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Duiba Group

兑吧集团

DUIBA GROUP LIMITED

兑吧集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1753)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Financial and Operational Data Highlights for the Six Months ended 30 June 2021

Financial Data Highlights

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenue		
User management SaaS platform business	68,560	28,353
Interactive advertising business	651,929	440,028
Others	8	23
Total	720,497	468,404

For the six months ended 30 June 2021, our revenue increased by 53.8% compared with the same period of 2020.

Non-HKFRS Measure

To supplement our consolidated financial statements which are presented in accordance with HKFRSs, we also use a non-HKFRS measure, adjusted profit/(loss) for the period, as an additional financial measure, which is not required by, or presented in accordance with, HKFRSs. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that we do not consider to be indicative of our operating performance. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management.

The following table reconciles our adjusted profit/(loss) for the periods presented to the most directly comparable financial measure calculated and presented in accordance with HKFRSs:

	For the six months ended	
	30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit/(loss) for the period	62,804	(47,839)
<i>Add:</i>		
Share-based payment	9,864	24,563
Adjusted profit/(loss) for the period⁽¹⁾	<u>72,668</u>	<u>(23,276)</u>

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

Operational Data Highlights

We are a user management SaaS provider for online businesses and a leading interactive advertising platform operator in China. Our key operational data are as follows:

User management SaaS platform business

As at 30 June 2021, 872 paying customers (1H2020: 727) including 264 customers from financial industry (1H2020: 159) and 608 customers from other industries (1H2020: 568) had used the Group’s charged services. Approximately 10.2% of paying customers as at the end of the 31 December 2020 had not been retained over the six-month period ended 30 June 2021. The total value of newly signed contracts (including renewed contracts) for the six months ended 30 June 2021 was RMB74.4 million (1H2020: RMB39.6 million). The Group recorded revenue of RMB68.6 million for the six months ended 30 June 2021 from such business (1H2020: RMB28.4 million).

Interactive advertising business

	For the six months ended	
	30 June	
	2021	2020
DAUs (millions) ⁽¹⁾	26.7	25.1
MAUs (millions) ⁽¹⁾	391.0	364.5
Advertising page views (millions) ⁽²⁾	6,927.6	7,554.8
Number of chargeable clicks (millions) ⁽³⁾	1,957.5	2,019.6
Under CPC model (millions)	1,932.5	1,387.3
Others (millions)	25.0	632.3
Click-through rate ⁽⁴⁾	28.3%	26.7%
Average revenue per chargeable click under the CPC model (RMB)	0.31	0.31

Notes:

- (1) DAUs and MAUs refer to the average number of active users contributed by our HTML5 interactive advertising pages for the periods indicated and not the average active users of the content distribution channels.
- (2) Advertising page views are the total number of page views of our HTML5 interactive advertising pages for the periods indicated.
- (3) Chargeable clicks are the total number of times users are directed to the mobile internet pages designated by advertisers for the periods indicated.
- (4) Click-through rate is calculated as the number of chargeable clicks divided by the number of advertising page views for the periods indicated.

	For the six months ended	
	30 June	
	2021	2020
Content distribution channels	4,835	4,909
Ultimate advertisers	858	2,268

For the six months ended 30 June 2021, we had placed interactive advertisements on 4,835 content distribution channels, mainly comprising mobile apps, and our interactive advertising business served 858 ultimate advertisers (either through advertising agent customers or as our direct customers). As we focused more on the placement services to prime advertisers (especially in the financial industry) at this stage, the advertisement revenue from interactive advertising business recovered rapidly despite a significant decrease in the number of ultimate advertisers.

The board (the “**Board**”) of directors (the “**Directors**”) of Duiba Group Limited (the “**Company**” or “**Duiba Group**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 (“**1H2021**” or the “**Period**”) with the comparative figures for the six months ended 30 June 2020 (“**1H2020**”):

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	<i>Notes</i>	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
REVENUE	5	720,497	468,404
Cost of sales		(501,049)	(400,981)
Gross profit		219,448	67,423
Other income and gains	5	35,179	27,509
Selling and distribution expenses		(73,518)	(42,645)
Administrative expenses		(114,143)	(103,669)
Other expenses		(202)	(5,946)
Share of loss of an associate		(126)	–
Finance costs		(175)	(52)
PROFIT/(LOSS) BEFORE TAX	6	66,463	(57,380)
Income tax (expense)/credit	7	(3,659)	9,541
PROFIT/(LOSS) FOR THE PERIOD		62,804	(47,839)
Attributable to:			
Owners of the parent		62,804	(47,839)

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

For the six months ended 30 June 2021

	2021	2020
	(Unaudited)	(Unaudited)
<i>Notes</i>	RMB'000	RMB'000
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>1,208</u>	<u>(630)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of the Company	<u>(7,714)</u>	<u>11,071</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	<u>(6,506)</u>	<u>10,441</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>56,298</u>	<u>(37,398)</u>
Attributable to:		
Owners of the parent	<u>56,298</u>	<u>(37,398)</u>
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted	<u>9</u> <u>6 cents</u>	<u>(5) cents</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

		30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	9,547	8,176
Intangible assets		356	515
Investment in an associate	<i>11</i>	53,039	18,965
Deferred tax assets		24,316	28,741
Prepayments, other receivables and other assets		2,796	3,031
Right-of-use assets		6,326	9,033
		<hr/>	<hr/>
Total non-current assets		96,380	68,461
		<hr/>	<hr/>
CURRENT ASSETS			
Trade and bills receivables	<i>12</i>	116,253	93,052
Prepayments, other receivables and other assets		123,086	132,660
Financial assets at fair value through profit or loss		1,011,413	1,147,571
Restricted cash		20,433	20,252
Cash and cash equivalents		289,418	135,269
		<hr/>	<hr/>
Total current assets		1,560,603	1,528,804
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	<i>13</i>	89,525	89,434
Other payables and accruals		134,770	151,877
Other borrowings	<i>14</i>	13,000	–
Tax payable		320	–
Lease liabilities		5,118	6,042
Contract liabilities		57,726	55,835
		<hr/>	<hr/>
Total current liabilities		300,459	303,188
		<hr/>	<hr/>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2021

		30 June 2021	31 December 2020
		(Unaudited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
NET CURRENT ASSETS		<u>1,260,144</u>	<u>1,225,616</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,356,524</u>	<u>1,294,077</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		570	1,656
Lease liabilities		<u>320</u>	<u>2,029</u>
Total non-current liabilities		<u>890</u>	<u>3,685</u>
Net assets		<u>1,355,634</u>	<u>1,290,392</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>15</i>	70	70
Reserves		<u>1,355,564</u>	<u>1,290,322</u>
Total equity		<u>1,355,634</u>	<u>1,290,392</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	<i>Notes</i>	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		66,463	(57,380)
Adjustments for:			
Share of loss of an associate		126	–
Bank interest income	5	(1,109)	(882)
Investment income from financial assets at fair value through profit or loss	5	(12,472)	(11,636)
Foreign exchange difference, net	6	(4,856)	5,699
Loss on disposal of items of property, plant and equipment		49	–
Depreciation of property, plant and equipment	10	1,728	1,953
Changes in fair value of financial assets at fair value through profit or loss	5	(8,924)	(9,605)
Amortisation of intangible assets		159	149
Equity-settled share award and option expense		9,864	24,563
Lease interest expense		175	52
Depreciation of right-of-use assets		3,301	2,347
Impairment of trade receivables, net		316	441
		54,820	(44,299)
Increase in restricted cash		(181)	–
(Increase)/decrease in trade and bills receivables		(26,517)	32,650
Decrease/(increase) in prepayments, other receivables and other assets		4,809	(3,218)
Increase in trade payables		91	9,002
Decrease in other payables and accruals		(17,107)	(16,443)
Increase in contract liabilities		1,891	19,494
Cash generated from/(used in) operations		17,806	(2,814)
Interest received		1,109	882
Net cash flows from/(used in) operating activities		18,915	(1,932)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2021

	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Net cash flows from/(used in) operating activities	<u>18,915</u>	<u>(1,932)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of items of property, plant and equipment	189	3
Purchases of items of property, plant and equipment	(3,337)	(1,049)
Purchases of intangible assets	–	(4)
Purchases of financial assets at fair value through profit or loss	(981,579)	(1,394,440)
Proceeds from investment income	19,904	15,504
Proceeds from disposals of financial assets at fair value through profit or loss	1,114,115	1,294,909
Purchase of a shareholding in an associate	<u>(29,200)</u>	<u>(19,000)</u>
Net cash flows from/(used in) investing activities	<u>120,092</u>	<u>(104,077)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of shares	(920)	–
New loans	16,000	–
Interest paid	(175)	(52)
Principal portion of lease payments	<u>(3,227)</u>	<u>(3,602)</u>
Net cash flows from/(used in) financing activities	<u>11,678</u>	<u>(3,654)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	150,685	(109,663)
Net foreign exchange difference	3,464	587
Cash and cash equivalents at beginning of period	<u>135,269</u>	<u>220,779</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	<u>289,418</u>	<u>111,703</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>289,418</u>	<u>111,703</u>
Cash and cash equivalents as stated in the statement of cash flows	<u>289,418</u>	<u>111,703</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

The Group’s unaudited interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

The unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for investments in financial products and unlisted equity investment, which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

Amendments to HKFRS 9,
HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

Covid-19-Related Rent Concessions beyond 30 June 2021
(early adopted)

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy. The Group had certain other borrowings denominated in RMB as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.
- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

During the reporting period, no lease payments for the leases of the Group’s buildings has been reduced or waived by the lessors. The amendments did not have any impact on the financial position and performance of the Group.

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 resources allocation and performance assessment.

Geographical information

During the reporting period, the Group operated within one geographical area as all of the Group's revenue was generated from customers located in China. All of the non-current assets of the Group were located in China.

Information about major customers

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

	For the six months ended	
	30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Customer 1	318,746	106,633
Customer 2	N/A*	68,067
Customer 3	72,790	52,930
Customer 4	N/A*	49,613

* 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 reporting period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
User management SaaS platform business	68,560	28,353
Interactive advertising business	651,929	440,028
Others	8	23
	<u>720,497</u>	<u>468,404</u>

Disaggregated revenue from contracts with customers

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:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Timing of revenue recognition		
Over time		
– SaaS services included in user management SaaS platform business	<u>43,562</u>	<u>18,720</u>
At a point in time		
– Other services included in user management SaaS platform business	24,998	9,633
– Interactive advertising business	651,929	440,028
– Others	8	23
	<u>676,935</u>	<u>449,684</u>
Total	<u>720,497</u>	<u>468,404</u>

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other income and gains		
Bank interest income	1,109	882
Government grants	6,444	4,632
Changes in fair value of financial assets at fair value through profit or loss	8,924	9,605
Investment income from financial assets at fair value through profit or loss	12,472	11,636
Foreign exchange gain, net	4,856	–
Others	1,374	754
	<u>35,179</u>	<u>27,509</u>

6. PROFIT/(LOSS) BEFORE TAX

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

		For the six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	RMB'000
Cost of inventories sold		15,528	8,512
Cost of services provided		485,521	392,469
Depreciation of property, plant and equipment	10	1,728	1,953
Amortisation of intangible assets*		159	149
Government grants	5	(6,444)	(4,632)
Bank interest income	5	(1,109)	(882)
Foreign exchange differences, net		(4,856)	5,699
Loss on disposal of items of property, plant and equipment		49	–
Impairment of trade receivables, net		316	441
Changes in fair value of financial assets at fair value through profit or loss	5	(8,924)	(9,605)
Investment income from financial assets at fair value through profit or loss	5	(12,472)	(11,636)
Research and development costs		78,879	58,782
Depreciation of right-of-use assets		3,301	2,347
Auditor's remuneration		800	800
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		101,357	72,988
Pension scheme contributions		6,551	258
Staff welfare expenses		25,040	12,321
Equity-settled share award expense		9,296	23,180
		<u>142,244</u>	<u>108,747</u>

* The amortisation of intangible assets for the six months end 30 June 2021 is included in "Administrative expenses" in profit or loss.

7. 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 Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income are:

	For the six months ended	
	30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – Charged for the period	320	–
Deferred tax	3,339	(9,541)
	<u>3,659</u>	<u>(9,541)</u>
Total tax expense/(credit) for the period	<u>3,659</u>	<u>(9,541)</u>

8. DIVIDENDS

The Board did not declare any interim dividend for the reporting period (six months ended 30 June 2020: Nil).

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

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent of RMB62,804,000 (six months ended 30 June 2020: loss of RMB47,839,000), and the weighted average number of ordinary shares of 1,076,898,000 (six months ended 30 June 2020: 1,044,172,000) shares in issue during the period. The number of shares for the current period has been arrived at after eliminating the shares of the Company held under the share repurchased.

	For the six months ended	
	30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB	RMB
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	<u>62,804,000</u>	<u>(47,839,000)</u>
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	<u>1,076,898,000</u>	<u>1,044,172,000</u>

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2021.

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Carrying amount at beginning of period/year	8,176	5,238
Additions	3,337	6,368
Depreciation provided during the period/year	(1,728)	(3,277)
Disposals	(238)	(153)
	<u>9,547</u>	<u>8,176</u>

11. INVESTMENT IN AN ASSOCIATE

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Investment in an associate	<u>53,039</u>	<u>18,965</u>

Particulars of the associate are as follows:

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

The Group's shareholdings in this associate comprise equity shares held through Hangzhou Keze Network Technology Co., Ltd., a wholly-owned subsidiary of the Company. This associate was set up in May 2020.

12. TRADE AND BILLS RECEIVABLES

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Trade receivables	116,676	93,303
Bills receivable	144	–
Less: Impairment of trade receivables	(567)	(251)
	<u>116,253</u>	<u>93,052</u>

Trade receivables are non-interest-bearing with credit terms mainly ranging from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date and net of provisions, is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
0 to 30 days	23,190	22,205
31 to 90 days	17,162	31,002
91 to 180 days	41,025	32,753
181 to 365 days	31,466	7,092
Over 365 days	3,266	–
	116,109	93,052

13. TRADE PAYABLES

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Trade payables	89,525	89,434

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

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
0 to 30 days	49,122	43,851
31 to 90 days	22,126	18,308
91 to 180 days	5,831	3,757
181 to 365 days	4,444	17,271
Over 365 days	8,002	6,247
	89,525	89,434

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

14. OTHER BORROWINGS

	Effective interest rate (%)	Maturity	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Other borrowings – secured	5.0%	2022	13,000	–

The Group have guaranteed certain of the customers' bank loans up to RMB16,000,000 which are secured by the shareholders of the customers during the six months ended 30 June 2021 and the amounts are received by the Group to settle the trade receivables. In accordance with the loan agreements, the banks have a right of recourse against the Group if the borrowers default. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such other borrowings, and accordingly, it continued to recognise the full carrying amounts of the trade receivables and the remaining guarantee with an amount of RMB13,000,000 as short-term borrowings as at 30 June 2021 (31 December 2020: nil).

15. SHARE CAPITAL

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

	Number of shares in issue	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2020 and 1 January 2021	1,077,323,200	70	1,943,450	1,943,520
Shares repurchased and cancellation	<u>(500,000)</u>	<u>–</u>	<u>(920)</u>	<u>(920)</u>
At 30 June 2021	<u>1,076,823,200</u>	<u>70</u>	<u>1,942,530</u>	<u>1,942,600</u>

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

16. SHARE AWARD

Restricted Stock Unit Scheme

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

During the six months ended 30 June 2021, a share award expense of RMB257,000 (six months ended 30 June 2020: RMB998,000) was charged to profit or loss.

Restricted Stock Unit Option Incentive Scheme

The Group has adopted a Restricted Stock Unit Option Incentive Scheme to provide incentives and rewards to eligible participants who contribute to the Group's services at least 36 months to 48 months. Duiba ESOP Co. III will transfer the Company's shares to vested participants. Eligible participants of the Scheme include senior management members who serve as financial managers and company secretaries of the Group as well as other core technical personnel, key personnel or other natural persons or entities that were or will be important to the development of the Group. There is no performance target required except that the eligible participant remains as an employee of the Group during the vesting period.

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

As at 30 June 2021

Number of options '000	Exercise price per share US\$	Vesting period/ exercise period	Fair value per share US\$
576	–	2019/05/01 to 2022/05/01	2.92
4,285	–	2019/11/01 to 2022/11/01	2.92
2,292	–	2020/03/01 to 2023/03/01	4.79
2,436	–	2020/07/01 to 2023/07/01	0.60
335	–	2020/09/01 to 2022/09/01	0.57
135	–	2020/10/01 to 2023/10/01	0.59
90	–	2020/10/08 to 2023/10/08	0.59
1,080	–	2020/11/01 to 2023/11/01	0.65
6,030	–	2020/12/01 to 2023/12/01	0.61
750	–	2021/02/01 to 2024/02/01	0.45
2,862	–	2021/03/01 to 2024/03/01	0.46
1,305	–	2021/04/01 to 2024/04/01	0.29
135	–	2021/05/01 to 2024/05/01	0.27
540	–	2021/06/01 to 2024/06/01	0.40
1,332	–	2021/07/01 to 2024/07/01	0.41
2,400	–	2021/08/01 to 2024/08/01	0.50
200	–	2021/10/01 to 2024/10/01	0.37
200	–	2021/11/01 to 2024/11/01	0.36
800	–	2021/12/01 to 2024/12/01	0.30
80	–	2022/01/01 to 2025/01/01	0.32
250	–	2022/02/01 to 2025/02/01	0.29
900	–	2022/04/01 to 2025/04/01	0.29
5,000	–	2022/04/09 to 2025/04/09	0.28
7,350	–	2022/05/01 to 2025/05/01	0.28
850	–	2022/05/18 to 2025/05/18	0.25
7,800	–	2022/06/01 to 2025/06/01	0.25
650	–	2022/06/29 to 2025/06/29	0.29
50,663			

As at 31 December 2020

Number of options '000	Exercise price per share US\$	Vesting period/ exercise period	Fair value per share US\$
1,218	–	2019/05/01 to 2022/05/01	2.92
4,974	–	2019/11/01 to 2022/11/01	2.92
3,990	–	2020/03/01 to 2023/03/01	4.79
4,257	–	2020/07/01 to 2023/07/01	0.60
335	–	2020/09/01 to 2022/09/01	0.57
135	–	2020/10/01 to 2023/10/01	0.59
90	–	2020/10/08 to 2023/10/08	0.59
1,080	–	2020/11/01 to 2023/11/01	0.65
7,245	–	2020/12/01 to 2023/12/01	0.61
833	–	2021/02/01 to 2024/02/01	0.45
3,890	–	2021/03/01 to 2024/03/01	0.46
1,450	–	2021/04/01 to 2024/04/01	0.29
5,000	–	2021/04/01 to 2024/04/01	0.29
150	–	2021/05/01 to 2024/05/01	0.27
700	–	2021/06/01 to 2024/06/01	0.40
2,280	–	2021/07/01 to 2024/07/01	0.41
3,000	–	2021/08/01 to 2024/08/01	0.50
500	–	2021/10/01 to 2024/10/01	0.37
250	–	2021/11/01 to 2024/11/01	0.36
1,800	–	2021/12/01 to 2024/12/01	0.30
<hr/>			
43,177			

The fair value of the share options granted during the six months ended 30 June 2021 was US\$6,273,000 (equivalent to approximately RMB40,509,000), of which the Group recognised a share option expense of RMB9,607,000 (six months ended 30 June 2020: RMB23,565,000) during the six months ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Duiba Group is a leading user management SaaS service provider and the interactive advertising operator in China. It provides full-cycle operation services in user acquisition, activity retention and monetization for tens of thousands of customers in financial, Internet and other industries.

1. User Management SaaS Business

Our user management SaaS platform is designed to help businesses attract and retain online users in a cost-effective manner, by offering various fun and engaging user management tools (including reward point/membership management, gamification user management, e-commerce live streaming for bank credit cards, enterprise marketing tool via WeChat, and financial industry live streaming) to boost mobile app user activity and participation on apps. Having initially launched our user management SaaS platform on a free-of-charge model in order to expand our customer base, we began charging for our user management SaaS solutions on a pilot basis in April 2018. We have extended user management SaaS solutions to serve offline enterprises, and made phased achievements in terms of banking customers.

As at 30 June 2021, paying customers which used our charged user management SaaS services increased to 872 (1H2020: 727) including 264 customers from financial industry (1H2020: 159) and 608 customers from other industries (1H2020: 568). For the six months ended 30 June 2021, the number of newly signed contracts (including renewed contracts) for the Group's user management SaaS business reached 402 (1H2020: 345). The total value of our newly signed contracts (including renewed contracts) in 1H2021 was approximately RMB74.4 million (1H2020: RMB39.6 million) and the average charge per signed contract was approximately RMB185,000. Revenue generated from our user management SaaS business increased significantly by 141.8% to RMB68.6 million (1H2020: RMB28.4 million).

The sales and marketing strategy of our user management SaaS business for offline businesses is to actively explore cooperation opportunities with top brands in several sectors including retailing, catering, banking and new media. Our good reputation among prime customers who cooperated with us provides the experience which can be replicated and facilitate transformation, for our customer acquisition. We continuously made breakthroughs in expanding our bank customer base, as we benefited from the digitalization demand from the huge number of banking outlets of banking financial institutions nationwide (as at the end of 2020: approximately 224,400), and the growing online and local penetration trend of urban commercial banks and rural commercial banks. The total number and the total value of our newly signed contracts (including renewed contracts) with banking customers in the first half of 2021 were 118 (1H2020: 97) and RMB33.9 million (1H2020: RMB14.8 million), respectively.

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

	For the six months ended	
	30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	68,560	28,353
Cost of sales	(18,556)	(9,129)
Selling and distribution expenses	(40,663)	(21,874)
Administrative expenses (excluding research and development expenses)	(2,472)	(1,327)
Research and development expenses	(44,068)	(23,634)
	<u>(37,199)</u>	<u>(27,611)</u>

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

	For the six months ended	
	30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
User management SaaS solutions	50,052	19,036
Other value-added services	18,508	9,317
	<u>68,560</u>	<u>28,353</u>

We will upgrade the core service of user management SaaS business to include three product packages: basic version, premium version and VIP customized version to meet the different needs of different customers; we will also provide enterprises with marketing products and services: continuous innovation and more targeted effective marketing strategies and campaign tools. In the future, we will be continuously committed to identifying the common needs for products, to refine incremental common service modules, and improve the service items and package prices of future standard products.

In the first half of 2021, the number of our financial customers accounted for 30.3% (1H2020: 21.9%) of the total number of paying customers. The number of new contracts signed with banks in the first half of 2021 accounted for 29.4% (1H2020: 28.1%) of the total number of new contracts, and the value of new contracts with banks accounted for 45.5% (1H2020: 37.4%).

We will invest more in research and development to provide businesses with one-stop user management SaaS service to help them manage, activate and acquire users. We covered top brands in offline businesses especially banks and insurance companies which have a large user base and demand for one-stop user management SaaS services, and we believed they present a great untapped potential.

2. Interactive Advertising Business

In 2015, the Group pioneered and launched its interactive advertising business, which aggregated the traffic of different app scenarios, systematically managed content activities, and achieved large-scale monetization through advertisements, thereby achieving a win-win situation for each of the advertisers, media partners and users. Advanced big data analytics and AI technology also provides robust support to the innovation and operations of our interactive advertising platform. We generally charge our interactive advertising customers based on the performance of advertisements. The majority of our revenue from our interactive advertising business for the six months ended 30 June 2021 was generated from the CPC (cost per click) model (“**CPC Model**”), and we continuously guided advertisers to shift from other billing models to 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 page designated by the advertisers.

With the background of the waning of the outbreak and the successive resumption of production in China, the confidence of advertisers in budget spending recovered as a whole; according to the research data of GDMS, it is estimated that more than 70% of small and medium-sized advertisers and 80% of large advertisers will increase their budgets in 2021, and the budget increase of large advertisers will be more radical, which will promote the continuous recovery of the advertising market in China in the year. Due to the pro-cyclical impact of the industry, revenue from our interactive advertising business increased by 48.2% to RMB651.9 million for the six months ended 30 June 2021 (1H2020: RMB440.0 million), 47% of such revenue was generated from the financial industry (1H2020: 42%), while 29% of such revenue was derived from the communication service (operator) industry. Among the top 20 ultimate advertisers in terms of revenue contribution in the first half of 2021, 4 customers were e-commerce platforms operated by listed companies and 8 customers were listed financial enterprises, which was in line with the data disclosed in the same period of last year. According to the research of Quest Mobile, the number of users in the financial wealth management industry has been basically in line with that in the mobile video and mobile social industries since June 2020, but there was further enhancement of industry concentration at the application level and showed a sign of the Matthew effect. This means that there is an increased competition between mid-level platforms, and that enhancement of the attractiveness of platforms and cultivation of user stickiness to the platforms became the key. Customers in the financial industry must continuously increase their advertising expenditures if they want to build online brand influence. Moreover, in 2021, many new Internet companies intend to go public for financing. In order to ensure the continuous increase in the number of users should such companies become listed, these companies are expected to continuously adopt relatively aggressive advertising spending plans. The higher selling and distribution expenses ratio will play a positive supporting role in the advertising market under the trend of high revenue growth. We expect to continue to benefit from the investment tide.

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

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

For the six months ended 30 June 2021, the average revenue per chargeable click under the CPC Model from our interactive advertising platform was RMB0.31 (1H2020: RMB0.31), and the average CTR (click-through rate) of our interactive advertising business reached 28.3% (1H2020: 26.7%) through our continuing efforts to upgrade our products and technology.

3. Research and Development

During the six months ended 30 June 2021, the Group continued to increase investment in research and development. As at 30 June 2021, the number of employees from our research and development department was 491, accounted for 52.6% of the Group's total number of employees, which resulted in a 34.2% increase in the Group's research and development expenses from RMB58.8 million in 1H2020 to RMB78.9 million in 1H2021.

FINANCIAL REVIEW

The Group achieved growth due to the overall recovery of the demand and budget of advertisers, and the significant improvement in the offline traffic of advertising platforms. Furthermore, the Group further promoted the monetization of user management SaaS business, due to the faster growth and higher gross profit margin of the business.

Revenue

For the six months ended 30 June 2021, the Group recorded a total revenue of RMB720.5 million, representing an increase of 53.8% as compared with RMB468.4 million in the first half of 2020. The increase was mainly due to a rise of 48.2% or RMB211.9 million in revenue from our interactive advertising business for the six months ended 30 June 2021 as compared with the first half of 2020, reflecting the increases in DAUs and MAUs from 25.1 million to 26.7 million and from 364.5 million to 391.0 million, respectively, for the six months ended 30 June 2021 as compared to 1H2020, which were attributable to the significant recovery of the demand and budget of advertisers, the recovery of offline traffic of platforms after the waning of the COVID-19 pandemic, and the continuous investment in research and development.

The revenue generated from our user management SaaS platform business recorded an increase of 141.8% to RMB68.6 million for the six months ended 30 June 2021 as compared to 1H2020 mainly due to the increased number of newly signed contracts (including renewed contracts) and the increased unit price. The number and amount of newly signed contracts from financial customers accounted for the main contribution.

Gross Profit

For the six months ended 30 June 2021, the Group recorded gross profit of RMB219.4 million, representing an increase of 225.5% as compared with RMB67.4 million for the first half of 2020. The gross profit margin was approximately 30.5% (1H2020: approximately 14.4%) and the gross profit margins of user management SaaS business and interactive advertisement business were 72.9% and 26.0% (1H2020: 67.8% and 10.9%), respectively. The increase in gross profit was mainly due to the moderate recovery of the macro environment and the advertising industry as a result of the effective control of the COVID-19 outbreak in China. Firstly, the phased achievement in prevention and control of the COVID-19 pandemic in China promoted the recovery of confidence of advertisers in spending, which was positively reflected in budget consumption; in addition, the Group continued its previous core advertising group incentive strategy, resulting in the significant recovery of spending of prime customers. Secondly, the offline traffic of advertising platforms recovered with the resumption of social production. Finally, the Group continued to increase its purchase of high-quality traffic from core content distribution channels, resulting in a significant improvement in advertising effect, as reflected in the significant increase in the click-through rate. Since the beginning of the year, certain advertisers in the financial industry have implemented a more aggressive advertisement placement strategy, and therefore, the profitability of the Group may be more considerable during the peak placement season in the second half of the year.

Selling and Distribution Expenses

For the six months ended 30 June 2021, the Group recorded selling and distribution expenses of RMB73.5 million, representing an increase of 72.4% as compared with RMB42.6 million for the first half of 2020, mainly due to the increase in marketing and advertising expenses. Meanwhile, selling and distribution expenses as a percentage of the total revenue increased to approximately 10.2% (1H2020: approximately 9.1%), mainly due to the increase in the number of sales and distribution employees of the Group to 365 for the six months ended 30 June 2021 (1H2020: 289) in order to benefit from the recovery resulting from the COVID-19 prevention and control.

Administrative Expenses

For the six months ended 30 June 2021, the Group recorded administrative expenses of RMB114.1 million, representing an increase of 10.1% as compared with RMB103.7 million in the first half of 2020, due to an increase in relevant administrative expenses as a result of a significant rise in the number of employees of the Company in the first half of 2021. The Group recorded research and development expenses of RMB78.9 million (1H2020: RMB58.8 million) and share-based payment of RMB9.9 million (1H2020: RMB24.6 million). Administrative expenses as a percentage of the total revenue decreased to approximately 15.8% (1H2020: approximately 22.1%), mainly due to the significant increase in the sales revenue of the Group in the Period.

Profit or loss for the Period

For the six months ended 30 June 2021, profit attributable to shareholders of the Company was RMB62.8 million (1H2020: loss of RMB47.8 million). Basic profit per share increased to RMB6 cents (1H2020: basic loss per share of RMB5 cents), mainly due to a turn from loss to profit for the six months ended 30 June 2021.

Adjusted Profit or Loss for the Period

For the six months ended 30 June 2021, the Group's adjusted profit was RMB72.7 million (1H2020: adjusted loss of RMB23.3 million), and such increase was mainly due to the significant increase in the revenue for the six months ended 30 June 2021 as compared with the same period of 2020 as mentioned above.

Cash Flows

For the six months ended 30 June 2021, our net cash inflow from operating activities was RMB18.9 million (1H2020: net cash outflow of RMB1.9 million), and such change was primarily due to the increase in our revenue for the six months ended 30 June 2021 compared with the same period of 2020. Our net cash inflow from investing activities was RMB120.1 million (1H2020: net cash outflow of RMB104.1 million), and such change was primarily because certain wealth management products matured on 30 June 2021, and the Group did not renew the wealth management products or invest in other wealth management products. Our net cash inflow from financing activities was RMB11.7 million (1H2020: net cash outflow of RMB3.7 million) due to the increase of other borrowings from the customers' financing guarantee.

Gearing Ratio

The Group monitors its capital using a gearing ratio, calculated as total debt divided by total capital and net debt. Total debt includes trade payables, other payables and accruals, lease liabilities and other borrowings, less cash and cash equivalents.

As at 30 June 2021, the Group's gearing ratio was a negative value as compared to approximately 9.1% as at 30 June 2020, mainly due to the increase in total equity as a result of the earnings of the Group for the Period.

Liquidity and Capital Structure

During the six months ended 30 June 2021, the daily working capital of the Group was primarily derived from internally generated cash flow from operating activities and the net proceeds from issue of shares of the Company. As at 30 June 2021, the Group had cash and cash equivalents of approximately RMB289.4 million (as at 30 June 2020: RMB111.7 million).

Foreign Exchange Risk Management

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

Material Acquisitions, Disposals and Significant Investment

As of 30 June 2021, the Group held a total of 19% equity interest in Zhejiang Gushang Intelligent Technology Co., Ltd.* (浙江谷尚智能科技有限公司) (“**Gushang Intelligent Technology**”) through a wholly-owned subsidiary, Hangzhou Keze Network Technology Co., Ltd.* (杭州可澤網路科技有限公司), with an aggregate carrying value of RMB53.0 million. Gushang Intelligent Technology is an associate of the Group.

Save as disclosed above, there were no material acquisitions, disposals and significant investment of the Group for the six months ended 30 June 2021.

Contingent Liabilities

The Company is currently defending a court case at the High Court of Hong Kong in respect of a claim, which arises from an allegation that the Company had committed the act of conversion against various shares of the Company that were previously owned by the plaintiff but held in the Company's custody. According to the plaintiff's pleaded case, the maximum amount of its claim for damages is approximately HK\$61,000,000. The Directors, based on the information currently available and having assessed the merits of the case based on advice from the Company's legal counsel, believe that the Company has a number of valid defence arguments against the claim and, accordingly, have not provided for any claim arising from the allegation.

Charge on Assets

As at 30 June 2021, the Group had no charges on its assets (as at 31 December 2020: nil).

SUBSEQUENT EVENT

The Group did not have any significant events from 30 June 2021 and up to the date of this announcement.

* For identification purpose only

ORGANIZATION AND TALENT RETENTION

As at 30 June 2021, the Group's workforce reached 933 (as at 31 December 2020: 810), including 365 sales employees, 77 administration employees and 491 research and development employees. Identification and development of high potential talents has been listed as a top priority for the management this year. Moreover, the Group provided higher incentives to talents by granting them with share options and share awards of the Company.

SOCIAL RESPONSIBILITY

During the six months ended 30 June 2021, the Group upheld the principle of "serving the people and giving back to society", and actively sought opportunities to give back to the society in order to create a better living environment for local communities. The prevention and control of the COVID-19 pandemic has always been a primary responsibility. The Group actively organized employees to receive COVID-19 vaccines at the health service centers in the communities in which they worked and shuttled them back and forth. During the Period, the Group properly carried out pandemic prevention and control in active response to the "scientific pandemic prevention" by regularly distributing masks and vitamin C to its employees and providing shuttle buses for work commute. Meanwhile, the Group gave back to the society by donation of materials purchased through its own channels, including masks and disinfecting cotton pads. The Group will always pay attention to those in need and spare no effort to promote the development, education and construction activities of the communities where the Group operates.

FUTURE OUTLOOK

The COVID-19 outbreak has a far-reaching impact on the future economy. Enterprises are further increasing their investment in digital transformation and upgrade, especially in industries where principal businesses still mainly depend on offline scenarios and channels, with the banking industry as the typical representative. The growing demand of residents for online wealth management and spending led to increased homogenization competition among banks in credit card, wealth management of fund products, etc. How to expand the user pool of banks and continuously carry out transformation becomes the most urgent issue for banks at present.

The Group will be deeply engaged in user management SaaS business in vertical industries in the long run, and will continuously upgrade and innovate our products and services, so as to create greater long-term value for banking, retail and other industries. The Group will deeply tap into the potential economic value of end users. With the recovery of the domestic economy, the two negative effects have been gradually eliminated, with a significant improvement in the market environment for the continuous growth of the interactive advertising business. Looking forward to the second half of the year, the Group will adhere to the diversified traffic structure strategy of online and offline, omni-channel and full-scenario coverage for advertising traffic. In addition to the offline consumption scenario, it will further expand the traffic from WeChat mini program, digital TV traffic, and various access to traffic in the Internet of Things era following the full coverage of 5G in the future.

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

USE OF NET PROCEEDS FROM LISTING

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

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

- approximately 47% or RMB229.2 million for the enhancement of our research and development function;
- approximately 16% or RMB80.1 million for the enhancement of our sales and marketing function;
- approximately 7% or RMB34.1 million for the enhancement of our operational function;
- approximately 20% or RMB98.1 million for investment into and acquiring companies and businesses that are relevant or complementary to our business and technologies, in order to support our growth strategies; and
- approximately 10% or RMB49.0 million for working capital and other general corporate purposes.

As at 30 June 2021, the Group had utilized the Net Proceeds in the manners as set out in the table below:

	Approximate percentage of total amount %	Net Proceeds RMB' million	Utilization up to 30 June 2021 RMB' million	Unutilized amount RMB' million
Enhancement of research and development	47%	229.2	172.5	56.7
Enhancement of sales and marketing	16%	80.1	71.5	8.6
Enhancement of operational function	7%	34.1	28.7	5.4
Investment into and acquiring companies and businesses	20%	98.1	10.0	88.1
Working capital and other general corporate purposes	10%	49.0	49.0	–
Total	100%	490.5	331.7	158.8

There was no difference between the intended use of the Net Proceeds and those previously disclosed in the announcement dated 11 April 2021 in relation to the changes in the use of proceeds.

A detailed breakdown and description of the intended use of the unutilized Net Proceeds and the expected timeline for the use of the unutilized Net Proceeds is set out in the table below (the unutilized Net Proceeds is expected to be fully utilized by the end of 2021):

	Unutilized amount <i>RMB' million</i>
Enhancement of the Group's research and development function:	
– business-specific staff recruitment	16.5
– investment in servers	8.9
– recruitment of staff to improve technology infrastructure	1.7
– establish a research and development Center building	29.6
Subtotal	<u>56.7</u>
Enhancement of the Group's sales and marketing function:	
– sales and marketing staff recruitment	7.9
– undertaking marketing activities	0.7
Subtotal	<u>8.6</u>
Enhancement of the Group's operational function:	
– business-specific staff recruitment	5.2
– improving Group's operational facilities	0.2
Subtotal	<u>5.4</u>
Investment into and acquiring companies and businesses	88.1
Working capital and other general corporate purpose	<u>–</u>
	<u><u>158.8</u></u>

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the “**Shareholders**”) and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should be performed by different individuals.

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

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

The Board is therefore of the view that there is an adequate balance of power and that appropriate safeguards are in place. The dual roles of Mr. Chen Xiaoliang have no negative effect on the balance of power and authority between Board and the Company’s senior management team. The Board will continue to regularly monitor and review the Company’s current corporate governance structure and to make necessary changes when appropriate.

Save as disclosed above, the Company has complied with all applicable code provisions of the CG Code for the six months ended 30 June 2021. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2021, as the Board considered that the trading price of the Shares did not reflect their intrinsic value, the Board determined to exercise its powers under the general mandate to repurchase Shares granted by the Shareholders at the annual general meeting held on 22 May 2020. The Share repurchases could reflect the Board's confidence in the Company's development prospects. The total number of Shares repurchased by the Company on the Stock Exchange during the six months ended 30 June 2021 was 500,000 at a total consideration (before expenses) of HK\$1,108,892.00. All such repurchased Shares have been cancelled.

Details of the repurchase during the six months ended 30 June 2021 are as follows:

Month	Total number of Shares repurchased	Highest purchase price per Share (HK\$)	Lowest purchase price per Share (HK\$)	Total consideration (before expenses) (HK\$)
January	500,000	2.32	2.10	1,108,892.00

Save as disclosed above, during the six months ended 30 June 2021, neither the Company nor any of its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company, together with management, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2021.

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

This interim results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.duiba.cn>), and the 2021 Interim Report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
DUIBA GROUP LIMITED
Chen Xiaoliang
Chairman

Hangzhou, China, 27 August 2021

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