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Duiba Group

兑吧集团

DUIBA GROUP LIMITED

兑吧集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1753)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Financial and Operational Information Highlights for the Six Months ended 30 June 2023

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 Hong Kong Financial Reporting Standards (“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	2022
	(Unaudited)	(Unaudited)
	RMB'000	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.

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 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.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Duiba Group Limited (the “**Company**”) hereby announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (“**1H2023**” or the “**Period**”) with the comparative figures for the six months ended 30 June 2022 (“**1H2022**”):

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

For the six months ended 30 June 2023

		2023	2022
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	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 (CONTINUED)

For the six months ended 30 June 2023

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

		30 June 2023	31 December 2022
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,653	7,775
Goodwill		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
		<hr/>	<hr/>
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
Pledged time deposits		327,692	130,133
Restricted cash		218	2,418
Cash and cash equivalents		628,547	654,671
		<hr/>	<hr/>
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
Tax payable		6,964	3,835
Contract liabilities		28,134	79,762
Interest-bearing bank borrowings		516,287	127,822
Lease liabilities		3,920	7,391
		<hr/>	<hr/>
Total current liabilities		787,582	501,078

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

30 June 2023

		30 June 2023	31 December 2022
		(Unaudited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
NET CURRENT ASSETS		<u>1,025,595</u>	<u>1,082,586</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,358,580</u>	<u>1,308,606</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,474	689
Lease liabilities		<u>2,729</u>	<u>326</u>
Total non-current liabilities		<u>4,203</u>	<u>1,015</u>
Net assets		<u>1,354,377</u>	<u>1,307,591</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>14</i>	70	70
Reserves		<u>1,354,307</u>	<u>1,307,521</u>
Total equity		<u>1,354,377</u>	<u>1,307,591</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

		2023	2022
	<i>Notes</i>	(Unaudited)	(Unaudited)
		RMB'000	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 difference, 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	10	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 (CONTINUED)

For the six months ended 30 June 2023

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Net cash flows used in operating activities	<u>(150,766)</u>	<u>(59,254)</u>
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 financial assets at fair value through profit or loss	(100,000)	(537,000)
Purchases of other intangible assets	(44)	–
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	<u>(6,596)</u>	<u>65,640</u>
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	<u>95,604</u>	<u>(4,896)</u>
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	<u>191,447</u>	<u>232,457</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2023

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
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 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 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 34 (“**HKAS**”) *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>

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 amendment and the amendment 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	2022
	(Unaudited)	(Unaudited)
	RMB'000	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	2022
	(Unaudited)	(Unaudited)
	RMB'000	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

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	2022
	(Unaudited)	(Unaudited)
	RMB'000	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	2022
	(Unaudited)	(Unaudited)
	RMB'000	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

6. PROFIT/(LOSS) BEFORE TAX

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

	<i>Notes</i>	For the six months ended	
		2023	2022
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
Cost of inventories sold		46,316	16,541
Cost of services provided		495,123	405,026
Depreciation of property, plant and equipment	10	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		(5,920)	(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 profit or loss.

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

7. INCOME TAX

The Group is subject to income tax on an entity basis on 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	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – Charged for the period	3,152	1,113
Deferred tax	3,048	(2,782)
	<u>6,200</u>	<u>(1,669)</u>
Total tax expense/(credit) for the period	<u>6,200</u>	<u>(1,669)</u>

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	2022
	(Unaudited)	(Unaudited)
	RMB	RMB
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	<u>22,084,000</u>	<u>(62,090,000)</u>
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	<u>1,055,812,500</u>	<u>1,044,212,500</u>

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)
	<u>4,653</u>	<u>7,775</u>

11. INVESTMENT IN AN ASSOCIATE

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

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Zhejiang Gushang Intelligent Technology Co., Ltd.	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.

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)
	<u>367,980</u>	<u>233,521</u>

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

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

	30 June 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
	<u>367,980</u>	<u>233,521</u>

13. TRADE PAYABLES

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

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

	30 June 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
	<u>60,082</u>	<u>78,330</u>

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

14. SHARE CAPITAL

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

	Number of shares in issue	Share capital RMB'000	Share premium RMB'000	Total RMB'000
At 31 December 2022, 1 January 2023 and at 30 June 2023	<u>1,076,823,200</u>	<u>70</u>	<u>1,942,530</u>	<u>1,942,600</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is a leading user management Software-as-a-Service (“SaaS”) service provider and 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 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 which 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 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.

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

	For the six months ended	
	30 June	
	2023	2022
	RMB’000	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	2022
	<i>RMB'000</i>	<i>RMB'000</i>
User management SaaS solutions	41,961	53,506
Other value-added services	42,622	16,567
	<u>84,583</u>	<u>70,073</u>

2. Internet Advertising Business

In 2015, the Group pioneered and launched its internet advertising business, which aggregated the traffic of different app scenarios, systematically managed content activities, and achieved large-scale monetization through advertisements, thereby achieving a win-win situation for each of the advertising customers, media providers and users. Advanced big data analytics and AI technology also provides robust support to the innovation and operations of our internet advertising platform. We generally charge our internet advertising customers based on the performance of advertisements. The majority of our revenue from our internet advertising business for the 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 meets and stimulates 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.

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 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 of total revenue and the significant decrease of administrative expenses for the Period.

Profit/(Loss) for the Period

For the six months ended 30 June 2023, profit attributable to shareholders of the Company (the "Shareholder(s)") 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 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 Renminbi.

Capital Commitments

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

Foreign Exchange Risk Management

The Group has transactional currency exposures. Such exposures arise from the issue of 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 announcement, 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 announcement, the Group had no other significant investment and material acquisitions and disposals of subsidiaries, associated companies and joint ventures for the six months ended 30 June 2023.

Future Plans for Material Investment or Capital Assets

Save as disclosed in this announcement, 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).

SUBSEQUENT EVENT

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

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 with share options and share awards of the Company. The remuneration of employees was determined based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. The Group provided trainings to staff based on their job duties and functions.

SOCIAL RESPONSIBILITY

During the 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 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 Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance.

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

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

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

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

Save as disclosed above, the Company has complied with all applicable code provisions of the CG Code for the six months ended 30 June 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the six months ended 30 June 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 of the Board, together with management of the Company, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023.

PUBLICATION OF THE INTERIM RESULTS AND 2023 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.duiba.cn>), and the 2023 Interim Report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
DUIBA GROUP LIMITED
Chen Xiaoliang
Chairman

Hangzhou, China, 30 August 2023

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

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