18,274)
Net carrying amount	19	2,351	426	2,796

14. INTANGIBLE ASSETS

	Licences	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	**1,995**	**306**	**2,301**
Additions	**–**	**134**	**134**
Amortisation provided during the year	**–**	**(340)**	**(340)**
Impairment during the year	**(1,995)**	**–**	**(1,995)**
At 31 December 2024	**–**	**100**	**100**
At 31 December 2024			
Cost	**–**	**1,526**	**1,526**
Accumulated amortisation	**–**	**(1,426)**	**(1,426)**
Net carrying amount	**–**	**100**	**100**

	Licences	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	2,188	775	2,963
Additions	–	207	207
Amortisation provided during the year	–	(676)	(676)
Acquisition of a subsidiary (note 29)	2,279	–	2,279
Impairment during the year	(2,472)	–	(2,472)
At 31 December 2023	1,995	306	2,301
At 31 December 2023:			
Cost	1,995	1,392	3,387
Accumulated amortisation	–	(1,086)	(1,086)
Net carrying amount	1,995	306	2,301

14. INTANGIBLE ASSETS (continued)

Impairment testing of licences

The licences acquired through business combinations are allocated to the Jieshengxin cash-generating unit and the Shanghai Jiujiubao cash-generating unit for impairment testing.

Jieshengxin cash-generating unit

The recoverable amount of the Jieshengxin cash-generating unit 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:

	2024	2023
	%	%
Terminal growth rate	**2.5**	2.5
Pre-tax discount rate	**19.3**	30.1

Shanghai Jiujiubao cash-generating unit

The recoverable amount of the Shanghai Jiujiubao cash-generating unit 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 Shanghai Jiujiubao cash-generating unit beyond the five-year period are as follows:

	2024	2023
	%	%
Terminal growth rate	**2.5**	2.5
Pre-tax discount rate	**18.7**	18.2

Assumptions were used in the value in use calculation of the Jieshengxin and Shanghai Jiujiubao cash-generating units for 31 December 2024 and 31 December 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the licences:

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 3 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 2023	8,833
Additions	11,933
Depreciation charge	(7,208)
Reduction as a result termination of leases	(9,483)
As at 31 December 2023 and 1 January 2024	**4,075**
Additions	**1,961**
Depreciation charge	**(3,227)**
As at 31 December 2024	**2,809**

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:

	2024	2023
	RMB'000	RMB'000
Carrying amount at 1 January	3,572	7,717
New leases	1,961	11,933
Accretion of interest recognised during the year	171	343
Payments	(2,725)	(7,182)
Reduction as a result termination of leases	–	(9,239)
Carrying amount at 31 December	2,979	3,572
Analysed into:		
Current portion	2,135	1,831
Non-current portion	844	1,741
Analysed into:		
Lease liabilities repayable:		
Within 1 year	2,135	1,831
1 to 2 years	844	1,359
2 to 3 years	–	382
Total	2,979	3,572

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:

	2024	2023
	RMB'000	RMB'000
Interest on lease liabilities	171	343
Depreciation charge of right-of-use assets	3,227	7,208
Expenses relating to short-term leases (included in selling and distribution expenses and administrative expenses)	3,600	1,265
Loss on termination of leases	–	244
Total amount recognised in profit or loss	6,998	9,060

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

16. INVESTMENT IN ASSOCIATES

	2024	2023
	RMB'000	RMB'000
Share of net assets	234,922	234,891

Particulars of the associates 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**") (note i)	Ordinary shares	PRC/ Chinese Mainland	19%	Project management and construction
Hangzhou Juhaomai Network Technology Co., Ltd. (note ii)	Ordinary shares	PRC/ Chinese Mainland	30%	Live commerce

The Group's shareholdings in these two associates comprise equity shares held through wholly-owned subsidiaries of the Company.

Notes:

(i) Gushang Technology

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.

16. INVESTMENT IN ASSOCIATES (continued)

Notes: (continued)

(i) Gushang Technology (continued)

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:

	2024	2023
	RMB'000	RMB'000
Current assets	**200,416**	272,301
Non-current assets	**1,173,737**	964,987
Current liabilities	**(155,262)**	(1,019)
Net assets	**1,218,891**	1,236,269
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**19%**	19%
Carrying amount of the investment	**231,589**	234,891
Revenue	**–**	–
Loss and total comprehensive loss for the year	**(17,379)**	(4,687)

(ii) The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	2024
	RMB'000
Share of the associate's profit and other comprehensive income for the year	**333**
Aggregate carrying amount of the group's investments in the associate	**3,333**

17. TRADE RECEIVABLES

	2024	2023
	RMB'000	RMB'000
Trade receivables	785,455	390,629
Impairment	(61,672)	(46,578)
Net carrying amount	723,783	344,051

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.

Included in the Group's trade receivables are amounts due from an entity controlled by a director of RMB266,000 (2023: RMB266,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

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:

	2024	2023
	RMB'000	RMB'000
0 to 30 days	354,265	118,614
31 to 90 days	178,194	141,794
91 to 180 days	47,071	53,544
181 to 365 days	129,118	23,569
1 to 2 years	15,135	6,530
Total	723,783	344,051

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

	2024	2023
	RMB'000	RMB'000
At beginning of year	46,578	20,291
Impairment losses, net (note 6)	15,094	26,287
At end of year	61,672	46,578

17. TRADE RECEIVABLES (continued)

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 aging 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 2024

		Trade receivables ageing			
	Default receivables	Within 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	100.00%	1.03%	25.16%	100.00%	7.85%
Gross carrying amount (RMB'000)	41,895	715,992	20,223	7,345	785,455
Expected credit losses (RMB'000)	41,895	7,344	5,088	7,345	61,672

As at 31 December 2023

		Trade receivables ageing			
	Default receivables	Within 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	100.00%	0.79%	21.39%	100.00%	11.92%
Gross carrying amount (RMB'000)	41,895	340,204	8,307	223	390,629
Expected credit losses (RMB'000)	41,895	2,683	1,777	223	46,578

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024	2023
	RMB'000	RMB'000
Prepayments	507,748	263,357
Deposits and other receivables	47,827	55,559
Loans to third parties	26,000	28,500
Loans to employees	7,036	7,340
Prepaid expenses	2,412	3,952
Other current assets	18,360	24,428
	609,383	383,136
Impairment allowance	(17,802)	(10,119)
Subtotal	591,581	373,017
Less:		
Prepaid expenses, non-current portion	48	46
Loans to employees, non-current portion	–	1,305
Other receivables, non-current portion	6,941	8,532
Total	584,592	363,134

When the Group enters into a service agreement with relevant customers (i.e. banks), the Group prepays for the purchase of equity-based products (e.g. virtual vouchers etc) from suppliers based on customers' campaigns in order to provide equity-based products to bank customers instantly. The balance as of December 31, 2024 includes prepayments for this operation of RMB354,469,000 (2023: RMB194,361,000).

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

The amount of RMB16,000,000 including in the loan to a third party bears an interest rate of 0.35% per annum and was subsequently settled.

The amount of RMB10,000,000 including in the loan to a third party bears an interest rate of 3% per annum was due for repayment and fully impaired in previous year.

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 2024, the probability of default applied ranged from 4.67% to 100% and the loss given default was estimated to be ranging from 15.9% to 72.1%. 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.

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

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

	2024	2023
	RMB'000	RMB'000
At beginning of year	10,119	10,397
Impairment losses, net (note 6)	7,683	119
Amount written off as uncollectible	–	(397)
At end of year	17,802	10,119

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB'000	RMB'000
Unlisted equity investments, at fair value	14,022	2,035
Other unlisted investments, at fair value	121,802	213,864
Total	135,824	215,899

The above unlisted equity investments were partnerships established in accordance with Partnership Enterprise Law of PRC. The fair value of the unlisted equity investments which is not quoted in an active market is valued using observable inputs in equity of buyer or reference to the market data with regards to recovery rate comparable distressed debt assets with adjusting for costs.

The above other unlisted investments were financial products issued by banks and private fund incorporated in Chinese Mainland, the Cayman Islands and the British Virgin Islands. 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. During the year ended 31 December 2024, the private fund incorporated in the British Virgin Islands was fully redeemed and settled.

At 31 December 2024, certain of the Group's other unlisted investments with a net carrying amount of approximately RMB15,236,000 (2023: RMB14,116,000) were pledged to secure the Group's discounted notes receivable (note 24).

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

	Note	2024 RMB'000	2023 RMB'000
Cash and bank balances		**289,336**	289,683
Time deposits		**379,988**	665,037
Subtotal		**669,324**	954,720
Less:			
Current portion:			
Restricted cash		**(8,586)**	(1,223)
Pledged deposits for discounted letters of credit	24	**–**	(41,003)
Pledged deposits for discounted notes receivable	24	**(45,016)**	(204,456)
Pledged deposits for bank loan	24	**(190,152)**	–
Non-pledged time deposits with original maturity between three months and one year, when acquired		**–**	(297,886)
Non-current portion:			
Pledged deposits for discounted letters of credit	24	**(71,198)**	(121,692)
Pledged deposits for discounted notes receivable	24	**(73,116)**	–
Time deposit		**(506)**	–
Cash and cash equivalents		**280,750**	288,460
Denominated in RMB		**201,895**	258,821
Denominated in HK$		**1,314**	357
Denominated in US$		**77,541**	29,282
Cash and cash equivalents		**280,750**	288,460

The RMB is not freely convertible into other currencies, however, under Chinese Mainland'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 deposits for the performance guarantee of certain contracts of RMB8,012,000.00 (2023: RMB660,000) and RMB574,000.00 (2023: RMB563,000) were governed by the China Banking and Insurance Regulatory Commission.

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

21. TRADE PAYABLES

	2024	2023
	RMB'000	RMB'000
Trade payables	82,207	63,419

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

	2024	2023
	RMB'000	RMB'000
0 to 180 days	51,571	35,676
181 to 365 days	3,555	7,421
1 to 2 years	6,897	8,016
2 to 3 years	8,028	4,386
Over 3 years	12,156	7,920
Total	82,207	63,419

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

22. OTHER PAYABLES AND ACCRUALS

	2024	2023
	RMB'000	RMB'000
Payroll payable	62,276	76,347
Advances from customers	121,163	63,799
Accrued expense	23,601	24,638
Taxes payable other than corporate income tax	26,322	14,985
Other payables	45,278	8,157
Total	278,640	187,926

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

Included in the Group's other payables are loan from a director of RMB30,000,000 (2023: Nil), which were unsecured, non-interest bearing and repayable within one year.

23. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2024	2023
	RMB'000	RMB'000
Short-term advances received from customers		
User management SaaS platform business	8,427	8,058
Internet advertising business	–	13,348
	8,427	21,406

Contract liabilities include short-term advances received to render services. The decrease in contract liabilities in 2024 was mainly because there is no volume rebate of internet advertising business at the end of the year.

24. INTEREST-BEARING BANK BORROWINGS

	2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – unsecured	3.00-3.50	2025	111,088
Bank loans – secured	2.50-4.00	2025	123,295
Discounted letters of credit – unsecured	1.95-3.00	2025	156,801
Discounted letters of credit – secured	1.85-2.70	2025	83,372
Discounted notes receivable – unsecured	2.95	2025	6,326
Discounted notes receivable – secured	0.98-2.90	2025	186,282
Total			667,164

	2024
	RMB'000
Analysed into:	
Bank borrowings repayable:	
Within one year	667,164

24. INTEREST-BEARING BANK BORROWINGS (continued)

	2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – unsecured	4.15	2024	2,000
Bank loans – secured	3.80	2024	10,006
Discounted letters of credit			
– unsecured	2.50~2.93	2024	59,502
Discounted letters of credit			
– secured	2.05~2.56	2024	150,852
Discounted notes receivable			
– secured	1.20~1.55	2024	283,165
Total			505,525

	2023
	RMB'000
Analysed into:	
Bank borrowings repayable:	
Within one year	505,525

Notes:

(a) The Group's subsidiaries, HZ Duiba and HZ Keze (2023: HZ Duiba) have guaranteed certain of the Group's bank loans up to approximately RMB98,479,000 (2023: RMB10,600,000) as at the end of the reporting period.

(b) The Group's trade receivables have guaranteed certain of the Group's bank loans up to approximately RMB24,816,000 as at the end of the reporting period.

(c) The Group's pledged deposits, which have an aggregate net carrying value of approximately RMB71,198,000 (2023: RMB162,695,000), were pledged to secure the Group's discounted letters of credit.

(d) The Group's other unlisted investments, which have an aggregate net carrying value of approximately RMB15,236,000 (2023: RMB14,116,000), were pledged to secure the Group's discounted letters of credit.

(e) The Group's pledged deposits, which have an aggregate net carrying value of approximately RMB118,132,000 (2023: RMB204,456,000), were pledged to secure the Group's discounted notes receivable.

(f) The Group's pledged deposits, which have an aggregate net carrying value of approximately RMB190,152,000 (2023: nil), were pledged to secure the Group's bank loans.

25. DEFERRED TAX

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

Deferred tax assets

	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 of financial assets	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	2,089	6,294	1,500	3,346	559	13,788
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(652)	(6,294)	–	3,418	(407)	(3,935)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	**1,437**	**–**	**1,500**	**6,764**	**152**	**9,853**
Deferred tax credited/(charged) to profit or loss during the year (note 10)	**(132)**	**–**	**–**	**159**	**(3)**	**24**
Gross deferred tax assets at 31 December 2024	**1,305**	**–**	**1,500**	**6,923**	**149**	**9,877**

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 subsidiaries	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 2023	547	641	60	1,248
Deferred tax charged/(credited) to profit or loss (note 10)	(619)	(464)	23	(1,060)
Acquisition of a subsidiary (note 29)	570	–	–	570
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	**498**	**177**	**83**	**758**
Deferred tax credited to profit or loss (note 10)	**–**	**(36)**	**(48)**	**(84)**
Gross deferred tax liabilities at 31 December 2024	**498**	**141**	**35**	**674**

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

	2024	2023
	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**9,736**	9,712
Net deferred tax liabilities recognised in the consolidated statement of financial position	**533**	617

The Group has tax losses arising in Chinese Mainland of RMB545,154,000 (2023: RMB477,029,000) 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)

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At 31 December 2024, 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 Chinese Mainland. In the opinion of the directors, these subsidiaries' fund will be retained in Chinese Mainland for the expansion of these subsidiaries' operations, 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 Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB87,078,000 (2023: RMB135,349,000).

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

26. SHARE CAPITAL

Shares

	2024	2023
Authorised:		
5,000,000,000 (2023: 5,000,000,000) ordinary shares of US$0.00001 (2023: US$0.00001) each		
US$	**50,000**	50,000
Issued and fully paid:		
1,076,823,200 (2023: 1,076,823,200) ordinary shares of US$0.00001 (2023: US$0.00001) each		
US$	**10,768**	10,768
RMB	**70,000**	70,000

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	Share premium account	Total
		RMB'000	RMB'000	RMB'000
At 31 December 2023, 1 January 2024 and 31 December 2024	1,076,823,200	70	1,942,530	1,942,600

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 66 to 67 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.

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

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 Restricted Stock Unit Scheme through Hangzhou Kewei Equity Investment Management LLP ("**HZ Duiba ESOP Co. I**"), 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, no share award expense was charged to profit or loss in both years.

28. SHARE AWARD AND OPTION (continued)

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 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 share options granted during the years ended 31 December 2024 and 2023 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 nil (2023: 4,445,000) 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, there was no share option to certain of the employees of the Group in respect of their services to the Group (2023: nil).

(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.

    During the year, there was no share option granted to certain of the employees of the Group in respect of their services to the Group (2023: nil).

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Restricted Stock Unit Scheme and the Restricted Stock Unit Option Incentive Scheme as equity-settled plans.

28. SHARE AWARD AND OPTION (continued)

Restricted Stock Unit Option Incentive Scheme (continued)

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

	2024 Weighted average exercise price	2024 Number of options	2023 Weighted average exercise price	2023 Number of options
	US$	'000	US$	'000
At 1 January	–	13,769	–	38,739
Granted during the year	–	–	–	4,445
Exercised during the year	–	(4,953)	–	(8,263)
Forfeited during the year	–	(1,090)	–	(21,152)
At 31 December	–	7,726	–	13,769

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

2024

Number of options	Exercise price per share	Vesting period/exercise period	Fair value per share
'000	US$		US$
30	–	2022/02/01 to 2025/02/01	0.29
240	–	2022/04/01 to 2025/04/01	0.29
300	–	2022/04/09 to 2025/04/09	0.28
750	–	2022/05/01 to 2025/05/01	0.28
150	–	2022/06/29 to 2025/06/29	0.29
405	–	2022/08/01 to 2025/08/01	0.23
240	–	2022/11/01 to 2025/11/01	0.24
360	–	2023/01/01 to 2026/01/01	0.17
1,920	–	2023/02/01 to 2026/02/01	0.16
60	–	2023/03/01 to 2026/03/01	0.16
990	–	2023/08/01 to 2026/08/01	0.12
126	–	2023/10/01 to 2026/10/01	0.08
2,020	–	2024/02/01 to 2027/02/01	0.09
135	–	2024/03/01 to 2027/03/01	0.07
7,726			

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: (continued)

2023

Number of options	Exercise price per share	Vesting period/exercise period	Fair value per share
'000	US$		US$
489	–	2021/03/01 to 2024/03/01	0.46
120	–	2021/06/01 to 2024/06/01	0.40
75	–	2021/07/01 to 2024/07/01	0.41
150	–	2021/08/01 to 2024/08/01	0.50
60	–	2021/10/01 to 2024/10/01	0.37
60	–	2022/02/01 to 2025/02/01	0.29
480	–	2022/04/01 to 2025/04/01	0.29
600	–	2022/04/09 to 2025/04/09	0.28
1,560	–	2022/05/01 to 2025/05/01	0.28
300	–	2022/06/29 to 2025/06/29	0.29
1,140	–	2022/08/01 to 2025/08/01	0.23
480	–	2022/11/01 to 2025/11/01	0.24
540	–	2023/01/01 to 2026/01/01	0.17
3,105	–	2023/02/01 to 2026/02/01	0.16
90	–	2023/03/01 to 2026/03/01	0.16
1,845	–	2023/08/01 to 2026/08/01	0.12
180	–	2023/10/01 to 2026/10/01	0.08
2,245	–	2024/02/01 to 2027/02/01	0.09
250	–	2024/03/01 to 2027/03/01	0.07
13,769			

28. SHARE AWARD AND OPTION (continued)

Restricted Stock Unit Option Incentive Scheme (continued)

No share options granted during the year. The fair value of the share options granted during the year ended 31 December 2023 was US$390,000 (equivalent to approximately RMB2,656,000).

During the year, the Group recognised a share option expense of RMB2,210,000 (2023: RMB5,080,000).

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:

	2023
Expected volatility (%)	73.5-74.2
Risk-free interest rate (%)	2.6-2.7
Expected life of options (years)	10
Weighted average share price (US$)	0.07-0.09
Forfeiture rate (%)	16.0

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

At the end of the reporting period, the Company had 7,726,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 7,726,000 additional ordinary shares of the Company and additional share capital of US$77 (before issue expenses).

Subsequent to the end of the reporting period, there were no share options under the Restricted Stock Unit Option Incentive Scheme granted to employees of the Group in respect of their services to the Group.

At the date of approval of these financial statements, the Company had 7,726,000 share options outstanding under the Scheme, which represented approximately 0.7% of the Company's shares in issue as at that date.

29. BUSINESS COMBINATION

On 27 March 2023, 24 May 2023 and 12 December 2023, the Group acquired 100% interests in Aoyin, Shanghai Jiujiubao and Yufeng from third parties, respectively. Shanghai Jiujiubao and Yufeng are engaged in the provision of insurance services while Aoyin is engaged in internet advertising business. The acquisition was made as part of the Group's strategy to expand its business in the insurance industry and achieve external growth through acquisition. The purchase considerations for these acquisitions were in the form of cash, of RMB2,620,000, it was fully paid as at 31 December 2023.

29. BUSINESS COMBINATION (continued)

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

	Notes	Fair value recognised on acquisition RMB'000
Cash and cash equivalents		792
Prepayments, other receivables and other assets		100
Property, plant and equipment	13	56
Other intangible assets	14	2,279
Deferred tax liabilities		(570)
Other payables and accruals		(78)
Total identifiable net assets at fair value		2,579
Satisfied by cash		2,579

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

	RMB'000
Cash consideration	(2,579)
Cash and cash equivalents acquired	792
Net outflow of cash and cash equivalents included in cash flows from investing activities	(1,787)

Since the acquisition, Shanghai Jiujiubao has contributed RMB385,000 to the Group's revenue and caused a loss of RMB1,744,000 to the consolidated profit for the year ended 31 December 2023.

Had the combination taken place at the beginning of the year, the revenue of the Group and the consolidated profit of the Group for the year would have been RMB1,096,438,000 and RMB30,339,000, respectively.

29. BUSINESS COMBINATION (continued)

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

	Fair value recognised on acquisition
	RMB'000
Cash and cash equivalents	179
Trade receivables	209
Prepayments, other receivables and other assets	2,256
Other payables and accruals	(2,624)
Total identifiable net assets at fair value	20
Satisfied by cash	20

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

	RMB'000
Cash consideration	(20)
Cash and cash equivalents acquired	179
Net inflow of cash and cash equivalents included in cash flows from investing activities	159

Since the acquisition, Aoyin has contributed RMB350,000 to the Group's revenue and caused a loss of RMB120,000 to the consolidated profit for the year ended 31 December 2023.

Had the combination taken place at the beginning of the year, the revenue of the Group and the consolidated profit of the Group for the year would have been RMB1,096,729,000 and RMB30,764,000, respectively.

29. BUSINESS COMBINATION (continued)

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

	Fair value recognised on acquisition
	RMB'000
Prepayments, other receivables and other assets	21
Total identifiable net assets at fair value	21
Satisfied by cash	21

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

	RMB'000
Cash consideration	(21)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(21)

Since the acquisition, Yufeng has contributed nil to the Group's revenue and a loss of RMB21,000 to the consolidated profit for the year ended 31 December 2023.

Had the combination taken place at the beginning of the year, the revenue of the Group and the consolidated profit of the Group for the year would have been RMB1,096,465,000 and RMB30,493,000, 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 RMB1,961,000 (2023: RMB11,933,000) and RMB1,961,000 (2023: RMB11,933,000), respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

2024

	Bank borrowings	Lease liabilities
	RMB'000	RMB'000
At 1 January 2024	505,525	3,572
Changes from financing cash flows	161,460	(2,725)
New leases	–	1,961
Interest accrued	15,230	171
Interest paid	(15,051)	–
At 31 December 2024	667,164	2,979

2023

	Bank borrowings	Lease liabilities
	RMB'000	RMB'000
At 1 January 2023	127,822	7,717
Changes from financing cash flows	374,664	(7,182)
New leases	–	11,933
Interest accrued	8,389	343
Interest paid	(5,350)	–
Reduction as a result of termination of leases	–	(9,239)
At 31 December 2023	505,525	3,572

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

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

	2024	2023
	RMB'000	RMB'000
Within operating activities	**3,600**	1,265
Within financing activities	**2,725**	7,182
Total	**6,325**	8,447

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

(a) The Group had the following transactions with related parties during the year:

	2024	2023
	RMB'000	RMB'000
Sales of SaaS services to an entity controlled by a director	–	251

Note:

(i) The sales were SaaS services made according to the prices and conditions similar to those offered to the major customers of the Group.

(b) Outstanding balances with related parties:

(i) Details of the Group's trade balances with an entity controlled by a director as at the end of the reporting period are disclosed in notes 17 to the financial statements.

(ii) Details of the Group's other payables with a director as at the end of the reporting period are disclosed in notes 22 to the financial statements.

(c) Compensation of key management personnel of the Group:

	2024	2023
	RMB'000	RMB'000
Short term employee benefits	2,624	4,222
Performance-related bonuses	2,130	2,312
Equity-settled share award and option expense	234	1,750
Pension scheme contributions	184	317
Total compensation paid to key management personnel	5,172	8,601

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:

2024

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	723,783	–	723,783
Note receivables	530	–	530
Financial assets included in prepayments, other receivables and other assets	63,061	–	63,061
Financial assets at fair value through profit or loss	–	135,824	135,824
Restricted cash	8,586	–	8,586
Pledged deposits	379,482	–	379,482
Time deposits	506	–	506
Cash and cash equivalents	280,750	–	280,750
Total	1,456,698	135,824	1,592,522

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000
Trade payables	82,207	82,207
Lease liabilities	2,979	2,979
Financial liabilities included in other payables and accruals	45,278	45,278
Interest-bearing bank borrowings	667,164	667,164
Total	797,628	797,628

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)

2023

Financial assets

		Financial assets at fair value through profit or loss	
	Financial assets at amortised cost	Mandatorily designated as such	Total
	RMB'000	RMB'000	RMB'000
Trade receivables	344,051	–	344,051
Financial assets included in prepayments, other receivables and other assets	81,280	–	81,280
Financial assets at fair value through profit or loss	–	215,899	215,899
Restricted cash	1,223	–	1,223
Pledged deposits	367,151	–	367,151
Time deposits	297,886	–	297,886
Cash and cash equivalents	288,460	–	288,460
Total	1,380,051	215,899	1,595,950

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000
Trade payables	63,419	63,419
Lease liabilities	3,572	3,572
Financial liabilities included in other payables and accruals	8,157	8,157
Interest-bearing bank borrowings	505,525	505,525
Total	580,673	580,673

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2024, 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 deposits, 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 pledged deposits 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 are determined on expected rate of return, and others are 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.

The fair value of an unlisted equity investment designated at fair value through profit or loss of RMB1,994,000 (2023: RMB2,035,000) 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 2024 and 2023. 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.

The unlisted equity investment designated at fair value through profit or loss of RMB12,028,000 (2023: N/A) is the interest in the limited partnership which undertakes distressed debt assets projects. The fair value was determined reference to the market data with regards to recovery rate comparable distressed debt assets with adjusting for costs.

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.

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 2024

	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 investments, at fair value	–	14,022	–	14,022
Other unlisted investments	15,236	106,566	–	121,802
Total	15,236	120,588	–	135,824

As at 31 December 2023

	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 investments, at fair value	–	2,035	–	2,035
Other unlisted investments	28,519	185,345	–	213,864
Total	28,519	187,380	–	215,899

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:

	2024	2023
	RMB'000	RMB'000
Unlisted equity investment at fair value though profit or loss		
At 1 January	**–**	–
Purchases	**–**	–
Total losses recognised in profit or loss included in other expenses	**–**	–
At 31 December	**–**	–

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 31 December 2023.

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 (2023: 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) profit 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) profit before tax	Increase/ (decrease) in equity
	%	RMB'000	RMB'000
2024			
If the RMB weakens against the US$	**5**	**1,078**	**1,453**
If the RMB strengthens against the US$	**(5)**	**(1,078)**	**(1,453)**
If the RMB weakens against the HK$	**5**	**6**	**6**
If the RMB strengthens against the HK$	**(5)**	**(6)**	**(6)**
2023			
If the RMB weakens against the US$	5	(2)	592
If the RMB strengthens against the US$	(5)	2	(592)
If the RMB weakens against the HK$	5	2,801	2,801
If the RMB strengthens against the HK$	(5)	(2,801)	(2,801)

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 2024

	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*	–	–	41,895	743,560	785,455
Financial assets included in prepayments, other receivables and other assets					
– Normal**	70,863	–	–	–	70,863
– Doubtful**	–	–	10,000	–	10,000
Financial assets at fair value through profit or loss					
– Not yet past due	135,824	–	–	–	135,824
Restricted cash					
– Not yet past due	8,586	–	–	–	8,586
Pledged deposits					
– Not yet past due	379,482	–	–	–	379,482
Time deposits					
– Not yet past due	506	–	–	–	506
Cash and cash equivalents					
– Not yet past due	280,750	–	–	–	280,750
	876,011	–	51,895	743,560	1,671,466

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 December 2023

	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*	–	–	41,895	348,734	390,629
Financial assets included in prepayments, other receivables and other assets					
– Normal**	81,280	–	–	–	81,280
– Doubtful**	–	119	10,000	–	10,119
Financial assets at fair value through profit or loss					
– Not yet past due	215,899	–	–	–	215,899
Restricted cash					
– Not yet past due	1,223	–	–	–	1,223
Pledged deposits					
– Not yet past due	367,151	–	–	–	367,151
Time deposits					
– Not yet past due	297,886	–	–	–	297,886
Cash and cash equivalents					
– Not yet past due	288,460	–	–	–	288,460
	1,251,899	119	51,895	348,734	1,652,647

* 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 borrowings 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 2024				
	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	–	36,316	45,891	–	82,207
Financial liabilities included other payables and accruals	15,278	–	30,000	–	45,278
Lease liabilities	–	327	1,880	849	3,056
Interest-bearing bank borrowings	–	89,100	581,650	–	670,750
	15,278	125,743	659,421	849	801,291

	31 December 2023				
	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	–	29,082	34,337	–	63,419
Financial liabilities included other payables and accruals	8,157	–	–	–	8,157
Lease liabilities	–	21	2,297	1,799	4,117
Interest-bearing bank borrowings	–	40,000	469,290	–	509,290
	8,157	69,103	505,924	1,799	584,983

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 2024 and 31 December 2023.

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 borrowings, 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:

	2024	2023
	RMB'000	RMB'000
Interest-bearing bank borrowings	**667,164**	505,525
Trade payables	**82,207**	63,419
Other payables and accruals	**278,640**	187,926
Less: Cash and cash equivalents	**(280,750)**	(288,460)
Net debt	**747,261**	468,410
Total equity	**1,325,235**	1,354,996
Total capital and net debt	**2,072,496**	1,823,406
Gearing ratio	**36.1%**	25.7%

37. EVENTS AFTER THE REPORTING PERIOD

There are no significant events that require additional disclosure or adjustments occurred after 31 December 2024.

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:

	2024	2023
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	135,828	131,654
Total non-current assets	135,828	131,654
CURRENT ASSETS		
Due from subsidiaries	684,679	550,900
Prepayments, other receivables and other assets	195	–
Time deposits	43,644	190,818
Cash and cash equivalents	51,445	24,972
Total current assets	779,963	766,690
CURRENT LIABILITIES		
Other payables and accruals	1,787	1,222
Total current liabilities	1,787	1,222
NET CURRENT ASSETS	778,176	765,468
TOTAL ASSETS LESS CURRENT LIABILITIES	914,004	897,122
Total net assets	914,004	897,122
EQUITY		
Share capital	70	70
Reserves (note)	913,934	897,052
Total equity	914,004	897,122

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 2023	1,942,528	(132,782)	25,376	(970,048)	865,074
Profit for the year	–	–	–	12,163	12,163
Other comprehensive income for the year:					
Exchange differences on translation of foreign operations	–	–	14,735	–	14,735
Total comprehensive income for the year	–	–	14,735	12,163	26,898
Equity-settled share award and option arrangements	–	5,080	–	–	5,080
At 31 December 2023 and 1 January 2024	**1,942,528**	**(127,702)**	**40,111**	**(957,885)**	**897,052**
Profit for the year	**–**	**–**	**–**	**1,272**	**1,272**
Other comprehensive income for the year:					
Exchange differences on translation of foreign operations	**–**	**–**	**13,400**	**–**	**13,400**
Total comprehensive income for the year	**–**	**–**	**13,400**	**1,272**	**14,672**
Equity-settled share award and option arrangements	**–**	**2,210**	**–**	**–**	**2,210**
At 31 December 2024	**1,942,528**	**(125,492)**	**53,511**	**(956,613)**	**913,934**

39. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2025.

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 30 May 2025
"Articles" or "Articles of Association"	the third amended and restated articles of association of the Company, as amended or supplemented from time to time
"Audit Committee"	the audit committee of the Company
"Auditor"	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 C1 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 Act"	the Companies Act (As 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
"Director(s)"	the director(s) of the Company
"Duiba HK"	Duiba Group (Hong Kong) Limited, a company with limited liability incorporated in Hong Kong on April 11, 2018 and a wholly-owned subsidiary of the Company
"Group", "we" or "us"	the Company and its subsidiaries or any of them
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS(s)"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HZ Duiba"	Hangzhou Duiba Internet Technology Company Limited* (杭州兑吧網絡科技有限公司), a company with limited liability established in the PRC on 13 May 2011 and a wholly-owned subsidiary of the Company
"HZ Tuia"	Hangzhou Tuia Internet Technology Company Limited* (杭州推啊網絡科技有限公司), 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, formerly known as interactive advertising

"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 C3 to the Listing Rules
"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"	for the year ended 31 December 2024
"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), as amended from time to time
"Share(s)"	ordinary share(s) of the Company with nominal value of US$0.00001 each in the share capital of the Company
"Share Option Scheme"	the post-IPO share option scheme approved and adopted by the Board on 17 April 2019
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Treasury Share(s)"	has the meaning ascribed to it under the Listing Rules
"U.S. dollars" or "US$" or "USD"	United States dollars, the lawful currency of the United States of America
"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 purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).