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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 2024

Financial and Operational Information Highlights for the Six Months ended 30 June 2024

Financial Information Highlights

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue		
User management SaaS platform business	116,965	84,583
Internet advertising business	318,169	617,343
Others	23,125	6,467
Total	458,259	708,393

For the six months ended 30 June 2024, our revenue decreased by 35.3% as compared with the same period of 2023.

Non-HKFRS Measure

To supplement our condensed consolidated financial statements which are presented in accordance with Hong Kong Financial Reporting Standards (“**HKFRS(s)**”), we also use a non-HKFRS measure, adjusted (loss)/profit 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 (loss)/profit 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	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
(Loss)/profit for the period	(19,078)	22,084
<i>Add:</i>		
Share-based payment	1,465	1,950
Adjusted (loss)/profit for the period⁽¹⁾	<u>(17,613)</u>	<u>24,034</u>

- (1) We define “adjusted (loss)/profit for the period” as (loss)/profit for the period, adding back share-based payment. Adjusted (loss)/profit for the period is not a measure required by or presented in accordance with HKFRSs. The use of adjusted (loss)/profit 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 Information Highlights

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

User management SaaS platform business

As at 30 June 2024, 531 paying customers (1H2023: 519), including 170 customers from financial industry (1H2023: 185) and 361 customers from other industries (1H2023: 334), had used the Group’s charged services. The total value of newly signed contracts (including renewed contracts) for the six months ended 30 June 2024 was RMB75.5 million (1H2023: RMB41.0 million). The Group recorded revenue of RMB117.0 million for the six months ended 30 June 2024 from such business (1H2023: RMB84.6 million).

Internet advertising business

	For the six months ended 30 June	
	2024	2023
DAUs (millions) ⁽¹⁾	15.4	27.6
MAUs (millions) ⁽¹⁾	277.2	447.1
Advertising page views (millions) ⁽²⁾	3,034.1	5,271.8
Number of chargeable clicks (millions) ⁽³⁾	912.2	1,651.5
Under the CPC model (millions)	880.7	1,584.4
Others (millions)	31.5	67.1
Click-through rate ⁽⁴⁾	30.1%	31.3%
Average revenue per chargeable click under the CPC model (RMB)	0.36	0.39

Notes:

- (1) Daily active users (“DAUs”) and monthly active users (“MAUs”) refer to the average number of active users contributed by our HTML5 internet advertising pages for the 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 internet 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 the advertising customers 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	
	2024	2023
Content distribution channels	957	2,245
Ultimate advertising customers	517	690

For the six months ended 30 June 2024, we had placed internet advertising on 957 content distribution channels, mainly comprising mobile Apps, and our internet advertising business served 517 advertising customers (either through advertising agent customers or as our direct customers).

The board (the “**Board**”) of directors (the “**Director(s)**”) of Duiba Group Limited (the “**Company**”) hereby announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (“**1H2024**” or the “**Period**”) together with the comparative figures for the six months ended 30 June 2023 (“**1H2023**”):

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

For the six months ended 30 June 2024

		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
REVENUE	5	458,259	708,393
Cost of sales		(396,757)	(541,439)
Gross profit		61,502	166,954
Other income and gains	5	29,270	34,175
Selling and distribution expenses		(41,305)	(68,065)
Administrative expenses		(52,521)	(68,632)
Impairment losses on financial assets, net		(9,211)	(31,997)
Other expenses		(167)	(1,512)
Finance costs		(6,919)	(2,097)
Share of profit of an associate		266	–
Share of loss of an associate		(442)	(542)
(LOSS)/PROFIT BEFORE TAX	6	(19,527)	28,284
Income tax credit/(expense)	7	449	(6,200)
(LOSS)/PROFIT FOR THE PERIOD		(19,078)	22,084
Attributable to:			
Owners of the parent		(19,078)	22,084

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

For the six months ended 30 June 2024

		2024	2023
		(Unaudited)	(Unaudited)
	<i>Note</i>	RMB'000	RMB'000
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		<u>3,193</u>	<u>22,752</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>3,193</u>	<u>22,752</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		<u>(15,885)</u>	<u>44,836</u>
Attributable to:			
Owners of the parent		<u>(15,885)</u>	<u>44,836</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (<i>RMB</i>)	9	<u>(1.8) cents</u>	<u>2.1 cents</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,618	2,796
Intangible assets		2,034	2,301
Investment in associates	11	237,715	234,891
Deferred tax assets		10,695	9,712
Pledged deposits		142,829	121,692
Prepayments, other receivables and other assets		11,524	9,883
Right-of-use assets		4,000	4,075
		<hr/>	<hr/>
Total non-current assets		411,415	385,350
CURRENT ASSETS			
Trade receivables	12	682,714	344,051
Prepayments, other receivables and other assets		374,074	363,134
Financial assets at fair value through profit or loss		197,092	215,899
Restricted cash		2,484	1,223
Pledged deposits		143,173	245,459
Time deposits		253,521	297,886
Cash and cash equivalents		232,033	288,460
		<hr/>	<hr/>
Total current assets		1,885,091	1,756,112
CURRENT LIABILITIES			
Trade payables	13	47,925	63,419
Other payables and accruals		210,341	187,926
Tax payable		4,577	4,001
Contract liabilities		7,419	21,406
Interest-bearing bank borrowings		681,186	505,525
Lease liabilities		1,958	1,831
		<hr/>	<hr/>
Total current liabilities		953,406	784,108

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (CONTINUED)**

30 June 2024

		30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
	<i>Note</i>		
NET CURRENT ASSETS		<u>931,685</u>	<u>972,004</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,343,100</u>	<u>1,357,354</u>
NON-CURRENT LIABILITIES			
Lease liabilities		1,987	1,741
Deferred tax liabilities		<u>537</u>	<u>617</u>
Total non-current liabilities		<u>2,524</u>	<u>2,358</u>
Net assets		<u>1,340,576</u>	<u>1,354,996</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	70	70
Reserves		<u>1,340,506</u>	<u>1,354,926</u>
Total equity		<u>1,340,576</u>	<u>1,354,996</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
	Notes		
CASH FLOWS USED IN OPERATING ACTIVITIES			
(Loss)/profit before tax		(19,527)	28,284
Adjustments for:			
Share of profit of an associate		(266)	–
Share of loss of an associate		442	542
Interest income	5	(13,224)	(12,801)
Investment income from financial assets at fair value through profit or loss	5	(87)	(558)
Foreign exchange differences, net	6	(26)	203
(Gain)/loss on disposals of items of property, plant and equipment		(64)	254
Loss on lease termination		–	407
Depreciation of property, plant and equipment	10	1,069	2,693
Fair value gains, net:			
Financial assets at fair value through profit or loss	5	(265)	(5,920)
Amortisation of intangible assets		267	359
Equity-settled share award and option expense		1,465	1,950
Finance costs		6,919	2,097
Depreciation of right-of-use assets		2,037	3,422
Impairment of financial assets, net		9,211	31,997
		(12,049)	52,929
(Increase)/decrease in restricted cash		(1,261)	2,200
Increase in trade receivables		(347,874)	(174,411)
(Increase)/decrease in prepayments, other receivables and other assets		(8,263)	71,795
Decrease in trade payables		(15,494)	(18,248)
Increase/(decrease) in other payables and accruals		21,926	(34,736)
Decrease in contract liabilities		(13,987)	(51,628)
Cash used in operations		(377,002)	(152,099)
Interest received		2,114	1,333
Income tax paid		(37)	–
Net cash flows used in operating activities		(374,925)	(150,766)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Net cash flows used in operating activities	<u>(374,925)</u>	<u>(150,766)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposals of items of property, plant and equipment	115	400
Purchases of items of property, plant and equipment	(942)	(169)
Purchases of intangible assets	–	(44)
Purchases of financial assets at fair value through profit or loss	(21,219)	(100,000)
Proceeds from disposals of financial assets at fair value through profit or loss	28,253	110,816
Repayment from loans receivable	14,500	3,640
Advances of loans receivable	(18,540)	(3,000)
Purchases of time deposits	(402,664)	(108,365)
Repayment of time deposits	451,127	58,331
Purchases of pledged deposits	(100,500)	(286,006)
Repayment of pledged deposits	210,000	355,601
Interest received	7,890	1,828
Acquisition of subsidiaries	–	(1,628)
Purchase of a shareholding in an associate	(3,000)	(38,000)
Net cash flows from/(used in) investing activities	<u>165,020</u>	<u>(6,596)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	724,188	386,521
Repayment of bank borrowings	(540,478)	–
Purchases of pledged deposits	(90,979)	(287,277)
Repayment of pledged deposits	63,487	–
Interest paid for bank borrowings	(619)	(153)
Principal portion of lease payments	(2,335)	(3,487)
Net cash flows from financing activities	<u>153,264</u>	<u>95,604</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(56,641)	(61,758)
Effect of foreign exchange rate changes, net	214	1,727
Cash and cash equivalents at beginning of period	<u>288,460</u>	<u>251,478</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>232,033</u>	<u>191,447</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	232,033	191,447
Non-pledged time deposits with original maturity between three months and one year, when acquired	<u>–</u>	<u>437,100</u>
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	232,033	628,547
Non-pledged time deposits with original maturity between three months and one year, when acquired	<u>–</u>	<u>(437,100)</u>
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<u>232,033</u>	<u>191,447</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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, KY1-1111, Cayman Islands. On 7 May 2019, the shares of the Company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 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 consolidated financial statements for the year ended 31 December 2023.

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 2023, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

Amendments to HKFRS 16
Amendments to HKAS 1

Lease Liability in a Sale and Leaseback
Classification of Liabilities as Current or Non-current
(the “**2020 Amendments**”)

Amendments to HKAS 1
Amendments to HKAS 7 and
HKFRS 7

Non-current Liabilities with Covenants (the “**2022 Amendments**”)
Supplier Finance Arrangements

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

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	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Customer 1	68,140	Nil
Customer 2	62,437	278,548
Customer 3	46,327	Nil
Customer 4	N/A*	184,997

* 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	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>		
User management SaaS platform business	116,965	84,583
Internet advertising business	318,169	617,343
Others	23,125	6,467
	458,259	708,393

Disaggregated revenue information for 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	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Timing of revenue recognition		
Over time		
– SaaS services included in user management SaaS platform business	4,774	6,297
At a point in time		
– Other services included in user management SaaS platform business	112,191	78,286
– Internet advertising business	318,169	617,343
– Others	23,125	6,467
	453,485	702,096
Total	458,259	708,393
Other income and gains		
Interest income	13,224	12,801
Government grants	11,594	14,827
Investment income from financial assets		
at fair value through profit or loss	87	558
Fair value gains, net:		
Financial assets at fair value through profit or loss	265	5,920
Gain on disposals of items of property, plant and equipment	64	–
Others	4,036	69
	29,270	34,175

6. (LOSS)/PROFIT BEFORE TAX

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

	<i>Notes</i>	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cost of inventories sold		89,899	46,316
Cost of services provided		306,858	495,123
Depreciation of property, plant and equipment	10	1,069	2,693
Depreciation of right-of-use assets		2,037	3,422
Amortisation of intangible assets*		267	359
Interest income	5	(13,224)	(12,801)
Foreign exchange differences, net		(26)	203
(Gain)/loss on disposals of items of property, plant and equipment		(64)	254
Impairment of financial assets, net		9,211	31,997
Fair value gains, net:			
Financial assets at fair value through profit or loss	5	(265)	(5,920)
Investment income from financial assets at fair value through profit or loss	5	(87)	(558)
Research and development costs		23,802	32,881
Auditor's remuneration		300	1,100
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		49,007	74,143
Equity-settled share award and option expense		1,376	1,246
Pension scheme contributions**		2,444	1,595
Staff welfare expense		12,051	24,299
		64,878	101,283

* The amortisation of intangible assets for the six months ended 30 June 2024 is included in "Administrative expenses" in unaudited interim condensed 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. INCOME TAX

The Group is subject to income tax on an entity basis on (loss)/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 (credit)/expense using the tax rate that would be applicable to the expected total annual (loss)/earnings. The major components of income tax (credit)/expense in the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income are:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – charged for the period	613	3,152
Deferred tax	(1,062)	3,048
	<hr/>	<hr/>
Total tax (credit)/expense for the period	(449)	6,200
	<hr/>	<hr/>

8. DIVIDEND

The Board did not declare any interim dividend for the reporting period (six months ended 30 June 2023: Nil).

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

The calculation of the basic (loss)/earnings per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of RMB19,078,000 (profit for the six months ended 30 June 2023: RMB22,084,000) and the weighted average number of ordinary shares of 1,063,154,500 (six months ended 30 June 2023: 1,055,812,500) 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	
	2024	2023
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic and diluted (loss)/earnings per share calculation (RMB)	(19,078,000)	22,084,000
	<hr/>	<hr/>
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	1,063,154,500	1,055,812,500
	<hr/>	<hr/>

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Carrying amount at beginning of period/year	2,796	7,775
Additions	942	229
Acquisition of a subsidiary	–	56
Depreciation provided during the period/year	(1,069)	(4,510)
Disposals	(51)	(754)
	<u>2,618</u>	<u>2,796</u>
Carrying amount at end of period/year	<u>2,618</u>	<u>2,796</u>

11. INVESTMENT IN ASSOCIATES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Investment in associates	<u>237,715</u>	<u>234,891</u>

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.	Ordinary shares	PRC/Mainland China	19%	Project operation
Hangzhou Juhaomai Network Technology Co., Ltd.	Ordinary shares	PRC/Mainland China	30%	Live commerce

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

12. TRADE RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade receivables	738,504	390,629
Less: Impairment of trade receivables	(55,790)	(46,578)
	<u>682,714</u>	<u>344,051</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 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
0 to 30 days	284,684	118,614
31 to 90 days	240,343	141,794
91 to 180 days	87,379	53,544
181 to 365 days	56,609	23,569
1 to 2 years	13,699	6,530
	<u>682,714</u>	<u>344,051</u>

13. TRADE PAYABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade payables	<u>47,925</u>	<u>63,419</u>

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 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
0 to 180 days	18,208	35,676
181 to 365 days	5,196	7,421
1 to 2 years	10,001	8,016
2 to 3 years	4,627	4,386
Over 3 years	9,893	7,920
	<u>47,925</u>	<u>63,419</u>

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

14. 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 RMB'000	Share premium RMB'000	Total RMB'000
At 31 December 2023, 1 January 2024 and 30 June 2024	<u>1,076,823,200</u>	<u>70</u>	<u>1,942,530</u>	<u>1,942,600</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is a leading user management Software-as-a-Service (“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 30 June 2024, the number of paying customers who used our charged user management SaaS services was 531 (1H2023: 519), including 170 customers from the financial industry (1H2023: 185) and 361 customers from other industries (1H2023: 334). For the six months ended 30 June 2024, the number of newly signed contracts (including renewed contracts) for the Group’s user management SaaS platform business reached 224 (1H2023: 209). The total value of our newly signed contracts (including renewed contracts) in 1H2024 was RMB75.5 million (1H2023: RMB41.0 million), and the average charge per signed contract was approximately RMB337,000.

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

	For the six months ended	
	30 June	
	2024	2023
	RMB’000	RMB’000
Revenue	116,965	84,583
Cost of sales	(98,244)	(43,152)
Selling and distribution expenses	(22,365)	(39,693)
Administrative expenses (excluding research and development expenses)	(15,596)	(25,634)
Research and development expenses	(14,203)	(19,610)
	(33,443)	(43,506)

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	
	2024	2023
	RMB'000	RMB'000
User management SaaS solutions	27,525	41,961
Other value-added services	89,440	42,622
	116,965	84,583

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 provide robust support for 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 six months ended 30 June 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 page designated by the advertising customers.

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

For the six months ended 30 June 2024, the revenue from the internet advertising business decreased by 48.5% to RMB318.2 million (1H2023: RMB617.3 million). Among the top 20 advertising customers in terms of revenue contribution in the first half of 2024, three were operator enterprises, and 12 customers were from the internet enterprises.

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

3. Research and Development

As at 30 June 2024, the number of employees from our research and development department was 145 (30 June 2023: 168), accounting for 33.4% (30 June 2023: 30.1%) of the Group's total number of employees, and the Group's research and development expenses decreased by 27.6% from RMB32.9 million in 1H2023 to RMB23.8 million in 1H2024.

FINANCIAL REVIEW

In the first half of 2024, due to the impact of the uncertainty of industry growth, advertising customers tend to tighten their budgets in the future, and the scale of the internet advertising business experienced a relatively significant reduction. At the same time, in order to provide better advertising services to advertisers, the Company continued to increase the proportion of purchasing traffic from high-quality platforms, so the cost of the internet advertising business further increased, resulting in a decline in earnings.

Revenue

For the six months ended 30 June 2024, the Group recorded a total revenue of RMB458.3 million, representing a decrease of approximately 35.3% as compared with RMB708.4 million in the first half of 2023. The decrease was mainly attributable to a decrease of 48.5% in revenue generated from our internet advertising business from RMB617.3 million for the six months ended 30 June 2023 to RMB318.2 million for the six months ended 30 June 2024, as the budgets of our advertising customers were further tightened due to the impact of the weak industry growth.

The revenue generated from our user management SaaS platform business increased by 38.3% to RMB117.0 million for the six months ended 30 June 2024 as compared to RMB84.6 million for 1H2023. The increased growth rate was mainly due to the increase in the total amount of other value-added services in the first half of 2024.

Gross Profit

For the six months ended 30 June 2024, the Group recorded a gross profit of RMB61.5 million, representing a decrease of approximately 63.2% as compared with RMB167.0 million in the first half of 2023. The gross profit margin was approximately 13.4% (1H2023: approximately 23.6%), and the gross profit margin of user management SaaS platform business and internet advertising business were 16.0% and 6.5%, respectively (1H2023: 49.0% and 19.4%, respectively). The decrease in gross profit was mainly due to the increase in advertising costs and the decrease in total revenue during the Period.

Selling and Distribution Expenses

For the six months ended 30 June 2024, the Group recorded selling and distribution expenses of RMB41.3 million, representing a decrease of 39.3% as compared with RMB68.1 million in the first half of 2023. Meanwhile, selling and distribution expenses as a percentage of the total revenue of the Group decreased to approximately 9.0% (1H2023: approximately 9.6%), mainly due to the decrease in the number of sales and operation employees of the Group to 235 for the six months ended 30 June 2024 (1H2023: 330).

Administrative Expenses

For the six months ended 30 June 2024, the Group recorded administrative expenses of RMB52.5 million, representing a decrease of 23.5% as compared with RMB68.6 million in the first half of 2023, mainly due to the optimization of the Company's related employees in the first half of 2024 and the internal control of related expenses has become more stringent. The Group recorded research and development expenses of RMB23.8 million (1H2023: RMB32.9 million) and share-based payment of RMB1.5 million (1H2023: RMB2.0 million), respectively. Administrative expenses as a percentage of the total revenue of the Group increased to approximately 11.5% (1H2023: approximately 9.7%), mainly due to the decrease in total revenue during the Period.

Loss/(Profit) for the Period

For the six months ended 30 June 2024, loss attributable to shareholders of the Company (the "Shareholder(s)") was RMB19.1 million (1H2023: profit attributable to the Shareholders of RMB22.1 million). Basic loss per share of the Company was RMB1.8 cents (1H2023: basic earnings per share of the Company of RMB2.1 cents).

Adjusted Loss/(Profit) for the Period

Due to the combined effect of the foregoing, the Group's adjusted loss for the Period was RMB17.6 million (1H2023: adjusted profit for the period of RMB24.0 million).

Cash Flows

For the six months ended 30 June 2024, our net cash outflow used in operating activities was RMB374.9 million (1H2023: net cash outflow used in operating activities of RMB150.8 million), and such change was mainly due to the increase in the amount of trade receivables as at 30 June 2024 as compared to the balance as at 31 December 2023.

Gearing Ratio

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

As at 30 June 2024, the Group's gearing ratio was approximately 34.5%, while it was approximately 8.1% as at 30 June 2023, which was mainly due to the increase in the interest-bearing bank borrowings of Group for the Period.

Liquidity and Capital Structure

During the Period, the daily working capital of the Group was primarily derived from internally generated cash flow from operating activities and bank borrowings. As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB232.0 million (as at 30 June 2023: approximately RMB191.4 million). As at 30 June 2024, the Group had interest-bearing bank borrowings of RMB681.2 million that were made in Renminbi.

Capital Commitments

As of 30 June 2024, the Group did not have any significant capital commitments.

Foreign Exchange Risk Management

The Group has transactional currency exposures. Such exposures arise from the issue of shares 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 Company's senior 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 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, namely Hangzhou Keze Network Technology Co., Ltd.* (杭州可澤網絡科技有限公司), with an aggregate carrying value of RMB234.4 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 which has been topped out in December 2023 (the “**Project**”). As of 30 June 2024, the carrying amount of the investment in Gushang Intelligent Technology represented approximately 10.2% 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, respectively. As at the date of this announcement, Gushang Intelligent Technology is an associate of the Group. Given the Project has not achieved its intended available-for-use status, there was no unrealised or realised gain or loss, and the Group did not receive any dividend for the six months ended 30 June 2024. Save as disclosed in this announcement, the Group had no other significant investment and material acquisitions and disposals of subsidiaries, associated companies and joint ventures for the six months ended 30 June 2024.

Future Plans for Material Investment or Capital Assets

Save as disclosed in this announcement, as of 30 June 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 an executive Director, in respect of the 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 the expert’s respective assessment, therefore it would be extremely difficult to make any assessment for the amount of the claim reliably at this stage. Accordingly, no provision arising from the claim, other than the related legal and other costs, has been provided for.

Charge on Assets

As at 30 June 2024, the Group had no charges on its assets (31 December 2023: nil).

SUBSEQUENT EVENT

The Group did not have any significant events from 30 June 2024 and up to the date of this announcement.

ORGANIZATION AND TALENT RETENTION

As at 30 June 2024, the number of the Group's employees was 434 (31 December 2023: 437), including 62 sales employees, 54 administration employees, 173 operation employees and 145 research and development employees. Salary costs and employees' benefit expenses were approximately RMB66.8 million for the six months ended 30 June 2024 (1H2023: approximately RMB103.9 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 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 adjustments 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 Period, the Group adhered to the philosophy of “serving the people and giving back to the society” and actively sought opportunities to contribute to the society in order to create a better living environment for the local community. During the Period, the Group also made donations of teaching materials to Hangzhou Normal University.

FUTURE OUTLOOK

In the first half of 2024, the overall domestic consumption level maintained a steady recovery as compared to 2023, but according to the data from the National Bureau of Statistics, the year-on-year growth rate of monthly retail sales of consumer goods slowed down. Advertising customers' advertising budgets and preferences were more significantly affected by the macroeconomic climate. As a result, the Group's internet advertising business for the six months ended 30 June 2024 showed a decline in revenue and gross profit. Looking ahead to the second half of 2024, it is expected that the overall growth of the advertising industry will be limited, and advertising customers will be more cautious and prudent in their marketing budgets. The Group will continue to expand the cooperation of high-quality platform traffic in order to satisfy advertising customers' demand for advertisement placement in breadth and depth. Meanwhile, the Group will be committed to continuously reducing costs and improving efficiency internally with a view to improving the overall operating efficiency.

INTERIM DIVIDEND

The Board did not recommend the declaration of any interim dividend for the Period (1H2023: nil).

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 Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 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 C.2.1 of the CG Code, the roles of chairman and chief executive 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 officer of the Company as this arrangement will improve the efficiency of our decision-making and execution process given his familiarity with the Group.

During the daily operations of the Company, all material decisions are approved by the Board and the relevant Board committees, as well as the senior management team of the Company. In addition, the Directors proactively participate in all Board meetings and all relevant Board committee meetings, and the chairman of the Board and relevant chairman of the Board committees 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 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 2024. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) 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 2024.

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

During the Period, 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 Board, together with the management of the Company, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2024.

PUBLICATION OF THE INTERIM RESULTS AND 2024 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>), respectively, and the 2024 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, 30 August 2024

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

* *The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*