

Duiba Group

兑吧集团有限公司

Duiba Group Limited



2020

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

Ms. Chen Ting

Mr. Cheng Peng

Non-executive Directors

Mr. Huang Tao

Mr. William Peng

Independent Non-executive Directors

Mr. Kam Wai Man

Dr. Ou-Yang Hui

Dr. Gao Fuping

AUDIT COMMITTEE

Mr. Kam Wai Man (*Chairman*)

Dr. Ou-Yang Hui

Dr. Gao Fuping

REMUNERATION COMMITTEE

Mr. Kam Wai Man (*Chairman*)

Dr. Ou-Yang Hui

Dr. Gao Fuping

Mr. Zhu Jiangbo

NOMINATION COMMITTEE

Mr. Chen Xiaoliang (*Chairman*)

Mr. Kam Wai Man

Dr. Ou-Yang Hui

Dr. Gao Fuping

AUTHORIZED REPRESENTATIVES

Mr. Chen Xiaoliang

Ms. Ng Ka Man

JOINT COMPANY SECRETARIES

Mr. Wang Saibin

Ms. Ng Ka Man

LEGAL ADVISORS

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AUDITOR

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COMPLIANCE ADVISOR

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COMPANY'S WEBSITE

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

STOCK CODE

1753

DATE OF LISTING

7 May 2019

Financial and Operational Data Highlights

FINANCIAL DATA HIGHLIGHTS

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Revenue		
User management SaaS platform business	28,353	10,660
Interactive advertising business	440,028	769,560
Others	23	74
Total	468,404	780,294

For the six months ended 30 June 2020, our revenue decreased by 40.0% compared with the same period of 2019.

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	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Loss for the period	(47,839)	(382,443)
<i>Add:</i>		
Share-based payment	24,563	8,983
Listing expenses	–	32,243
Changes in fair value of financial liabilities at fair value through profit or loss	–	467,675
Adjusted profit/(loss) for the period⁽¹⁾	(23,276)	126,458

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

OPERATIONAL DATA HIGHLIGHTS

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

User management SaaS platform business

As at 30 June 2020, 727 paying customers (1H2019: 568) including 159 customers from financial industry (1H2019: 19) and 568 customers from other industries (1H2019: 549) had used the Group's charged services. Approximately 6.5% of paying customers as at the end of the 31 December 2019 had not been retained over the six months ended 30 June 2020. The total value of newly signed contracts (including renewed contracts) for the six months ended 30 June 2020 was RMB39.6 million (1H2019: RMB15.3 million). The Group recorded revenue of RMB28.4 million for the six months ended 30 June 2020 from such business (1H2019: RMB10.7 million).

Interactive advertising business

	For the six months ended 30 June	
	2020	2019
DAUs (millions) ⁽¹⁾	25.1	29.9
MAUs (millions) ⁽¹⁾	364.5	402.2
Advertising page views (millions) ⁽²⁾	7,554.8	9,733.8
Number of chargeable clicks (millions) ⁽³⁾	2,019.6	2,583.4
Under CPC model (millions)	1,387.3	2,125.9
Others (millions)	632.3	457.5
Click-through rate ⁽⁴⁾	26.7%	26.5%
Average revenue per chargeable click under the CPC model (RMB)	0.31	0.34

(1) DAUs and MAUs refer to the average number of active users contributed by our HTML5 interactive advertising pages for the periods indicated and not the average active users of the content distribution channels.

(2) Advertising page views are the total number of page views of our HTML5 interactive advertising pages for the periods indicated.

(3) Chargeable clicks are the total number of times users are directed to the mobile internet pages designated by advertisers for the periods indicated.

(4) Click-through rate is calculated as the number of chargeable clicks divided by the number of advertising page views for the periods indicated.

	For the six months ended 30 June	
	2020	2019
Content distribution channels	4,909	4,846
Ultimate advertisers	2,268	2,475

For the six months ended 30 June 2020, we had placed interactive advertisements on 4,909 content distribution channels, mainly comprising mobile apps, and our interactive advertising business served 2,268 ultimate advertisers (either through advertising agent customers or as our direct customers).



Management Discussion and Analysis

BUSINESS REVIEW

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

1. User Management SaaS Business

Our user management SaaS platform is designed to help businesses attract and retain online users in a cost-effective manner, by offering various fun and engaging user management tools including reward points system operation, membership marketing operation and gamification operation to boost mobile app user activity and participation on apps. Having initially launched our user management SaaS platform on a free-of-charge model in order to expand our customer base, we began charging for our user management SaaS solutions on a pilot basis in April 2018. Meanwhile, we have been extending user management SaaS solutions to serve offline enterprises.

As at 30 June 2020, paying customers which used our charged user management SaaS services increased to 727 (1H2019: 568) including 159 customers from financial industry (1H2019: 19) and 568 customers from other industries (1H2019: 549). For the six months ended 30 June 2020, the number of newly signed contracts (including renewed contracts) for the Group's user management SaaS business reached 345 (1H2019: 263). The total value of our newly signed contracts (including renewed contracts) in 1H2020 was approximately RMB39.6 million (1H2019: RMB15.3 million) and the average charge per signed contract was approximately RMB115,000. Revenue generated from our user management SaaS business increased significantly by 166.0% to RMB28.4 million (1H2019: RMB10.7 million).

The sales and marketing strategy of our user management SaaS business for offline businesses is to actively explore cooperation opportunities with top brands in several sectors including retailing, catering, banking and new media. In 1H2020, we continuously made breakthroughs in expanding our banking customer base. The total number and the total value of our newly signed contracts (including renewed contracts) with banking customers in 1H2020 was 97 (1H2019: 18) and RMB14.8 million (1H2019: RMB1.7 million), respectively.

Management Discussion and Analysis

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

	For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Revenue	28,353	10,660
Cost of sales	(9,129)	(1,521)
Selling and distribution expenses	(21,874)	(12,758)
Administrative expenses (excluding research and development expenses)	(1,327)	(858)
Research and development expenses	(23,634)	(16,324)
	(27,611)	(20,801)

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

	For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000
User management SaaS solutions	19,036	8,560
Other value-added services	9,317	2,100
	28,353	10,660

We will upgrade the core service of user management SaaS business to include three product packages: basic version, premium version and VIP customized version to meet the different needs of different customers; we will also provide enterprises with marketing products and services: continuous innovation and more targeted effective marketing strategies and campaign tools.

In addition, in 1H2020, the outbreak of COVID-19 has caused the live broadcast events to enter the era of public awareness and use. The majority of businesses are doing live broadcast for e-commerce. However, for banks and insurance companies, the products in these industries are obviously slow in turnover cycles and rely on salespersons to guide the customers on decision-making, thus the traditional e-commerce live streaming is not applicable here. We started to provide a complete set of professionally generated live content planning and live supporting products for customers in these industries since April 2020. Before the live broadcast, sufficient potential users will be formed through the training and incentive mechanism for the company's salespersons. During the live broadcast process, the product interaction design will cooperate with the professional host to increase user engagement. During the viewing process, users will actively participate in raising questions, tests, reservations and receiving awards and other interactions which will leave precise user clues. After the live broadcast, through digital management tools, salespersons can more efficiently follow up and convert user clues brought by live broadcast. In the future, a picture will be formed. The salespersons or account managers of these companies will actively request the company to continue to broadcast live events. This is the core empowerment of our products, making live broadcast an indispensable means for corporate sales. For the six months ended 30 June 2020, we have three paying customers which used our live broadcast SaaS service.

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

2. Interactive Advertising Business

In 2015, the Group pioneered and launched its interactive advertising business, which aggregated the traffic of different app scenarios, systematically managed content activities, and achieved large-scale monetization through advertisements, thereby achieving a win-win situation for each of the advertisers, media partners and users. Advanced big data analytics and AI technology also provides robust support to the innovation and operations of our interactive advertising platform. We generally charge our interactive advertising customers based on the performance of advertisements. The majority of our revenue from our interactive advertising business during the six months ended 30 June 2020 was generated from the CPC (cost per click) model under which we charged customers only if viewers interacted with our advertising tools and were directed to the mobile internet page designated by the advertisers.

As the worldwide outbreak of COVID-19 has caused a sharp drop of economy, China's GDP fell by 6.8% in the first quarter of 2020, compared with last year and this sharp drop was the first time in 44 years. For the four months ended 30 April 2020, the demand and budget of the advertisers took a significant beating by the economy drag from the COVID-19 outbreak and the advertising platform's offline traffic also has come to a staging standstill. A slower recovery of the Group's advertising business was proved since May 2020, meanwhile we expect a strong recovery after the COVID-19 outbreak ends.

For the six months ended 30 June 2020, the revenue from our interactive advertising business declined by 42.8% to RMB440.0 million (1H2019: RMB769.6 million). 42% of such revenue was contributed by the e-commerce industry and 42% of such revenue was contributed by the financial industry. Among the top 20 ultimate advertisers in terms of revenue contribution in 1H2020, four customers were e-commerce platforms operated by listed companies and eight customers were listed financial enterprises.

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

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

As at 30 June 2020, we had designed more than 17,000 advertising campaigns, most of which were the first-of-their-kind on the market. During the six months ended 30 June 2020, the average revenue per chargeable click under the CPC model of our interactive advertising platform decreased to RMB0.31 (1H2019: RMB0.34) due to the COVID-19 outbreak, and the average CTR (click-through rate) of our interactive advertising business reached 26.7% (1H2019: 26.5%) through our continuing efforts to upgrade products and technology.

3. Research and Development

During the six months ended 30 June 2020, the Group continued to increase investment in research and development. As at 30 June 2020, the number of employees from our research and development department was 390, accounted for 52.8% of the Group's total employees, which resulted in a 11.6% increase in the Group's research and development expenses from RMB52.7 million in 1H2019 to RMB58.8 million in 1H2020. In order to improve and optimize our algorithms, we appointed Mr. Chen Xiuyi (陳秀義), who has extensive experience in the application of algorithm technology relating to online advertising, as the chief technology officer on 1 April 2020.

FINANCIAL REVIEW

As the demand and budget of the advertisers took a significant beating by the economy drag from the COVID-19 outbreak and the advertising platform's offline traffic also has come to a staging standstill, the Group's growth record was revised downwards. However, the Group further facilitated the monetization of user management SaaS business as this segment contributed rapid growth and high gross margin.

Revenue

For the six months ended 30 June 2020, the Group recorded a total revenue of RMB468.4 million (1H2019: RMB780.3 million), with a decrease of approximately 40.0% as compared to 1H2019. Such decrease was attributed to the 42.8%, or RMB329.6 million, decline in the revenue from our interactive advertising business for the six months ended 30 June 2020 as compared to 1H2019 reflecting the sharp fall in advertising page views and number of chargeable clicks from 9,733.8 million to 7,554.8 million, and 2,583.4 million to 2,019.6 million, respectively, during the six months ended 30 June 2020 due to the dramatic reduction of the demand and budget of the advertisers and a staging standstill to the platform's offline traffic.

However, the revenue generated from our user management SaaS platform business recorded an increase of 166.0% to RMB28.4 million for the six months ended 30 June 2020 as compared to 1H2019 mainly due to the increased number of newly signed contracts (including renewed contracts) and the increased unit price.

Gross Profit

For the six months ended 30 June 2020, the Group recorded gross profit of RMB67.4 million (1H2019: RMB244.3 million), which decreased by approximately 72.4% as compared to 1H2019. The gross profit margin was approximately 14.4% (1H2019: approximately 31.3%) and the gross profit margin for user management SaaS business and interactive advertisement business was 67.8% and 10.9%, respectively. The decline in gross profit was mainly due to the dramatic beating of the macro environment and advertising industry by the COVID-19 outbreak. Firstly, as the economy drag caused by the COVID-19 outbreak has left the advertisers with uncertain demand and budget, the Group adjusted the incentive strategy for the core advertisers. Secondly, the COVID-19 has come to a staging standstill to the advertising platform's offline traffic which contributed a higher conversion efficiency in 2019. Finally, for improving advertisement performance continuously, the Group increased the procurement of premium quality traffic from the core content distribution channels and adjusted the revenue sharing ratio. As most of the advertisers, especially the e-commerce industry, have increased advertisement budgets gradually, and the advertising platform's offline traffic recovered quickly since May 2020, thus the Group expects a strong revenue recovery with decent profitability after the COVID-19 outbreak ends.

Selling and Distribution Expenses

For the six months ended 30 June 2020, the Group recorded selling and distribution expenses of RMB42.6 million (1H2019: RMB53.9 million), representing a decrease of 20.9% as compared to 1H2019, mainly due to the reduction in marketing and advertising expenses. Meanwhile, selling and distribution expenses as a percentage of our total revenue increased to approximately 9.1% (1H2019: approximately 6.9%), mainly because the revenue decreased due to the COVID-19 outbreak, however the number of the Group's selling and distribution employees remained stable over the six months ended 30 June 2020. In addition, the Group has increased the selling and distribution expenses to promote user management SaaS business.

Administrative Expenses

For the six months ended 30 June 2020, the Group recorded administrative expenses of RMB103.7 million, representing a decrease of 12.3% compared to RMB118.2 million for 1H2019, because no listing expense was incurred in 1H2020 (1H2019: RMB32.2 million). The Group recorded research and development expenses of RMB58.8 million (1H2019: RMB52.7 million) and share-based payment of RMB24.6 million (1H2019: RMB9.0 million) respectively. Administrative expenses as a percentage of our total revenue increased to approximately 22.1% (1H2019: approximately 15.2%) mainly due to the sharp increase of share-based payment.

Changes in Fair Value of Financial Liabilities at Fair Value through Profit or Loss

The loss we recognized from the change in fair value of financial liabilities at fair value through profit or loss decreased from RMB467.7 million for the six months ended 30 June 2019 to nil for the six months ended 30 June 2020, because all of our redeemable preference shares have been converted into ordinary shares immediately prior to our listing on 7 May 2019.

Loss for the Period

For the six months ended 30 June 2020, loss attributable to the shareholders of the Company amounted to RMB47.8 million (1H2019: RMB382.4 million). Basic loss per share decreased to RMB5 cents (1H2019: RMB50 cents) mainly due to the fact that no changes in fair value of financial liabilities at fair value through profit or loss was recorded for the six months ended 30 June 2020.

Adjusted Profit or Loss for the Period

For the six months ended 30 June 2020, the Group's adjusted loss was RMB23.3 million (1H2019: adjusted profit of RMB126.5 million), and such decrease was mainly caused by the significant decrease in our revenue for the six months ended 30 June 2020 compared with the same period of 2019 as mentioned above.

Cash Flows

For the six months ended 30 June 2020, our net cash outflow used in operating activities was RMB1.9 million (1H2019: net cash inflow of RMB200.0 million), and such change was primarily due to the decrease in our revenue for the six months ended 30 June 2020 compared with the same period of 2019. Our net cash outflow used in investing activities was RMB104.1 million (1H2019: RMB873.4 million), representing a decrease of 88.1% compared with 1H2019, primarily due to the disposals of financial assets at fair value through profit or loss at the amount of RMB1,295.0 million (1H2019: RMB860.0 million). Our net cash outflow used in financing activities was RMB3.7 million (1H2019: net cash inflow of RMB543.4 million), and such change was primarily due to the net proceeds from issue of shares of the Company (the "Shares") in 2019.

Gearing Ratio

The Group monitors capital using a gearing ratio, which is total debt divided by total capital and net debt. Total debt includes trade payables, other payables and accruals, tax payable, lease liabilities and contract liabilities, less cash and cash equivalents. As at 30 June 2020, the Group's gearing ratio was approximately 9.1% as compared to approximately 1.9% as at 30 June 2019, primarily due to the decrease of cash and cash equivalents compared with that as at 30 June 2019.

Liquidity and Capital Structure

During the six months ended 30 June 2020, the daily working capital of the Group was primarily derived from internally generated cash flow from operating activities and the net proceeds from issue of Shares. As at 30 June 2020, the Group had cash and cash equivalents of approximately RMB111.7 million (as at 30 June 2019: RMB159.9 million). We did not have any unutilized banking facilities as at 30 June 2020.

Foreign Exchange Risk Management

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

Material Acquisitions, Disposals and Significant Investment

On 19 June 2020, Hangzhou Keze Network Technology Co., Ltd.* (杭州可澤網路科技有限公司) (“**Hangzhou Keze**”), a wholly-owned subsidiary of the Company, entered into the memorandum of understanding in relation to the establishment of a joint venture company, Zhejiang Gushang Intelligent Technology Co., Ltd.* (浙江谷尚智能科技有限公司) (the “**JV Company**”), pursuant to which Hangzhou Keze holds 19% of the equity in the JV Company. Based on the percentage shareholding of Hangzhou Keze in the JV Company, the total investment of the Group in the JV Company (including the land acquisition costs) is expected to be around RMB332.4 million. For details, please refer to the announcement of the Company dated 19 June 2020.

Save as disclosed above, there were no material acquisitions, disposals and significant investment of the Group for the six months ended 30 June 2020.

Contingent Liabilities

As at 30 June 2020, the Group did not have any unrecorded contingent liabilities or guarantees (as at 31 December 2019: nil).

Charge on Assets

As at 30 June 2020, the Group had no charges on its assets (as at 31 December 2019: nil).

ORGANIZATION AND TALENT RETENTION

As at 30 June 2020, the Group’s workforce reached 739 (as at 31 December 2019: 692), including 289 sales employees, 60 administration employees and 390 research and development employees. Identification and development of high-potential talents has been listed as a top priority for the management this year. Moreover, the Group provided higher incentives to talents by granting them with share options and share awards of the Company.

SOCIAL RESPONSIBILITY

During the six months ended 30 June 2020, the Group upheld the principle of “serving the people and giving back to society”, actively seeking opportunities to give back to the society in order to create a better living environment for local communities. During the COVID-19 outbreak, the Group properly carried out epidemic prevention and control in active response to the “scientific epidemic prevention” by regularly distributing masks and vitamin C to its employees and providing shuttle buses for them. Meanwhile, the Group gave back to the society by donation of materials purchased through its own channels, including masks and disinfectants. In addition, in response to the national call, the Group provided support for teaching in mountain villages by designating the “Candlelight” voluntary teaching team with teaching materials to accompany the students of Ma’ao Primary School in Shenzhen Town, Ninghai County, Ningbo City, Zhejiang Province for 14 days and established a profound friendship with them. The Group believes that the participation in community activities plays an important role in the long-term development of the Group. Through different activities to benefit the community, the Group can develop a culture of participating in community work and give back to the society. The Group will always pay attention to those in need and spare no effort to promote the development, education and construction activities of the communities where the Group operates.



FUTURE OUTLOOK

The COVID-19 outbreak has a far-reaching impact on the future economy. Enterprises are further increasing their investment in digital transformation and upgrade, especially in industries where the main business still relies mainly on offline scenarios and channels, typically represented by the banking industry. During the COVID-19 outbreak, offline outlets are unable to carry out operations, and account managers cannot visit customers, thus greatly affecting the normal development of their business. Online user management and the creation of online new user scenarios become an extremely urgent need of major banks for their business upgrade. The Group will be deeply engaged in user management SaaS business in vertical industries for a long time, and continuously upgrade and innovate our products and services, so as to create greater long-term value for banking, retail and other industries.

The COVID-19 outbreak has a significant impact on the interactive advertising business of the Group, with the staging standstill of the traffic for the offline consumption scenario due to the outbreak, and the budget pressures on advertisers in the industry. However, with the recovery of the domestic economy, the two negative effects have been gradually eliminated, with a significant improvement in the market environment for the continuous growth of the interactive advertising business. Looking forward to the second half of the year, the Group will adhere to the diversified traffic structure strategy of online and offline, omni-channel and full-scenario coverage for advertising traffic. In addition to the offline consumption scenario, it will further expand the traffic from WeChat mini program, digital TV traffic, and various access to traffic in the Internet of Things era after the full coverage of 5G in the future.

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

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2020 (1H2019: RMB9 cents per Share).

SUBSEQUENT EVENT

The Group did not have any significant events from 30 June 2020 and up to the date of this report.



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

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

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

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

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

Save as disclosed above, the Company has complied with all applicable code provisions of the CG Code for the six months ended 30 June 2020. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the six months ended 30 June 2020.

AUDIT COMMITTEE

The audit committee of the Company, together with management, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2020.

CHANGES TO DIRECTORS' INFORMATION

Save as disclosed herein, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 9 January 2020, the Company cancelled 26,339,200 Shares which were repurchased on the Stock Exchange for the period from 16 September 2019 to 31 December 2019 at a total consideration (before expenses) of HK\$120,569,514.

Save as disclosed above, during the six months ended 30 June 2020, neither the Company nor any of its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company's listed securities.

USE OF NET PROCEEDS FROM LISTING

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

As stated in the prospectus of the Company dated 24 April 2019 (the "**Prospectus**"), the Company intended to use the Net Proceeds in the following manner:

- approximately 37% or RMB180.2 million for the enhancement of our research and development function;
- approximately 25% or RMB125.1 million for the enhancement of our sales and marketing function;
- approximately 8% or RMB38.1 million for the enhancement of our operational function;
- approximately 20% or RMB98.1 million for investment into and acquiring companies and businesses that are relevant or complementary to our business and technologies, in order to support our growth strategies; and
- approximately 10% or RMB49.0 million for working capital and other general corporate purposes.

As at 30 June 2020, the Group had utilized the Net Proceeds in the manner as set out in the table below:

	Approximate percentage of total amount %	Net Proceeds RMB' million	Utilization as at 30 June 2020 RMB' million	Unutilized amount RMB' million
Research and development	37%	180.2	49.1	131.1
Sales and marketing	25%	125.1	19.3	105.8
Operations	8%	38.1	5.5	32.6
Acquisitions	20%	98.1	–	98.1
Working capital	10%	49.0	49.0	–
Total	100%	490.5	122.9	367.6

There was no change in the intended use of the Net Proceeds as previously disclosed in the Prospectus and the 2019 annual report of the Company.

A detailed breakdown and description of the intended use of the unutilized Net Proceeds and the expected timeline for the use of the unutilized Net Proceeds is set out in the table below:

	2020 RMB' million	2021 RMB' million	Total RMB' million
<i>Research and development:</i>			
– business-specific staff recruitment	32.1	45.5	77.6
– investment in servers	19.8	12.5	32.3
– improvement in technology infrastructure	13.9	19.7	33.6
– research and development center	11.4	11.4	22.8
Subtotal	77.2	89.1	166.3
<i>Sales and marketing:</i>			
– business-specific staff recruitment	17.2	25.3	42.5
– marketing initiatives	32.1	39.3	71.4
Subtotal	49.3	64.6	113.9
<i>Operations:</i>			
– business-specific staff recruitment	11.0	15.6	26.6
– operational facilities	3.6	5.0	8.6
Subtotal	14.6	20.6	35.2
<i>Acquisitions</i>	–	–	98.1
<i>Working capital</i>	19.6	–	19.6

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

As at 30 June 2020, 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 had been 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 recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(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 of controlled corporations	511,821,304 (L)	47.51%
Mr. Zhu Jiangbo (“ Mr. Zhu ”) ⁽⁴⁾	Beneficial owner	6,205,000 (L)	0.58%
Ms. Chen Ting (“ Ms. Chen ”) ⁽⁵⁾	Beneficial owner	1,942,844 (L)	0.18%
Mr. Cheng Peng (“ Mr. Cheng ”) ⁽⁶⁾	Beneficial owner	510,000 (L)	0.05%

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 2020.
- (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 for the Chen’s Family Trust through Antopex Limited and Blissful Plus (as nominees for CMB Wing Lung (Trustee) Limited); (ii) his deemed interest in the 38,885,054 Shares held by Kewei Holding Limited as its sole director; and (iii) his deemed interest in the 18,384,250 Shares held by Duiba Kewei (BVI) Limited as its sole shareholder.
- (4) Mr. Zhu is an executive Director. He directly holds 6,205,000 Shares.
- (5) Ms. Chen is an executive Director. She directly holds 1,942,844 Shares.
- (6) Mr. Cheng is an executive Director. He directly holds 510,000 Shares.

Save as disclosed above, as at 30 June 2020, 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 required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the Reporting Period was the Company or any of its 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 2020, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which are recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares held ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
CMB Wing Lung (Trustee) Limited ⁽³⁾	Trustee of a trust	454,552,000 (L)	42.19%
Antopex Limited ⁽³⁾	Nominee for another persons	454,552,000 (L)	42.19%
Blissful Plus ⁽³⁾	Interest of controlled corporation	454,552,000 (L)	42.19%
XL Holding ⁽³⁾	Beneficial owner	454,552,000 (L)	42.19%
Rising Union Limited ⁽⁴⁾	Beneficial owner	126,230,000 (L)	11.72%
Xinran Group Holding Limited ⁽⁵⁾	Beneficial owner	73,055,700 (L)	6.78%
Mr. Liu Yang ("Mr. Liu") ⁽⁵⁾	Interest of 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 2020.
- (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) Rising Union Limited, a limited liability company incorporated in the BVI, is owned as to (i) 93% by Orchid Asia VII, L.P. (“**OA7**”), and (ii) 7% by Orchid Asia VII Co-Investment, Limited (“**OA-Co**”), both of which are controlled by Areo Holdings Limited. OA7 is principally engaged in equity investments in private companies, and OA-Co is an entity incorporated to invest alongside with OA7. According to the disclosure of interests notice filed by Areo Holdings Limited dated 19 June 2020, Areo Holdings Limited controls Rising Union Limited through its controlled corporations, namely OAVII Holdings, L.P., Orchid Asia VII GP, Limited, Orchid Asia V Group Management, Limited and Orchid Asia V Group, Limited. Mr. Gabriel Li is the sole director of Rising Union Limited and is deemed to be interested in the 126,230,000 Shares held by Rising Union Limited. Ms. Lam Lai Ming is the spouse of Mr. Gabriel Li. Accordingly, each of OA7, OAVII Holdings, L.P., Orchid Asia VII GP, Limited, Orchid Asia V Group Management, Limited, Orchid Asia V Group, Limited, Areo Holdings Limited, Mr. Gabriel Li and Ms. Lam Lai Ming is deemed to be interested in the 126,230,000 Shares held by Rising Union Limited.
- (5) Xinran Group Holding Limited, a company incorporated in the BVI, is wholly-owned by Mr. Liu. Therefore, Mr. Liu is deemed to be interested in the 73,055,700 Shares held by Xinran Group Holding Limited.

Save as disclosed above, as at 30 June 2020, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under 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 referred to therein.

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 Stock Exchange.

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

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

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) 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 nine years as at the date of this interim report. Since the adoption of the Share Option Scheme and during the Reporting Period, no option had been granted or agreed to be granted by the Company pursuant to the Share Option Scheme, and as at 30 June 2020, no option under the Share Option Scheme was outstanding.



APPRECIATION

On behalf of the Board, I would like to express our sincere thanks to all our managements and staff 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, 14 September 2020

As at the date of this report, the Board comprises Mr. Chen Xiaoliang, Mr. Zhu Jiangbo, Ms. Chen Ting and Mr. Cheng Peng as executive Directors, Mr. Huang Tao and Mr. William Peng as non-executive Directors and Mr. Kam Wai Man, Dr. Ou-Yang Hui and Dr. Gao Fuping as independent non-executive Directors.

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

For the six months ended 30 June 2020

	Notes	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
REVENUE	5	468,404	780,294
Cost of sales		(400,981)	(535,998)
Gross profit		67,423	244,296
Other income and gains	5	27,509	15,844
Selling and distribution expenses		(42,645)	(53,938)
Administrative expenses		(103,669)	(118,221)
Changes in fair value of financial liabilities at fair value through profit or loss		–	(467,675)
Other expenses		(5,946)	(1,232)
Finance costs		(52)	–
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	(57,380)	(380,926)
Income tax credit/(expense)	7	9,541	(1,517)
LOSS FOR THE PERIOD		(47,839)	(382,443)
Attributable to:			
Owners of the parent		(47,839)	(382,443)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	(5) cents	(50) cents

Unaudited Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 June 2020

	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
LOSS FOR THE PERIOD	(47,839)	(382,443)
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(630)	(101)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of the Company	11,071	28,001
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	10,441	27,900
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(37,398)	(354,543)
Attributable to:		
Owners of the parent	(37,398)	(354,543)

Unaudited Interim Condensed Consolidated Statement of Financial Position

30 June 2020

		30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,331	5,238
Intangible assets		534	679
Investments in an associate		19,000	–
Deferred tax assets		30,602	20,863
Prepayments, other receivables and other assets		875	1,606
Right-of-use assets		4,968	3,494
		60,310	31,880
CURRENT ASSETS			
Trade receivables	11	113,495	146,586
Prepayments, other receivables and other assets		128,104	124,155
Financial assets at fair value through profit or loss		1,182,280	1,072,857
Cash and cash equivalents		111,703	220,779
		1,535,582	1,564,377
CURRENT LIABILITIES			
Trade payables	12	110,855	101,853
Other payables and accruals		92,834	109,277
Lease liabilities		2,653	2,988
Contract liabilities		39,949	20,455
		246,291	234,573

Unaudited Interim Condensed Consolidated Statement of Financial Position
30 June 2020

		30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
	<i>Note</i>		
NET CURRENT ASSETS		1,289,291	1,329,804
TOTAL ASSETS LESS CURRENT LIABILITIES		1,349,601	1,361,684
NON-CURRENT LIABILITIES			
Deferred tax liabilities		870	672
Lease liabilities		999	445
Total non-current liabilities		1,869	1,117
Net assets		1,347,732	1,360,567
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	69	72
Treasury shares		–	(108,565)
Reserves		1,347,663	1,469,060
Total equity		1,347,732	1,360,567

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Accumulated losses* RMB'000	Exchange fluctuation reserve* RMB'000	
At 1 January 2020 (Audited)	72	(108,565)	2,052,013	(89,828)	45,416	(557,268)	18,727	1,360,567
Loss for the period (Unaudited)	-	-	-	-	-	(47,839)	-	(47,839)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations (Unaudited)	-	-	-	-	-	-	10,441	10,441
Total comprehensive income/(loss) for the period (Unaudited)	-	-	-	-	-	(47,839)	10,441	(37,398)
Equity-settled share award and option arrangements (note 16) (Unaudited)	-	-	-	24,563	-	-	-	24,563
Cancellation of treasury shares (Unaudited)	(3)	108,565	(108,562)	-	-	-	-	-
At 30 June 2020 (Unaudited)	69	-	1,943,451	(65,265)	45,416	(605,107)	29,168	1,347,732

	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Accumulated losses* RMB'000	Exchange fluctuation reserve* RMB'000	
At 1 January 2019 (Audited)	44	-	32,175	(118,597)	25,125	(337,173)	(33,572)	(431,998)
Loss for the period (Unaudited)	-	-	-	-	-	(382,443)	-	(382,443)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations (Unaudited)	-	-	-	-	-	-	27,900	27,900
Total comprehensive income/(loss) for the period (Unaudited)	-	-	-	-	-	(382,443)	27,900	(354,543)
Issue of shares (Unaudited)	8	-	574,632	-	-	-	-	574,640
Equity-settled share award (note 16) (Unaudited)	-	-	-	8,953	-	-	-	8,953
Appropriation to statutory surplus reserve (Unaudited)	-	-	-	-	3,246	(3,246)	-	-
Repurchase of shares (Unaudited)	-	(3,340)	-	-	-	-	-	(3,340)
Conversion of preferred shares to ordinary shares (Unaudited)	21	-	1,600,628	-	-	-	-	1,600,649
Share issue expenses (Unaudited)	-	-	(26,727)	-	-	-	-	(26,727)
At 30 June 2019 (Unaudited)	73	(3,340)	2,180,708	(109,644)	28,371	(722,862)	(5,672)	1,367,634

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Notes	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(57,380)	(380,926)
Adjustments for:			
Bank interest income	5	(882)	(945)
Investment income from financial assets at fair value through profit or loss	5	(11,636)	(5,047)
Foreign exchange difference, net	6	5,699	937
Loss on disposal of items of property, plant and equipment		–	3
Depreciation of property, plant and equipment	10	1,953	2,560
Changes in fair value of financial assets at fair value through profit or loss	5	(9,605)	(7,716)
Amortisation of intangible assets		149	167
Changes in fair value of financial liabilities at fair through profit or loss		–	467,675
Equity-settled share award expense		24,563	8,953
Lease interest expense		52	58
Depreciation of right-of-use assets		2,347	2,765
Impairment of trade receivables arising from contracts with customers		441	287
		(44,299)	88,771
Decrease in trade receivables		32,650	91,450
Increase in prepayments, other receivables and other assets		(3,218)	(849)
Increase in trade payables		9,002	16,086
(Decrease)/increase in other payables and accruals		(16,443)	12,502
Increase/(decrease) in contract liabilities		19,494	(8,931)
Cash generated from/(used in) operations		(2,814)	199,029
Interest received		882	945
Net cash flows from/(used in) operating activities		(1,932)	199,974

Unaudited Interim Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2020

	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Net cash flows (used in)/from operating activities	(1,932)	199,974
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of items of property, plant and equipment	3	30
Purchases of items of property, plant and equipment	(1,049)	(435)
Purchases of intangible assets	(4)	–
Purchases of financial assets at fair value through profit or loss	(1,394,440)	(1,738,112)
Proceeds from investment income	15,504	5,047
Proceeds from disposals of financial assets at fair value through profit or loss	1,294,909	860,035
Purchase of a shareholding in an associate	(19,000)	–
Net cash flows used in investing activities	(104,077)	(873,435)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	–	574,640
Repurchase of shares	–	(3,340)
Share issue expenses	–	(24,160)
Principal portion of lease payments	(3,654)	(3,711)
Net cash flows (used in)/from financing activities	(3,654)	543,429
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Net foreign exchange difference	587	8,412
Cash and cash equivalents at beginning of period	220,779	281,565
CASH AND CASH EQUIVALENTS AT END OF PERIOD	111,703	159,945
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	111,703	159,945
Cash and cash equivalents as stated in the statement of financial position and statement of cash flows	111,703	159,945

Notes to the Unaudited Consolidated Financial Information

30 June 2020

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

The Company is an investment holding company. During the six-month period ended 30 June 2020 (the “**reporting period**”), the Company’s subsidiaries are principally involved in user management SaaS platform business, interactive advertising business and other businesses. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 7 May 2019.

2. BASIS OF PREPARATION

The Group’s unaudited interim condensed consolidated financial information for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting.

The unaudited interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2019.

The unaudited interim condensed consolidated financial information have been prepared under the historical cost convention. 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 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

Amendments to HKFRS 3

Amendments to HKFRS 9, HKAS 39 and HKFRS 7

Amendment to HKFRS 16

Amendments to HKAS 1 and HKAS 8

Definition of a Business

Interest Rate Benchmark Reform

Covid-19-Related Rent Concessions (early adopted)

Definition of Material

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

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

- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

Geographical information

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

Information about major customers

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

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Customer 1	106,633	97,105
Customer 2	68,067	118,916
Customer 3	52,930	88,442
Customer 4	49,613	85,343
Customer 5	N/A*	149,485
Customer 6	N/A*	86,509

* 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, other income and gains is as follows:

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
<i>Revenue from contracts with customers</i>	468,404	780,294
<u>Other income and gains</u>		
Bank interest income	882	945
Government grants	4,632	2,063
Others	754	73
Changes in fair value of financial assets at fair value through profit or loss	9,605	7,716
Investment income from financial assets at fair value through profit or loss	11,636	5,047
	27,509	15,844

5. REVENUE, OTHER INCOME AND GAINS (continued)

Note:

(a) Disaggregation of revenue from contracts with customers

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Types of goods or services		
User management SaaS platform business	28,353	10,660
Interactive advertising business	440,028	769,560
Others	23	74
	468,404	780,294

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	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Timing of revenue recognition		
Over time		
– SaaS services included in user management SaaS platform business	18,720	8,560
At a point in time		
– Other services included in user management SaaS platform business	9,633	2,100
– Interactive advertising business	440,028	769,560
– Others	23	74
	449,684	771,734
Total	468,404	780,294

6. LOSS BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Cost of inventories sold		8,512	1,437
Cost of services provided		392,469	534,561
Depreciation of items of property, plant and equipment	10	1,953	2,560
Amortisation of intangible assets*		149	167
Government grants	5	(4,632)	(2,063)
Bank interest income	5	(882)	(945)
Foreign exchange differences, net		5,699	937
Loss on disposal of items of property, plant and equipment		–	3
Impairment of trade receivables arising from contracts with customers		441	287
Changes in fair value of financial assets at fair value through profit or loss	5	(9,605)	(7,716)
Investment income from financial assets at fair value through profit or loss	5	(11,636)	(5,047)
Research and development costs		58,782	52,746
Depreciation expense of right-of-use assets		2,347	2,765
Auditor's remuneration		800	686
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		72,988	65,167
Pension scheme contributions		258	5,376
Staff welfare expenses		12,321	20,036
Equity-settled share award expense		23,180	8,635
		108,747	99,214

* The amortisation of intangible assets for the six months end 30 June 2020 is included in "Administrative expenses" in profit or loss.

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

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

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Current – Charged for the period	–	877
Deferred tax	(9,541)	640
Total tax expense/(credit) for the period	(9,541)	1,517

8. DIVIDENDS

The Board did not declare any interim dividend for the reporting period (the six months ended 30 June 2019: RMB9 cents per ordinary share, amounting to a total of approximately RMB99,800,000).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of RMB47,839,000 (six months ended 30 June 2019: RMB382,443,000), and the weighted average number of ordinary shares of 1,044,172,000 (six months ended 30 June 2019: 757,491,000) shares in issue during the period. The number of shares for the current period has been arrived at after eliminating the shares of the Company held under the share award scheme and shares repurchased.

	For the six months ended 30 June	
	2020 (Unaudited) RMB	2019 (Unaudited) RMB
Earnings		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	47,839,000	382,443,000

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

	Number of shares	
	For the six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	1,044,172,000	757,491,000

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2020 in respect of a dilution as the impact of the restricted stock unit option had an anti-dilutive effect on the basic loss per share amounts presented.

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Carrying amount at beginning of period/year	5,238	8,930
Additions	1,049	2,866
Depreciation provided during the period/year	(1,953)	(5,026)
Disposals	(3)	(1,532)
Carrying amount at end of period/year	4,331	5,238

11. TRADE RECEIVABLES

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Trade receivables	114,084	146,734
Less: Impairment of trade receivables	(589)	(148)
	113,495	146,586

Trade receivables are non-interest-bearing with credit terms ranging from 30 to 60 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 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
0 to 30 days	36,666	128,610
31 to 90 days	57,128	17,972
91 to 180 days	17,616	4
181 to 365 days	2,085	-
	113,495	146,586

12. TRADE PAYABLES

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Trade payables	110,855	101,853

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 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
0 to 30 days	54,085	63,498
31 to 90 days	16,993	14,829
91 to 180 days	12,743	12,396
181 to 365 days	22,807	6,888
Over 365 days	4,227	4,242
	110,855	101,853

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

13. SHARE CAPITAL AND TREASURY SHARES

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

	Number of shares in issue	Share capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Total RMB'000
At 31 December 2019 and 1 January 2020	1,103,662,400	72	(108,565)	2,052,013	1,943,520
Cancellation of treasury shares (note a)	(26,339,200)	(3)	108,565	(108,562)	–
At 30 June 2020	1,077,323,200	69	–	1,943,451	1,943,520

Note:

(a) On 9 January 2020, the Company cancelled 26,339,200 shares which were repurchased on the Hong Kong Stock Exchange.

14. COMMITMENTS

The Group had the following capital commitments at the end of reporting period:

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Contracted, but not provided for: Buildings	332,678	–

15. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the interim condensed consolidated financial statements, the Group had no transactions with related parties during the reporting period.
- (b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Short term employee benefits	2,550	1,735
Equity-settled share award expense	6,179	583
Pension scheme contributions	27	84
Total compensation paid to key management personnel	8,756	2,402

16. SHARE AWARD SCHEME

Restricted Stock Unit Scheme

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

On 11 June 2015 and 26 October 2015, equity interest in HZ Duiba were granted to 4 and 4 selected employees for a consideration 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.

16. SHARE AWARD SCHEME (continued)

Restricted Stock Unit Scheme (continued)

On 24 May 2016, 14 June 2017 and 25 December 2017, equity interest in HZ Duiba ESOP Co. I of approximately 6.91%, 31.97% and 28.14%, representing an effective equity interest 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 interest in HZ Duiba ESOP Co. II of approximately 4.89%, 4.72% and 1.69%, representing an effective equity interest 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 2020, a share award expense of RMB998,000 (the six months ended 30 June 2019: RMB2,249,000) was charged to profit or loss.

Restricted Stock Unit Option Incentive Scheme

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

16. SHARE AWARD SCHEME (continued)**Restricted Stock Unit Option Incentive Scheme (continued)**

The share options granted during the six month ended 30 June 2020 and years ended 31 December 2019 are as follows.

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

2019	
Date of grant	Number of options
1 March 2019	516,000
1 July 2019	6,190,000
1 September 2019	167,000
1 October 2019	150,000
8 October 2019	200,000
1 November 2019	1,300,000
1 December 2019	10,117,000

2020	
Date of grant	Number of options
1 February 2020	833,333
1 March 2020	4,140,000
1 April 2020	2,250,000
1 May 2020	150,000
1 June 2020	700,000

16. SHARE AWARD SCHEME (continued)**Restricted Stock Unit Option Incentive Scheme (continued)**

- (b) The exercise price of the share options is nil. 33.3% of the share options is exercisable after 12 months from the date of the option incentive agreement; 33.3% of the share options is exercisable after 24 months from the date of the option incentive agreement; and 33.4% of the share options is exercisable after 36 months from the date of the option incentive agreement.

2019	
Date of grant	Number of options
1 September 2019	500,000

- (c) The exercise price of the share options is nil. 25% of the share options is exercisable after 12 months from the date of the option incentive agreement; 25% of the share options is exercisable after 24 months from the date of the share option incentive agreement; 25% of the share options is exercisable after 36 months from the date of the option incentive agreement; and 25% the share options is exercisable after 48 months from the date of the option incentive agreement.

2020	
Date of grant	Number of options
1 April 2020	5,000,000

The following share options were outstanding under the Scheme during the period/year:

	2020		2019	
	Weighted average exercise price US\$'000	Number of options '000	Weighted average exercise price US\$'000	Number of options '000
At 1 January 2020	–	43,094	–	1,931
Granted during the period/year	–	13,073	–	–
Granted during the period/year before share subdivision	–	–	–	516
Effect of share subdivision	–	–	–	22,023
Granted during the period/year after share subdivision	–	–	–	18,624
At 30 June 2020	–	56,167	–	43,094

16. SHARE AWARD SCHEME (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:

2020			
Number of options '000	Exercise price per share US\$	Vesting period/ exercise period	Fair value per share US\$
833	–	2021/02/01 to 2024/02/01	0.45
4,140	–	2021/03/01 to 2024/03/01	0.46
7,250	–	2021/04/01 to 2024/04/01	0.29
150	–	2021/05/01 to 2024/05/01	0.27
700	–	2021/06/01 to 2024/06/01	0.20
13,073			

2019			
Number of options '000	Exercise price per share US\$	Vesting period/ exercise period	Fair value per share US\$
516	–	2020/03/01 to 2023/03/01	4.79
6,190	–	2020/07/01 to 2023/07/01	0.60
167	–	2020/09/01 to 2023/09/01	0.57
500	–	2020/09/01 to 2022/09/01	0.57
150	–	2020/10/01 to 2023/10/01	0.59
200	–	2020/10/08 to 2023/10/08	0.59
1,300	–	2020/11/01 to 2023/11/01	0.65
10,117	–	2020/12/01 to 2023/12/01	0.61
19,140			

The fair value of the share options granted during the six months ended 30 June 2020 was US\$4,708,000 (equivalent to approximately RMB33,127,000) of which the Group recognised a share option expense of RMB23,565,000 (the six months ended 30 June 2019: RMB6,734,000) during the six months ended 30 June 2020.

17. 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 2020

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	113,495	–	113,495
Financial assets included in prepayments, other receivables and other assets	32,104	–	32,104
Financial assets at fair value through profit or loss	–	1,182,280	1,182,280
Cash and cash equivalents	111,703	–	111,703
	257,302	1,182,280	1,439,582

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	110,855	110,855
Lease liabilities	3,652	3,652
Financial liabilities included in other payables and accruals	12,245	12,245
	126,752	126,752

17. 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 2019**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	146,586	–	146,586
Financial assets included in prepayments, other receivables and other assets	9,769	–	9,769
Financial assets at fair value through profit or loss	–	1,072,857	1,072,857
Cash and cash equivalents	220,779	–	220,779
	<u>377,134</u>	<u>1,072,857</u>	<u>1,449,991</u>

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	101,853	101,853
Lease liabilities	3,433	3,433
Financial liabilities included in other payables and accruals	14,810	14,810
	<u>120,096</u>	<u>120,096</u>

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 30 June 2020, 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, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the non-current other receivables 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.

18. 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 2020**

	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:				
Investments in financial products	131,659	1,050,621	–	1,182,280

As at 31 December 2019

	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:				
Investments in financial products	134,353	938,504	–	1,072,857

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 both financial assets and financial liabilities.

19. EVENTS AFTER THE REPORTING PERIOD

There was no event causing significant impact on the Group since 30 June 2020.



Definitions

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

“Articles of Association”	the articles of association conditionally adopted by our Company on 17 April 2019 with effect from 7 May 2019, 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 and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961), as consolidated and revised of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“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
“Hangzhou Keze”	Hangzhou Keze Network Technology Co., Ltd.* (杭州可澤網路科技有限公司), a wholly-owned subsidiary of the Company



Definitions

“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	Zhejiang Gushang Intelligent Technology Co., Ltd.* (浙江谷尚智能科技有限公司)
“Listing Date”	7 May 2019, being the date on which the shares of the Company became listed and commenced trading on the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Net Proceeds”	the net proceeds of approximately HK\$569.5 million from the global offering of the Shares, after deducting professional fees, underwriting commissions and other related listing expenses
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this report only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 24 April 2019
“Reporting Period”	the six months ended 30 June 2020
“RMB”	Renminbi yuan, the lawful currency of the PRC
“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
“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” or “XL Holding Limited”	Xiaoliang Holding Limited, a company with limited liability incorporated in the BVI on 26 February 2018, and wholly owned by Blissful Plus Enterprises Limited, a company controlled by the Chen’s Family Trust for the benefit of Mr. Chen Xiaoliang and of his family members