

Duiba Group
兑吧集团

兑吧集团有限公司

Duiba Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1753



2023
Interim Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Xiaoliang (*Chairman of the Board and Chief Executive Officer*)

Mr. Zhu Jiangbo

Mr. Cheng Peng

Ms. Li Chunting

Independent Non-executive Directors

Mr. Kam Wai Man

Dr. Gao Fuping

Dr. Shi Jianxun

AUDIT COMMITTEE

Mr. Kam Wai Man (*Chairman*)

Dr. Gao Fuping

Dr. Shi Jianxun

REMUNERATION COMMITTEE

Dr. Shi Jianxun (*Chairman*)

Mr. Kam Wai Man

Dr. Gao Fuping

Mr. Zhu Jiangbo

NOMINATION COMMITTEE

Mr. Chen Xiaoliang (*Chairman*)

Mr. Kam Wai Man

Dr. Gao Fuping

Dr. Shi Jianxun

AUTHORIZED REPRESENTATIVES

Mr. Chen Xiaoliang

Ms. Ng Ka Man

COMPANY SECRETARY

Ms. Ng Ka Man

LEGAL ADVISORS

As to Hong Kong law:

Jingtian & Gongcheng LLP

Suites 3203-3207, 32/F

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The Landmark

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Hong Kong

As to Cayman Islands law:

Conyers Dill & Pearman

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

COMPLIANCE ADVISOR

Sinolink Securities (Hong Kong) Company Limited

Units 2503, 2505-06, 25/F

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Hong Kong

Corporate Information



REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN CHINA

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Xihu District
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China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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1 Matheson Street
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANK

Hua Xia Bank (Hi-tech Sub-branch)
123 Wenyi Road
Xihu District
Hangzhou
China

COMPANY'S WEBSITE

<http://www.duiba.cn/>

STOCK CODE

1753

DATE OF LISTING

7 May 2019

Financial and Operational Information Highlights

FINANCIAL INFORMATION HIGHLIGHTS

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenue		
User management SaaS platform business	84,583	70,073
Internet advertising business	617,343	447,935
Others	6,467	3
Total	708,393	518,011

For the six months ended 30 June 2023, our revenue increased by 36.8% as compared with the same period of 2022.

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	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Profit/(loss) for the period	22,084	(62,090)
<i>Add:</i>		
Share-based payment	1,950	3,719
Adjusted profit/(loss) for the period⁽¹⁾	24,034	(58,371)

(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. 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.

Financial and Operational Information Highlights

**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 2023, 519 paying customers (1H2022: 568) including 185 customers from financial industry (1H2022: 160) and 334 customers from other industries (1H2022: 408) had used the Group's charged services. The total value of newly signed contracts (including renewed contracts) for the six months ended 30 June 2023 was RMB41.0 million (1H2022: RMB64.4 million). The Group recorded revenue of RMB84.6 million for the six months ended 30 June 2023 from such business (1H2022: RMB70.1 million).

Internet advertising business

	For the six months ended 30 June	
	2023	2022
DAUs (millions) ⁽¹⁾	27.6	20.0
MAUs (millions) ⁽¹⁾	447.1	373.1
Advertising page views (millions) ⁽²⁾	5,271.8	3,938.5
Number of chargeable clicks (millions) ⁽³⁾	1,651.5	1,223.0
Under CPC model (millions)	1,584.4	1,145.5
Others (millions)	67.1	77.6
Click-through rate ⁽⁴⁾	31.3%	31.1%
Average revenue per chargeable click under the CPC model (RMB)	0.39	0.37

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 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	
	2023	2022
Content distribution channels	2,245	1,363
Ultimate advertising customers	690	521

For the six months ended 30 June 2023, we had placed internet advertising on 2,245 content distribution channels, mainly comprising mobile apps, and our internet advertising business served 690 ultimate advertising customers (either through advertising agent customers or as our direct customers). As some advertising customers' budget investment planning started to improve gradually, the number of advertising customers has increased.

Management Discussion and Analysis

BUSINESS REVIEW

The Company is a leading user management SaaS service provider and the 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 2023, the number of paying customers who used our charged user management SaaS services was 519 (1H2022: 568), including 185 customers from the financial industry (1H2022: 160) and 334 customers from other industries (1H2022: 408). For the six months ended 30 June 2023, the number of newly signed contracts (including renewed contracts) for the Group's user management SaaS platform business reached 209 (1H2022: 179). The total value of our newly signed contracts (including renewed contracts) in 1H2023 was RMB41.0 million (1H2022: RMB64.4 million), and the average charge per signed contract was approximately RMB200,000.

Management Discussion and Analysis



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	
	2023 RMB'000	2022 RMB'000
Revenue	84,583	70,073
Cost of sales	(43,152)	(17,926)
Selling and distribution expenses	(39,693)	(55,365)
Administrative expenses (excluding research and development expenses)	(25,634)	(24,811)
Research and development expenses	(19,610)	(51,180)
	(43,506)	(79,209)

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	
	2023 RMB'000	2022 RMB'000
User management SaaS solutions	41,961	53,506
Other value-added services	42,622	16,567
	84,583	70,073



Management Discussion and Analysis

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 operation, 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 to the innovation and operations of our internet advertising platform. We generally charge our internet advertising customers based on the performance of advertisements. The majority of our revenue from our internet advertising business for the six months ended 30 June 2023 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 meet and stimulate user demand.

For the six months ended 30 June 2023, the revenue from the internet advertising business increased by 37.8% to RMB617.3 million (1H2022: RMB447.9 million). Among the top 20 advertising customers in terms of revenue contribution in the first half of 2023, two were operator enterprises and 13 customers were from 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 2023, the number of employees from our research and development department was 168, accounted for 30.1% of the Group’s total number of employees, and the Group’s research and development expenses decreased by 54.2% from RMB71.9 million in 1H2022 to RMB32.9 million in 1H2023.

Management Discussion and Analysis



FINANCIAL REVIEW

In the first half of 2023, the Group recorded a recovery in growth due to the gradual recovery of the demand and budget of advertising customers, and the improvement in the offline traffic of advertising platforms. At the same time, the Company has been continuously optimizing its internal management, constantly improving operational efficiency, and reducing operating costs and administrative expenses.

Revenue

For the six months ended 30 June 2023, the Group recorded a total revenue of RMB708.4 million, representing an increase of approximately 36.8% as compared with RMB518.0 million in the first half of 2022. The increase was mainly attributable to an increase of 37.8% in revenue to RMB617.3 million from our internet advertising business for the six months ended 30 June 2023 as compared to the first half of 2022, which were attributable to the recovery of the demand and budget of advertising customers, the recovery of offline traffic of platforms after the effective control of the COVID-19 pandemic, and the improvement of operational efficiency.

The revenue generated from our user management SaaS platform business increased by 20.7% (1H2022: 2.2%) to RMB84.6 million for the six months ended 30 June 2023 as compared to 1H2022. The increased growth rate was mainly due to the increase of total amount of other value-added services in the first half of 2023.

Gross Profit

For the six months ended 30 June 2023, the Group recorded gross profit of RMB167.0 million, representing an increase of approximately 73.1% as compared with RMB96.4 million in the first half of 2022. The gross profit margin was approximately 23.6% (1H2022: approximately 18.6%) and the gross profit margin of user management SaaS platform business and internet advertising business were 49.0% and 19.4%, respectively (1H2022: 74.4% and 9.9%, respectively). The increase in gross profit was mainly due to the gradual recovery of some advertising customers' budget investment planning and the improving operational efficiency and reducing operating costs of the Group.

Selling and Distribution Expenses

For the six months ended 30 June 2023, the Group recorded selling and distribution expenses of RMB68.1 million, representing a decrease of 4.2% as compared with RMB71.0 million for the first half of 2022. Meanwhile, selling and distribution expenses as a percentage of the total revenue decreased to approximately 9.6% (1H2022: approximately 13.7%), mainly due to the decrease in the number of sales and operation employees of the Group to 330 for the six months ended 30 June 2023 (1H2022: 440).

Administrative Expenses

For the six months ended 30 June 2023, the Group recorded administrative expenses of RMB68.6 million, representing a decrease of 36.2% as compared with RMB107.5 million in the first half of 2022, mainly due to the optimization of the Company's related employees in the first half of 2023 and the internal control of related expenses has become more stringent. The Group recorded research and development expenses of RMB32.9 million (1H2022: RMB71.9 million) and share-based payment of RMB2.0 million (1H2022: RMB3.7 million), respectively. Administrative expenses as a percentage of total revenue of the Group decreased to approximately 9.7% (1H2022: approximately 20.8%), mainly due to the increase in total revenue and the significant decrease in administrative expenses for the Period.



Management Discussion and Analysis

Profit/(Loss) for the Period

For the six months ended 30 June 2023, profit attributable to Shareholders was RMB22.1 million (1H2022: loss attributable to Shareholders of RMB62.1 million). Basic profit per share of the Company was RMB2.1 cents (1H2022: basic loss per share of the Company of RMB5.9 cents).

Adjusted Profit/(Loss) for the Period

Due to the combined effect of the foregoing, the Group's adjusted profit for the Period was RMB24.0 million (1H2022: adjusted loss of RMB58.4 million).

Cash Flows

For the six months ended 30 June 2023, our net cash outflow used in operating activities was RMB150.8 million (1H2022: net cash outflow used in operating activities of RMB59.3 million), and such change was mainly due to the increase in trade receivables for the six months ended 30 June 2023 significantly higher than that for the same period in 2022. Our net cash outflow used in investing activities was RMB6.6 million for the six months ended 30 June 2023 (1H2022: net cash inflow from investing activities of RMB65.6 million), and such change was mainly due to the fact that the Group continued to subscribe for certain wealth management products on a net basis during the Period. Our net cash inflow from financing activities was RMB95.6 million for the six months ended 30 June 2023 (1H2022: net cash outflow used in financing activities of RMB4.9 million), and such change was mainly due to the increase in the bank borrowings of Group for the six months ended 30 June 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 2023, the Group's gearing ratio was approximately 8.1%, while it was approximately 2.0% as at 30 June 2022, mainly due to the increase in the interest-bearing bank borrowings of the Group for the Period.

Liquidity and Capital Structure

During the six months ended 30 June 2023, 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 2023, the Group had cash and cash equivalents of approximately RMB191.4 million (as at 30 June 2022: approximately RMB232.5 million). As at 30 June 2023, the Group had interest-bearing bank borrowings of RMB516.3 million that were made in RMB.

Capital Commitments

As of 30 June 2023, the Group did not have any significant capital commitments.

Management Discussion and Analysis



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 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 2023, the Group held a total of 19% equity interest in Zhejiang Gushang Intelligent Technology Co., Ltd.* (浙江谷尚智能科技有限公司) ("**Gushang Intelligent Technology**") through a wholly-owned subsidiary of the Company, 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 RMB197.2 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 are expected to be completed in December 2023 (the "**Project**"). As of 30 June 2023, the carrying amount of the investment in Gushang Intelligent Technology represented approximately 9.2% 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 interim report, Gushang Intelligent Technology is an associate of the Group. Given the Project is under construction, there was no unrealised or realised gain or loss and the Group did not receive any dividend for the six months ended 30 June 2023. Save as disclosed in this interim report, 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 2023.

Future Plans for Material Investment or Capital Assets

Save as disclosed in this interim report, as of 30 June 2023, 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 allegations that the Company and Mr. Chen Xiaoliang have wrongfully retained, delayed in returning and failed/refused to return the Plaintiff's share certificate of Shares in the Company, resulting in losses. According to the Plaintiff's latest pleadings, the maximum amount of the claim is approximately HK\$61,000,000. The Directors believe, based on the evidence and information currently available, and the Group's legal counsel is of the view, that the Company has a number of valid defence arguments against the claim and even if their case succeeds on liability, the potential quantum would be determinable by reference to a few factors such as the date of the alleged conversion and the range of expert's respective assessment, therefore it would be extremely difficult to make any assessment for the amount of the claim reliably at this stage. Accordingly, no provision arising from the claim, other than the related legal and other costs, has been provided for.

Charge on Assets

As at 30 June 2023, the Group had no charges on its assets (31 December 2022: nil).

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

SUBSEQUENT EVENT

The Group did not have any significant events from 30 June 2023 and up to the date of this interim report.

ORGANIZATION AND TALENT RETENTION

As at 30 June 2023, the number of the Group's employees was 559 (31 December 2022: 748), including 74 sales employees, 61 administration employees, 256 operation employees and 168 research and development employees. Salary costs and employees' benefit expenses were approximately RMB103.9 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately RMB149.1 million). Identification and development of high-potential talents has been listed as a top priority for the management of the Company this year. Moreover, the Group may provide incentives to talents by granting them share options and share awards of the Company. The remuneration of employees was determined based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. The Group provided trainings to staff based on their job duties and functions.

SOCIAL RESPONSIBILITY

During the six months ended 30 June 2023, 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. The Group donated RMB100,000 to the Yishang General Association and RMB100,000 to the Hangzhou Xihu District Charity Federation. During the Period, the Group also made donations of teaching materials to Hangzhou Normal University.

FUTURE OUTLOOK

Since late 2022 to date, the Chinese government has successively launched a series of policy measures to promote economic growth, the macro-economy is gradually recovering, and some advertising customers' budget investment planning has therefore also started to improve, albeit at a slower pace. The Group's internet advertising business has benefited from this trend and resulted in growth in both revenue and gross profit for the six months ended 30 June 2023. Looking ahead to the second half of 2023, the prosperity of the advertising industry will largely depend on the economic fundamentals, and the Group will continue to maintain a steady and prudent business strategy to cope with the challenges in the industry recovery. Meanwhile, as some of the sectors served by the Group's SaaS business are still in the process of recovering their own performance, looking ahead to the second half of 2023, customers in these industries will be more cautious about new purchases or renewals of SaaS products and services from a cost control perspective.

INTERIM DIVIDEND

The Board did not recommend the declaration of any interim dividend for the Period (1H2022: nil).

Corporate Governance/Other Information

CORPORATE GOVERNANCE PRACTICES

The Group 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 CG Code as its own code of corporate governance.

Under the 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 the Board and the Company's senior management team. The Board will continue to regularly monitor and review the Company's current corporate governance structure and to make necessary changes when appropriate.

Save as disclosed above, the Company has complied with all applicable code provisions of the CG Code for the six months ended 30 June 2023. 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 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 2023.

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

During the six months ended 30 June 2023, 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, together with the management of the Company, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023 and this interim report.

CHANGES IN DIRECTORS AND OTHER PERSONNEL

As of the date of this interim report, there was no change in any Director and other personnel.

CHANGES TO DIRECTORS' AND CHIEF EXECUTIVES' INFORMATION

There was no change to any of the information required to be disclosed in relation to any Director and chief executive of the Company pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be entered in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:



(i) Interest in Shares and underlying shares

Name of Directors	Capacity/ Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Mr. Chen Xiaoliang (“ Mr. Chen ”) ⁽³⁾	Founder of a discretionary trust and interest in controlled corporations	471,415,829 (L)	43.78%
Mr. Zhu Jiangbo (“ Mr. Zhu ”) ^{(4), (7)}	Beneficial owner	8,400,000 (L)	0.78%
Ms. Li Chunting (“ Ms. Li ”) ^{(5), (7)}	Beneficial owner	1,865,000 (L)	0.17%
Mr. Cheng Peng (“ Mr. Cheng ”) ⁽⁶⁾	Beneficial owner	1,340,000 (L)	0.12%

Notes:

- (1) The letter “L” denotes “long position” (as defined under Part XV of the SFO) of the relevant person/entity in such Shares.
- (2) The percentage is calculated based on the total number of Shares in issue as at 30 June 2023 (i.e. 1,076,823,200 Shares).
- (3) The disclosed interest represents (i) his deemed interest in the 454,552,000 Shares held by XL Holding, which is wholly owned by CMB Wing Lung (Trustee) Limited (as trustee of the Chen’s Family Trust) through Antopex Limited (as nominee for CMB Wing Lung (Trustee) Limited) and Blissful Plus; (ii) his deemed interest in the 11,805,829 Shares held by Kewei Holding Limited as its sole director and sole shareholder; and (iii) his deemed interest in the 5,058,000 Shares held by Duiba Kewei (BVI) Limited as its sole director and sole shareholder.
- (4) Mr. Zhu is an executive Director. He directly holds 8,400,000 Shares.
- (5) Ms. Li is an executive Director. She directly holds 1,865,000 Shares.
- (6) Mr. Cheng is an executive Director. He directly holds 1,340,000 Shares.
- (7) Each of Mr. Zhu and Ms. Li was granted certain incentive shares under the Restricted Stock Unit Scheme/Restricted Stock Unit Option Incentive Scheme, the details of which are set out in the sections headed “Restricted Stock Unit Scheme” and “Restricted Stock Unit Option Incentive Scheme” in this interim report.

Save as disclosed above, as at 30 June 2023, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or was required to be entered in the register to be kept by the Company under section 352 of the SFO, or was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 30 June 2023, to the best knowledge of the Directors, the following persons (not being Directors or chief executives of the Company) had interests or short positions in the Shares or underlying shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register to be kept by the Company pursuant to section 336 of the SFO:

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

Notes:

- (1) The letter “L” denotes “long position” (as defined under Part XV of the SFO) of the relevant person/entity in such Shares.
- (2) The percentage is calculated based on the total number of Shares in issue as at 30 June 2023 (i.e. 1,076,823,200 Shares).
- (3) CMB Wing Lung (Trustee) Limited (as trustee of the Chen’s Family Trust) holds the entire issued share capital of XL Holding through Antopex Limited (as nominee for CMB Wing Lung (Trustee) Limited) and Blissful Plus. Blissful Plus in turn holds the entire issued share capital of XL Holding. The Chen’s Family Trust is a discretionary trust established by Mr. Chen Xiaoliang (as settlor) and its discretionary objects are Mr. Chen Xiaoliang and his family members. Accordingly, each of Mr. Chen Xiaoliang, CMB Wing Lung (Trustee) Limited, Antopex Limited and Blissful Plus is deemed to be interested in the 454,552,000 Shares held by XL Holding.
- (4) Xinran Group Holding Limited, a company incorporated in the BVI, is wholly-owned by Mr. Liu. Therefore, Mr. Liu is deemed to be interested in the 73,055,700 Shares held by Xinran Group Holding Limited.

Corporate Governance/Other Information



Save as disclosed above, as at 30 June 2023, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in any Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register to be kept by the Company.

SHARE OPTION SCHEME

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

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

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date, that is, 111,111,120 Shares, which represents approximately 10.32% of the Shares in issue as at the date of this interim report. The total number of Shares issued and to be issued upon exercise of the options granted (including both exercised and outstanding options) to a participant in any 12-month period must not exceed 1% of the total number of Shares in issue as at such date unless approved by the Shareholders in a general meeting.

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

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

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

The Share Option Scheme is valid and effective for a period of ten years commencing on the Listing Date, and it has a remaining life of approximately six years as at the date of this interim report. No options have been granted under the Share Option Scheme since the adoption of the Share Option Scheme. During the Reporting Period, no option had been granted or agreed to be granted by the Company pursuant to the Share Option Scheme. There was no outstanding option under the Share Option Scheme as at 30 June 2023. As at the date of this interim report, the total number of Shares available for issue under the Share Option Scheme was 111,111,120 Shares, representing approximately 10.32% of the issued share capital of the Company as at the date of this interim report. The total number of options available for grant under the current scheme mandate limit was 111,111,120 as at 1 January 2023 and 30 June 2023, respectively.

SHARE AWARD SCHEME

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

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

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

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

No awarded shares have been granted under the Duiba Share Award Scheme since the adoption of the Duiba Share Award Scheme. During the Reporting Period, no awarded share had been granted or agreed to be granted by the Company pursuant to the Duiba Share Award Scheme. There was no outstanding awarded share under the Duiba Share Award Scheme as at 30 June 2023.



RESTRICTED STOCK UNIT SCHEME

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

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

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

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

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

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

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

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

During the Reporting Period, no awards had been granted or agreed to be granted by the Company pursuant to the Restricted Stock Unit Scheme. As at 30 June 2023, all awards granted under the Restricted Stock Unit Scheme have been vested, cancelled or lapsed. There was no outstanding awards under the Restricted Stock Unit Scheme as at 30 June 2023.

RESTRICTED STOCK UNIT OPTION INCENTIVE SCHEME

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

The stock unit options granted during the six months ended 30 June 2023 are as follows:

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

During the six months ended 30 June 2023, a total of 4,445,000 stock unit options were granted under such terms to certain employees of the Group in respect of their services to the Group.

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

Corporate Governance/Other Information



Details of movements on stock unit options granted during the six months ended 30 June 2023 are set out in the table below:

Selected Grantees	Date of Grant	Vesting Period	No. of	No. of	No. of	No. of	No. of
			Stock Unit			Options	
			Outstanding or	Options Grant	Options Vested	Cancelled	Outstanding or
			Unvested as at	during the	during the	or Lapsed	Unvested as at
			31 December	Period	Period	during the	30 June 2023
			2022			Period	
Directors							
Mr. Zhu Jiangbo	2019/3/1	2020/03/01-2023/03/01	365,000	-	365,000	-	-
	2019/7/1	2020/07/01-2023/07/01	400,000	-	400,000	-	-
	2021/4/9	2022/04/09-2025/04/09	900,000	-	300,000	-	600,000
Ms. Li Chunting	2019/3/1	2020/03/01-2023/03/01	255,000	-	255,000	-	-
	2019/12/1	2020/12/01-2023/12/01	720,000	-	360,000	-	360,000
	2021/6/1	2022/06/01-2025/06/01	2,250,000	-	-	-	2,250,000
Employees (in aggregate)	2019/7/1	2020/07/01-2023/07/01	128,000	-	-	128,000	-
	2019/10/8	2020/10/08-2023/10/08	30,000	-	-	-	30,000
	2019/11/1	2020/11/01-2023/11/01	360,000	-	-	-	360,000
	2019/12/1	2020/12/01-2023/12/01	810,000	-	-	705,000	105,000
	2020/3/1	2021/03/01-2024/03/01	1,368,000	-	669,000	30,000	669,000
	2020/4/1	2021/04/01-2024/04/01	30,000	-	15,000	15,000	-
	2020/6/1	2021/06/01-2024/06/01	360,000	-	120,000	120,000	120,000
	2020/7/1	2021/07/01-2024/07/01	150,000	-	-	-	150,000
	2020/8/1	2021/08/01-2024/08/01	810,000	-	-	240,000	570,000
	2020/10/1	2021/10/01-2024/10/01	120,000	-	-	-	120,000
	2021/2/1	2022/02/01-2025/02/01	90,000	-	30,000	-	60,000
	2021/4/1	2022/04/01-2025/04/01	720,000	-	240,000	-	480,000
	2021/5/1	2022/05/01-2025/05/01	4,185,000	-	1,305,000	510,000	2,370,000
	2021/5/18	2022/05/18-2025/05/18	765,000	-	255,000	-	510,000
	2021/6/29	2022/06/29-2025/06/29	450,000	-	150,000	-	300,000
	2021/7/1	2022/07/01-2025/07/01	90,000	-	-	90,000	-
	2021/8/1	2022/08/01-2025/08/01	4,113,000	-	-	1,548,000	2,565,000
	2021/11/1	2022/11/01-2025/11/01	720,000	-	-	-	720,000
	2021/12/1	2022/12/01-2025/12/01	3,150,000	-	-	1,710,000	1,440,000
	2022/1/1	2023/01/01-2026/01/01	1,100,000	-	110,000	450,000	540,000
2022/2/1	2023/02/01-2026/02/01	6,000,000	-	570,000	1,470,000	3,960,000	
2022/3/1	2023/03/01-2026/03/01	200,000	-	20,000	-	180,000	
2022/4/1	2023/04/01-2026/04/01	2,400,000	-	200,000	2,200,000	-	
2022/5/1	2023/05/01-2026/05/01	200,000	-	-	200,000	-	
2022/6/1	2023/06/01-2026/06/01	200,000	-	20,000	180,000	-	

Selected Grantees	Date of Grant	Vesting Period	No. of	No. of	No. of	No. of	No. of
			Stock Unit			Options	
			Outstanding or	Options Grant	Options Vested	Cancelled	Options
			Unvested as at	during the	during the	or Lapsed	Outstanding or
			31 December	Period	Period	during the	Unvested as at
			2022			Period	30 June 2023
	2022/7/1	2023/07/01-2026/07/01	300,000	-	-	200,000	100,000
	2022/8/1	2023/08/01-2026/08/01	3,950,000	-	-	1,500,000	2,450,000
	2022/10/1	2023/10/01-2026/10/01	700,000	-	-	500,000	200,000
	2022/12/1	2023/12/01-2026/12/01	350,000	-	-	-	350,000
	2023/1/1 ⁽¹⁾	2024/01/01-2027/01/01	-	800,000	-	800,000	-
	2023/2/1 ⁽²⁾	2024/02/01-2027/02/01	-	3,295,000	-	200,000	3,095,000
	2023/3/1 ⁽³⁾	2024/03/01-2027/03/01	-	350,000	-	-	350,000
Total			38,739,000	4,445,000	5,384,000	12,796,000	25,004,000

- (1) The closing price of the Shares immediately before the date on which the stock unit options were granted on 1 January 2023 was HK\$0.72.
- (2) The closing price of the Shares immediately before the date on which the stock unit options were granted on 1 February 2023 was HK\$0.69.
- (3) The closing price of the Shares immediately before the date on which the stock unit options were granted on 1 March 2023 was HK\$0.58.
- (4) For details of the fair value of the stock unit options granted during the six months ended 30 June 2023, please refer to Note 19 to the unaudited interim condensed consolidated financial information.
- (5) The weighted average closing price of the Shares immediately before the dates on which the stock unit options under the Restricted Stock Unit Option Incentive Scheme were vested was HK\$0.54.

APPRECIATION

On behalf of the Board, I would like to express our sincere thanks to all managements and staffs for their dedication during the Period. Also, I would like to thank our Shareholders for their continuous support.

By order of the Board
DUIBA GROUP LIMITED
Chen Xiaoliang
Chairman

Hangzhou, China, 30 August 2023

Unaudited Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
REVENUE	5	708,393	518,011
Cost of sales		(541,439)	(421,567)
Gross profit		166,954	96,444
Other income and gains	5	34,175	21,069
Selling and distribution expenses		(68,065)	(71,043)
Administrative expenses		(68,632)	(107,511)
Impairment losses on trade receivables, net		(31,997)	(577)
Other expenses		(1,512)	(1,304)
Finance costs		(2,097)	(191)
Share of loss of an associate		(542)	(646)
PROFIT/(LOSS) BEFORE TAX	6	28,284	(63,759)
Income tax (expense)/credit	7	(6,200)	1,669
PROFIT/(LOSS) FOR THE PERIOD		22,084	(62,090)
Attributable to:			
Owners of the parent		22,084	(62,090)

Unaudited Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 June 2023

	Note	2023 (Unaudited) RMB'000	2022 (Unaudited) 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		22,752	30,754
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		22,752	30,754
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		44,836	(31,336)
Attributable to:			
Owners of the parent		44,836	(31,336)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	2.1 cents	(5.9) cents

Unaudited Interim Condensed Consolidated Statement of Financial Position

30 June 2023

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,653	7,775
Goodwill	20	340	–
Other intangible assets		4,927	2,963
Investment in an associate	11	197,240	159,782
Deferred tax assets		10,396	13,229
Pledged time deposits		91,346	–
Time deposit		–	31,424
Prepayments, other receivables and other assets		16,660	2,014
Right-of-use assets		7,423	8,833
Total non-current assets		332,985	226,020
CURRENT ASSETS			
Trade receivables	12	367,980	233,521
Prepayments, other receivables and other assets		157,062	233,413
Financial assets at fair value through profit or loss		331,678	329,508
Restricted cash		218	2,418
Pledged time deposits		327,692	130,133
Cash and cash equivalents		628,547	654,671
Total current assets		1,813,177	1,583,664
CURRENT LIABILITIES			
Trade payables	13	60,082	78,330
Other payables and accruals		172,195	203,938
Contract liabilities		28,134	79,762
Tax payable		6,964	3,835
Interest-bearing bank borrowings	14	516,287	127,822
Lease liabilities		3,920	7,391
Total current liabilities		787,582	501,078

Unaudited Interim Condensed Consolidated Statement of Financial Position
30 June 2023

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
	<i>Note</i>		
NET CURRENT ASSETS		1,025,595	1,082,586
TOTAL ASSETS LESS CURRENT LIABILITIES		1,358,580	1,308,606
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,474	689
Lease liabilities		2,729	326
Total non-current liabilities		4,203	1,015
Net assets		1,354,377	1,307,591
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	70	70
Reserves		1,354,307	1,307,521
Total equity		1,354,377	1,307,591

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the parent						
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory		Exchange fluctuation reserve RMB'000	Total equity RMB'000
				surplus reserve RMB'000	Accumulated losses RMB'000		
At 31 December 2022 (audited)	70	1,942,530	(13,581)	56,737	(689,825)	11,660	1,307,591
Profit for the period (unaudited)	-	-	-	-	22,084	-	22,084
Other comprehensive income for the period:							
Exchange differences	-	-	-	-	-	22,752	22,752
Total comprehensive income for the period (unaudited)	-	-	-	-	22,084	22,752	44,836
Equity-settled share award and option arrangements (note 19)	-	-	1,950	-	-	-	1,950
At 30 June 2023 (unaudited)	70	1,942,530	(11,631)	56,737	(667,741)	34,412	1,354,377

	Attributable to owners of the parent						
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory		Exchange fluctuation reserve RMB'000	Total equity RMB'000
				surplus reserve RMB'000	Accumulated losses RMB'000		
At 31 December 2021 (audited)	70	1,942,530	(27,644)	56,737	(643,928)	(40,748)	1,287,017
Loss for the period (unaudited)	-	-	-	-	(62,090)	-	(62,090)
Other comprehensive income for the period:							
Exchange differences	-	-	-	-	-	30,754	30,754
Total comprehensive (loss)/income for the period (unaudited)	-	-	-	-	(62,090)	30,754	(31,336)
Equity-settled share award and option arrangements (note 19)	-	-	3,719	-	-	-	3,719
At 30 June 2022 (unaudited)	70	1,942,530	(23,925)	56,737	(706,018)	(9,994)	1,259,400

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS USED IN OPERATING ACTIVITIES			
Profit/(loss) before tax		28,284	(63,759)
Adjustments for:			
Share of loss of an associate		542	646
Interest income	5	(12,801)	(3,627)
Investment income from financial assets at fair value through profit or loss	5	(558)	(5,103)
Foreign exchange differences, net	6	203	958
Loss/(gain) on disposal of items of property, plant and equipment		254	(13)
Loss/(gain) on lease termination		407	(7)
Depreciation of property, plant and equipment		2,693	3,050
Fair value gains, net:			
Financial assets at fair value through profit or loss	5	(5,920)	(5,930)
Amortisation of other intangible assets		359	362
Equity-settled share award and option expense		1,950	3,719
Lease interest expense		153	191
Interest on bank loans		1,944	–
Depreciation of right-of-use assets		3,422	4,424
Impairment of trade receivables, net		31,997	577
		52,929	(64,512)
Decrease in restricted cash		2,200	–
Increase in trade receivables		(174,411)	(20,911)
Decrease in prepayments, other receivables and other assets		71,795	8,255
(Decrease)/increase in trade payables		(18,248)	24,583
Decrease in other payables and accruals		(34,736)	(5,214)
Decrease in contract liabilities		(51,628)	(1,909)
Cash used in operations		(152,099)	(59,708)
Interest received		1,333	1,567
Income tax paid		–	(1,113)
Net cash flows used in operating activities		(150,766)	(59,254)

Unaudited Interim Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2023

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Net cash flows used in operating activities	(150,766)	(59,254)
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		
Proceeds from disposals of items of property, plant and equipment	400	140
Purchases of items of property, plant and equipment	(169)	(514)
Purchases of other intangible assets	(44)	–
Purchases of financial assets at fair value through profit or loss	(100,000)	(537,000)
Proceeds from investment income	1,231	13,862
Proceeds from disposals of financial assets at fair value through profit or loss	109,585	926,873
Repayment from loans receivable	3,640	1,400
Advances of loans receivable	(3,000)	(6,100)
Decrease/(increase) in time deposits	19,561	(295,302)
Interest received	1,828	281
Purchases of subsidiaries	(1,628)	–
Purchase of a shareholding in an associate	(38,000)	(38,000)
Net cash flows (used in)/from investing activities	(6,596)	65,640
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
New loans	386,521	–
Increase in pledged time deposits	(287,277)	–
Interest paid	(153)	(191)
Principal portion of lease payments	(3,487)	(4,705)
Net cash flows from/(used in) financing activities	95,604	(4,896)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(61,758)	1,490
Effect of foreign exchange rate changes, net	1,727	5,226
Cash and cash equivalents at beginning of period	251,478	225,741
CASH AND CASH EQUIVALENTS AT END OF PERIOD	191,447	232,457
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	191,447	232,457
Non-pledged time deposits with original maturity between three months and one year, when acquired	437,100	–
Cash and cash equivalents as stated in the unaudited interim condensed consolidated statement of financial position	628,547	232,457
Non-pledged time deposits with original maturity between three months and one year, when acquired	(437,100)	–
Cash and cash equivalents as stated in the unaudited interim condensed consolidated statement of cash flows	191,447	232,457

Notes to the Unaudited Interim Condensed Consolidated Financial Information

30 June 2023

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 2023 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 2022.

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 2022, 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.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>



3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's unaudited interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has early adopted the amendments and the amendments did not have any impact on the financial position and performance of the Group.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Customer 1	278,548	N/A*
Customer 2	184,997	143,781
Customer 3	N/A*	106,202
Customer 4	N/A*	97,211
Customer 5	N/A*	89,747

* 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	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<i>Revenue from contracts with customers</i>		
User management SaaS platform business	84,583	70,073
Internet advertising business	617,343	447,935
Others	6,467	3
	708,393	518,011

Notes to the Unaudited Interim Condensed Consolidated Financial Information

5. REVENUE, OTHER INCOME AND GAINS (continued)**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	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Timing of revenue recognition		
Over time		
– SaaS services included in user management SaaS platform business	6,297	10,429
At a point in time		
– Other services included in user management SaaS platform business	78,286	59,644
– Internet advertising business	617,343	447,935
– Others	6,467	3
	702,096	507,582
Total	708,393	518,011

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Other income and gains		
Interest income	12,801	3,627
Government grants	14,827	6,371
Investment income from financial assets at fair value through profit or loss	558	5,103
Fair value gains, net:		
– Financial assets at fair value through profit or loss	5,920	5,930
Gain on disposal of items of property, plant and equipment	–	13
Gain on lease termination	–	7
Others	69	18
	34,175	21,069

Notes to the Unaudited Interim Condensed Consolidated Financial Information

6. PROFIT/(LOSS) BEFORE TAX

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

	Note	For the six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Cost of inventories sold		46,316	16,541
Cost of services provided		495,123	405,026
Depreciation of property, plant and equipment		2,693	3,050
Depreciation of right-of-use assets		3,422	4,424
Amortisation of other intangible assets*		359	362
Interest income	5	(12,801)	(3,627)
Foreign exchange differences, net		203	958
Loss/(gain) on disposal of items of property, plant and equipment		254	(13)
Impairment of trade receivables, net		31,997	577
Fair value gains, net:			
Financial assets at fair value through profit or loss	5	(5,920)	(5,930)
Investment income from financial assets at fair value through profit or loss	5	(558)	(5,103)
Research and development costs		32,881	71,860
Auditor's remuneration		1,100	800
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		74,143	105,003
Equity-settled share award and option expense		1,246	2,259
Pension scheme contributions**		1,595	7,523
Staff welfare expense		24,299	31,585
		101,283	146,370

* The amortisation of other intangible assets for the six months end 30 June 2023 is included in "Administrative expenses" in the 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.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

7. INCOME TAX

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

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Current – Charged for the period	3,152	1,113
Deferred tax	3,048	(2,782)
Total tax expense/(credit) for the period	6,200	(1,669)

8. DIVIDEND

The Board did not declare any interim dividend for the reporting period (six months ended 30 June 2022: 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 for the period attributable to ordinary equity holders of the parent of RMB22,084,000 (loss for six months ended 30 June 2022: RMB62,090,000), and the weighted average number of ordinary shares of 1,055,812,500 (six months ended 30 June 2022: 1,044,212,500) 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	
	2023 (Unaudited) RMB	2022 (Unaudited) RMB
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	22,084,000	(62,090,000)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	1,055,812,500	1,044,212,500

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Carrying amount at beginning of period/year	7,775	13,361
Additions	169	692
Acquisition of a subsidiary	56	–
Depreciation provided during the period/year	(2,693)	(5,986)
Disposals	(654)	(292)
Carrying amount at end of period/year	4,653	7,775

11. INVESTMENT IN AN ASSOCIATE

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Investment in an associate	197,240	159,782

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.	Ordinary shares	PRC/Mainland China	19%	Project operation

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

Notes to the Unaudited Interim Condensed Consolidated Financial Information

12. TRADE RECEIVABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade receivables	420,268	253,812
Less: Impairment of trade receivables	(52,288)	(20,291)
	367,980	233,521

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 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
0 to 30 days	170,953	142,644
31 to 90 days	87,470	48,858
91 to 180 days	3,440	20,600
181 to 365 days	93,417	19,057
1 to 2 years	12,700	2,362
	367,980	233,521

13. TRADE PAYABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade payables	60,082	78,330

13. TRADE PAYABLES (continued)

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 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
0 to 30 days	17,571	39,352
31 to 90 days	7,129	14,448
91 to 180 days	10,411	6,723
181 to 365 days	8,739	3,612
Over 365 days	16,232	14,195
	60,082	78,330

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

14. INTEREST-BEARING BANK BORROWINGS

As at 30 June 2023

	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loan – unsecured	3.50	2023	50,000
Discounted letters of credit – secured (<i>note (i)</i>)	2.65~2.83	2024	83,248
Discounted notes receivable – secured (<i>note (ii)</i>)	0.81~1.75	2023~2024	383,039
			516,287
			30 June 2023 RMB'000
Analysed into:			
Bank borrowing repayable:			
Within one year			516,287

Notes to the Unaudited Interim Condensed Consolidated Financial Information

14. INTEREST-BEARING BANK BORROWINGS (continued)

As at 31 December 2022

	Effective interest rate (%)	Maturity	RMB'000
Current			
Discounted notes receivable			
– secured (<i>note (ii)</i>)	1.70	2023	127,822
			31 December 2022
			RMB'000
Analysed into:			
Bank borrowing repayable:			
Within one year			127,822

Notes:

- (i) The discounted letters of credit of RMB83,248,000 (31 December 2022: nil) are secured by the pledge of certain of the Group's time deposits amounting to approximately RMB91,346,000 (31 December 2022: nil).
- (ii) The discounted notes receivable of RMB383,039,000 (31 December 2022: RMB127,822,000) are secured by the pledge of certain of the Group's time deposits amounting to approximately RMB327,692,000 (31 December 2022: RMB130,133,000).

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 RMB'000	Share premium RMB'000	Total RMB'000
At 31 December 2022, 1 January 2023 and 30 June 2023	1,076,823,200	70	1,942,530	1,942,600

16. CONTINGENT LIABILITIES

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

17. COMMITMENTS

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

18. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2023 (Unaudited) RMB’000	2022 (Unaudited) RMB’000
Short-term employee benefits	1,616	2,524
Performance related bonuses	770	–
Equity-settled share award expense	1,263	2,983
Pension scheme contributions	114	165
Total compensation paid to key management personnel	3,763	5,672



19. SHARE AWARD AND OPTION

Restricted Stock Unit Scheme

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

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

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

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

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

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

During the six months ended 30 June 2023, a share award expense of nil (six months ended 30 June 2022: RMB339,000) was charged to profit or loss.

19. SHARE AWARD AND OPTION (continued)

Restricted Stock Unit Option Incentive Scheme

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

The share options granted during the six months ended 30 June 2023 and the year ended 31 December 2022 are as follows:

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

During the six months ended 30 June 2023, a total of 4,445,000 (2022: 20,550,000) share options were granted to certain of the employees of the Group in respect of their services to the Group.



19. SHARE AWARD AND OPTION (continued)

Restricted Stock Unit Option Incentive Scheme (continued)

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

In 2022, a total of 65,000 share options were granted to certain of the employees of the Group in respect of their services to the Group.

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

	Six months ended 30 June 2023 (unaudited)		Year ended 31 December 2022 (audited)	
	Weighted average exercise price US\$	Number of options '000	Weighted average exercise price US\$	Number of options '000
At 1 January	–	38,739	–	51,395
Granted during the period/year	–	4,445	–	20,615
Exercised during the period/year	–	(5,384)	–	(9,544)
Forfeited during the period/year	–	(12,796)	–	(23,727)
At the end of the period/year	–	25,004	–	38,739

19. SHARE AWARD AND OPTION (continued)**Restricted Stock Unit Option Incentive Scheme (continued)**

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

As at 30 June 2023

Number of options '000	Exercise price per share US\$	Vesting period/ exercise period	Fair value per share US\$
30	–	2020/10/08 to 2023/10/08	0.59
360	–	2020/11/01 to 2023/11/01	0.65
465	–	2020/12/01 to 2023/12/01	0.61
669	–	2021/03/01 to 2024/03/01	0.46
120	–	2021/06/01 to 2024/06/01	0.40
150	–	2021/07/01 to 2024/07/01	0.41
570	–	2021/08/01 to 2024/08/01	0.50
120	–	2021/10/01 to 2024/10/01	0.37
60	–	2022/02/01 to 2025/02/01	0.29
480	–	2022/04/01 to 2025/04/01	0.29
600	–	2022/04/09 to 2025/04/09	0.28
2,370	–	2022/05/01 to 2025/05/01	0.28
510	–	2022/05/18 to 2025/05/18	0.25
2,250	–	2022/06/01 to 2025/06/01	0.28
300	–	2022/06/29 to 2025/06/29	0.29
2,565	–	2022/08/01 to 2025/08/01	0.23
720	–	2022/11/01 to 2025/11/01	0.24
1,440	–	2022/12/01 to 2025/12/01	0.21
540	–	2023/01/01 to 2026/01/01	0.17
3,960	–	2023/02/01 to 2026/02/01	0.16
180	–	2023/03/01 to 2026/03/01	0.16
100	–	2023/07/01 to 2026/07/01	0.12
2,450	–	2023/08/01 to 2026/08/01	0.12
200	–	2023/10/01 to 2026/10/01	0.08
350	–	2023/12/01 to 2026/12/01	0.08
3,095	–	2024/02/01 to 2027/02/01	0.09
350	–	2024/03/01 to 2027/03/01	0.07
25,004			

Notes to the Unaudited Interim Condensed Consolidated Financial Information

19. SHARE AWARD AND OPTION (continued)

Restricted Stock Unit Option Incentive Scheme (continued)

As at 31 December 2022

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

The fair value of the share options granted during the six months ended 30 June 2023 was US\$390,000 (equivalent to approximately RMB2,656,000) of which the Group recognised a share option expense of RMB1,950,000 (six months ended 30 June 2022: RMB3,380,000) during the six months ended 30 June 2023.

20. BUSINESS COMBINATION

On 31 March 2023 and 31 May 2023, the Group acquired 100% interests in Hangzhou Aoyin Network Technology Co., Ltd. (“**Aoyin**”) and Jiahong Insurance Agency (Shanghai) Co., Ltd. (“**Jiahong**”) from third parties, respectively. Jiahong is engaged in the provision of insurance service. The acquisition was made as part of the Group’s strategy to expand its business in insurance industry in Shanghai and achieve external growth through acquisition. The purpose of acquisition of Aoyin was to expand its internet advertising business.

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

	Fair value recognised on acquisition RMB'000
Cash and cash equivalents	179
Trade receivables	209
Prepayments, other receivables and other assets	2,207
Other payables and accruals	(2,915)
	<hr/>
Total identifiable net assets at fair value	(320)
Goodwill on acquisition	340
	<hr/>
Satisfied by cash	20
	<hr/> <hr/>

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

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

Since the acquisition, Aoyin have contributed RMB12,000 to the Group’s revenue and loss of RMB29,000 to the consolidated profit for the six months ended 30 June 2023.

Had the combination taken place at the beginning of the period, the revenue of the Group and the consolidated profit of the Group for the period would have been RMB708,393,000 and RMB22,050,000, respectively.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

20. BUSINESS COMBINATION (continued)

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

	<i>Note</i>	Fair value recognised on acquisition RMB'000
Cash and cash equivalents		792
Prepayments, other receivables and other assets		100
Property, plant and equipment	10	56
Other intangible assets		2,279
Deferred tax liabilities		(570)
Other payables and accruals		(78)
Total identifiable net assets at fair value		<u>2,579</u>
Satisfied by cash		<u>2,579</u>

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

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

Since the acquisition, Jiahong have contributed nil to the Group's revenue and loss of RMB603,000 to the consolidated profit for the six months ended 30 June 2023.

Had the combination taken place at the beginning of the period, the revenue of the Group and the consolidated profit of the Group for the period would have been RMB708,393,000 and RMB21,973,000, respectively.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

21. FINANCIAL INSTRUMENTS BY CATEGORY

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

30 June 2023 (unaudited)

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss Mandatorily designated as such RMB'000	Total RMB'000
Trade receivables	367,980	–	367,980
Financial assets included in prepayments, other receivables and other assets	82,544	–	82,544
Financial assets at fair value through profit or loss	–	331,678	331,678
Pledged time deposits	419,038	–	419,038
Restricted cash	218	–	218
Cash and cash equivalents	628,547	–	628,547
	1,498,327	331,678	1,830,005

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	60,082	60,082
Lease liabilities	6,649	6,649
Financial liabilities included in other payables and accruals	9,461	9,461
Interest-bearing bank borrowings	516,287	516,287
	592,479	592,479

Notes to the Unaudited Interim Condensed Consolidated Financial Information

21. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

31 December 2022 (audited)**Financial assets**

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

Financial liabilities

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

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 30 June 2023, the fair values of the Group's financial assets or financial liabilities approximated to their respective carrying amounts.

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current financial assets included in prepayments, other receivables and other assets and time deposit have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of unlisted financial assets at fair value through profit or loss have been calculated by discounting the expected future cash flows using discount rates currently available for instruments with similar terms, credit risk and remaining maturities. The valuation requires the directors to make estimates about the expected future cash flows including the expected future interest return on maturity of the products based on market interest rates. The directors believe that the estimated fair values resulting from the valuation technique approximate to the carrying amounts at the end of the reporting period. The fair values of tradeable financial assets at fair value through profit or loss are obtained from quoted prices in active markets.

The fair values of an unlisted equity investment designated at fair value through profit or loss has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The Group has used the market approach when applicable to determine the underlying equity value of the company and adopted the equity allocation model to determine the fair value of an unlisted equity investment as at 30 June 2023 and 31 December 2022. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Notes to the Unaudited Interim Condensed Consolidated Financial Information

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

For the fair value of the unlisted equity investments at fair value through profit or loss, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Set out below is a summary of significant unobservable inputs to the valuation of the financial instrument together with a quantitative sensitivity analysis as at 30 June 2023 and 31 December 2022:

Significant unobservable inputs

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Time to exit event	2.52 years	2.52 years
Risk-free rate	2.39%	2.39%
Equity volatility	49.07%	49.07%
Discount for lack of marketability	N/A*	N/A*

Quantitative sensitivity analysis

Quantitative sensitivity analysis is not presented as its inclusion, for the purpose of the financial statements, is not considered meaningful due to the fair value of the unlisted equity investment is close to zero.

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:**As at 30 June 2023 (unaudited)**

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:				
Other unlisted investments	111,727	219,951	–	331,678

As at 31 December 2022 (audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:				
Other unlisted investments	149,804	179,704	–	329,508

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (six months ended 30 June 2022: Nil).

23. EVENTS AFTER THE REPORTING PERIOD

There was no event causing significant impact on the Group since 30 June 2023.

Definitions



In this interim report, the following expressions have the meanings set out below unless the context otherwise requires:

“1H2022”	for the six months ended 30 June 2022
“Articles of Association”	the articles of association conditionally adopted by our Company on 31 May 2023, as amended and supplemented from time to time
“Audit Committee”	the audit committee of the Company
“Auditor”	Ernst & Young, the independent auditor of the Company
“Blissful Plus”	Blissful Plus Enterprises Limited, a company incorporated with limited liability in the BVI on 10 July 2018, which is wholly-owned by Antopex Limited as nominee for CMB Wing Lung (Trustee) Limited acting as trustee for the Chen’s Family Trust and is a connected person of our Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Chen’s Family Trust”	the Jiayou Trust, a discretionary trust set up by Mr. Chen Xiaoliang and whose beneficiaries are Mr. Chen Xiaoliang and his family members
“Company” or “our Company”	Duiba Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange under stock code 01753
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group” or “our Group” or “we” or “us”	our Company and our subsidiaries or any of them, or where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HKFRS(s)”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HZ Duiba”	杭州兑吧網絡科技有限公司* (Hangzhou Duiba Internet Technology Company Limited), a company with limited liability established in the PRC on 13 May 2011 and a wholly-owned subsidiary of the Company
“Listing Date”	7 May 2019, being the date on which the shares of the Company became listed and commenced trading on the Stock Exchange

Definitions

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Period” or “Reporting Period” or “1H2023”	for the six months ended 30 June 2023
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this interim report only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 24 April 2019
“RMB”	Renminbi yuan, the lawful currency of the PRC
“SaaS”	software-as-a-service
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company with nominal value of US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Share Option Scheme”	the post-IPO share option scheme approved and adopted by the Shareholders on 17 April 2019, a summary of the principal terms of which is set out in “Statutory and General Information – Other Information – Share Option Scheme and the Duiba Share Award Scheme” in Appendix IV to the Prospectus
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“U.S. dollars” or “US\$” or “USD”	United States dollars, the lawful currency of the United States
“XL Holding”	Xiaoliang Holding Limited, a company with limited liability incorporated in the BVI on 26 February 2018, and wholly owned by Blissful Plus

For illustration purposes, amounts in US\$ in this interim report have been translated into RMB at an exchange rate of US\$1 = RMB7.2258. Such translations should not be construed as a representation that any amount in question in US\$ or RMB has been or could have been or may be converted at such a rate or at any other rates.

Note: The English transliteration of the Chinese name(s) in this interim report, where indicated by an asterisk(*), is included for identification purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).