

*Duiba Group*  
兑吧集团

兑吧集团有限公司  
Duiba Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1753

2022  
Interim Report



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

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

Mr. Zhu Jiangbo

Mr. Cheng Peng

Ms. Li Chunting

### Independent non-executive Directors

Mr. Kam Wai Man

Dr. Shi Jianxun

Dr. Gao Fuping

## AUDIT COMMITTEE

Mr. Kam Wai Man (*Chairman*)

Dr. Shi Jianxun

Dr. Gao Fuping

## REMUNERATION COMMITTEE

Dr. Shi Jianxun (*Chairman*)

Mr. Kam Wai Man

Dr. Gao Fuping

Mr. Zhu Jiangbo

## NOMINATION COMMITTEE

Mr. Chen Xiaoliang (*Chairman*)

Mr. Kam Wai Man

Dr. Shi Jianxun

Dr. Gao Fuping

## AUTHORIZED REPRESENTATIVES

Mr. Chen Xiaoliang

Ms. Ng Ka Man

## COMPANY SECRETARY

Ms. Ng Ka Man

## LEGAL ADVISORS

As to Hong Kong law:

Jingtian & Gongcheng LLP

Suites 3203-3207, 32/F

Edinburgh Tower

The Landmark

15 Queen's Road Central

Hong Kong

As to Cayman Islands law:

Conyers Dill & Pearman

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## AUDITOR

Ernst & Young

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

## COMPLIANCE ADVISOR

Sinolink Securities (Hong Kong) Company Limited

Units 2503, 2505-06, 25/F

Low Block Grand Millennium Plaza

181 Queen's Road Central

Hong Kong

## Corporate Information

### **REGISTERED OFFICE**

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

### **PRINCIPAL PLACE OF BUSINESS IN CHINA**

Room 702, Shuyu Building  
98 Wenyi West Road  
Xihu District  
Hangzhou  
China

### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

31/F, Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

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

### **HONG KONG SHARE REGISTRAR**

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

### **PRINCIPAL BANK**

Hua Xia Bank (Hi-tech Branch)  
No. 123, Wenyi Road  
Xihu District  
Hangzhou  
China

### **COMPANY'S WEBSITE**

<http://www.duiiba.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	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue		
User management SaaS platform business	70,073	68,560
Interactive advertising business	447,935	651,929
Others	3	8
<b>Total</b>	<b>518,011</b>	<b>720,497</b>

For the six months ended 30 June 2022, our revenue decreased by 28.1% compared with the same period of 2021.

### Non-HKFRS Measure

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

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

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
(Loss)/profit for the period	(62,090)	62,804
<i>Add:</i>		
Share-based payment	3,719	9,864
<b>Adjusted (loss)/profit for the period<sup>(1)</sup></b>	<b>(58,371)</b>	<b>72,668</b>

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

## Financial and Operational Data Highlights

**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 2022, 568 paying customers (1H2021: 872) including 160 customers from financial industry (1H2021: 264) and 408 customers from other industries (1H2021: 608) had used the Group's charged services. Approximately 52.7% of paying customers as at 31 December 2021 had not been retained over the six-month period ended 30 June 2022. The total value of newly signed contracts (including renewed contracts) for the six months ended 30 June 2022 was RMB64.4 million (1H2021: RMB74.4 million). The Group recorded revenue of RMB70.1 million for the six months ended 30 June 2022 from such business (1H2021: RMB68.6 million).

**Interactive advertising business**

	For the six months ended 30 June	
	2022	2021
DAUs (millions) <sup>(1)</sup>	20.0	26.7
MAUs (millions) <sup>(1)</sup>	373.1	391.0
Advertising page views (millions) <sup>(2)</sup>	3,938.5	6,927.6
Number of chargeable clicks (millions) <sup>(3)</sup>	1,223.0	1,957.5
Under CPC (cost per click) model (millions)	1,145.5	1,932.5
Others (millions)	77.6	25.0
Click-through rate <sup>(4)</sup>	31.1%	28.3%
Average revenue per chargeable click under the CPC model (RMB)	0.37	0.31

Notes:

- (1) Daily active users ("DAUs") and monthly active users ("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	
	2022	2021
Content distribution channels	1,363	4,835
Ultimate advertisers	521	858

For the six months ended 30 June 2022, we had placed interactive advertisements on 1,363 content distribution channels, mainly comprising mobile apps, and our interactive advertising business served 521 ultimate advertisers (either through advertising agent customers or as our direct customers). As we focused more on the placement services to prime advertisers at this stage, the number of ultimate advertisers has decreased significantly.



# Management Discussion and Analysis

## BUSINESS REVIEW

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

### 1. User Management SaaS Business

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

As at 30 June 2022, the number of paying customers which used our charged user management SaaS services was 568 (1H2021: 872) including 160 customers from the financial industry (1H2021: 264) and 408 customers from other industries (1H2021: 608). For the six months ended 30 June 2022, the number of newly signed contracts (including renewed contracts) for the Group's user management SaaS business reached 179 (1H2021: 402). The total value of our newly signed contracts (including renewed contracts) in 1H2022 was RMB64.4 million (1H2021: RMB74.4 million) and the average charge per signed contract was approximately RMB360,000. Revenue generated from our user management SaaS business increased by 2.2% to RMB70.1 million (1H2021: RMB68.6 million).

The sales and marketing strategy of our user management SaaS business for offline businesses is to actively explore cooperation opportunities with top brands in several sectors including retailing, catering, banking and new media. Our good reputation among prime customers who cooperated with us provides the experience which can be replicated and facilitate transformation, for our customer acquisition. We continuously made breakthroughs in expanding our bank customer base and tapping into the average transaction value of banks, as we benefited from the digitalization demand from the huge number of banking outlets of banking financial institutions nationwide and the growing online and local penetration trend of urban commercial banks and rural commercial banks. Due to the fare-ups of the COVID-19 pandemic in East China in the first half of the year, we were subject to phased influence in terms of banking customer acquisition and services, but we remained optimistic about the development prospect in relation to banking customers. The total number and the total value of our newly signed contracts (including renewed contracts) with banking customers in the first half of 2022 were 42 (1H2021: 118) and RMB11.8 million (1H2021: RMB33.9 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	
	2022 RMB'000	2021 RMB'000
Revenue	<b>70,073</b>	68,560
Cost of sales	<b>(17,926)</b>	(18,556)
Selling and distribution expenses	<b>(55,365)</b>	(40,663)
Administrative expenses (excluding research and development expenses)	<b>(24,811)</b>	(2,472)
Research and development expenses	<b>(51,180)</b>	(44,068)
	<b>(79,209)</b>	(37,199)

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	
	2022 RMB'000	2021 RMB'000
User management SaaS solutions	<b>53,506</b>	50,052
Other value-added services	<b>16,567</b>	18,508
	<b>70,073</b>	68,560

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



In the first half of 2022, the number of our financial customers accounted for 28.2% (1H2021: 30.3%) of the total number of paying customers.

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

## 2. Interactive Advertising Business

In 2015, the Group pioneered and launched its interactive advertising business, which aggregated the traffic of different app scenarios, systematically managed content activities, and achieved large-scale monetization through advertisements, thereby achieving a win-win situation for each of the advertisers, media partners and users. Advanced big data analytics and AI technology also provides robust support to the innovation and operations of our interactive advertising platform. We generally charge our interactive advertising customers based on the performance of advertisements. The majority of our revenue from our interactive advertising business for the six months ended 30 June 2022 was generated from the CPC (cost per click) model ("**CPC Model**"), and we continuously guided advertisers to shift from other billing models to the CPC Model. Under the CPC Model, we charged customers only if viewers interacted with our advertising tools and were directed to the mobile internet page designated by the advertisers.

The recovery of the interactive advertising business of the Company was affected due to the impact on the online advertising industry arising out of the significant decrease in advertising in online education, games, finance and other fields as a result of changes in regulatory policies since the second half of 2021, leading to more conservative advertising budget plans of major customers as a result of economic uncertainties continuously arising out of the COVID-19 pandemic since March 2022. For the six months ended 30 June 2022, the revenue from the interactive advertising business decreased by 31.3% to RMB447.9 million (1H2021: RMB651.9 million). 34% of such revenue was derived from the communication service (operator) industry (1H2021: 29%), while only 2% came from the financial industry (1H2021: 47%). Among the top 20 ultimate advertisers in terms of revenue contribution in the first half of 2022, 7 were operator companies and 11 customers were from Internet enterprises. In terms of revenue structure, due to the changes in the market environment in which the Group operates, certain leading customers (especially financial customers) that contributed significantly to the revenue of the advertising business of the Group reduced their budget in the second half of 2021, while the Company did not acquire customers of the similar size to make up for business losses in the short term, which affected the overall recovery of the interactive advertising business, and such business remained weak in the first half of the year. However, we identified new sources of business growth in areas from Internet industry, with the total revenue accounting for 49% during the Period. In the future, we will actively carry out exploration in these industries so as to acquire customers and continue to make profits.

## Management Discussion and Analysis

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

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

For the six months ended 30 June 2022, the average revenue per chargeable click under the CPC Model from our interactive advertising platform was RMB0.37 (1H2021: RMB0.31), and the average CTR (click-through rate) of our interactive advertising business reached 31.1% (1H2021: 28.3%) through our continuing efforts to upgrade our products and technology.

### 3. Research and Development

During the six months ended 30 June 2022, the Group continued to maintain massive investment in research and development. As at 30 June 2022, the number of employees from our research and development department was 433, accounted for 45.8% of the Group's total number of employees, and the Group's research and development expenses slightly decreased by 8.9% from RMB78.9 million in 1H2021 to RMB71.9 million in 1H2022.

## FINANCIAL REVIEW

Due to the repeated outbreak of COVID-19 pandemic and changes in domestic regulatory policies, the increasingly conservative advertising plans of some prime customers dragged down the recovery of the Group's performance. In addition, due to the epidemic control in the second quarter of 2022, the Group's user management SaaS business has been affected to a certain extent, commuting and services have been affected, and business growth has also experienced phased weakness.

### Revenue

For the six months ended 30 June 2022, the Group recorded a total revenue of RMB518.0 million, representing a decrease of approximately 28.1% as compared with RMB720.5 million in the first half of 2021. The decline was mainly attributable to a decrease of 31.3% or RMB447.9 million in revenue from our interactive advertising business for the six months ended 30 June 2022 compared to the first half of 2021, as changes in regulatory policies since the second half of 2021 and the repeated outbreak of COVID-19 pandemic in the second quarter of 2022 have significantly weakened the confidence of the prime advertisers served by the Group, resulting in decrease in the DAUs and MAUs for the six months ended 30 June 2022 from 26.7 million to 20.0 million and from 391.0 million to 373.1 million, respectively.

The revenue generated from our user management SaaS platform business increased by 2.2% (1H2021: 141.8%) to RMB70.1 million for the six months ended 30 June 2022 as compared to 1H2021. The slowdown of the growth rate was mainly due to the number of newly signed contracts in the second quarter of 2022 and total amount (including renewed contracts) dropped sharply, and the contract value contribution from financial customers decreased significantly during the Period.

### Gross Profit

For the six months ended 30 June 2022, the Group recorded gross profit of RMB96.4 million, representing a decrease of approximately 56.1% as compared with RMB219.4 million in the first half of 2021. The gross profit margin was approximately 18.6% (1H2021: approximately 30.5%) and the gross profit margin of user management SaaS business and interactive advertising business were 74.4% and 9.9%, respectively (1H2021: 72.9% and 26.0%, respectively). The decrease in gross profit was mainly due to the fact that the repeated occurrence of the domestic COVID-19 pandemic dragged down the short-term growth of the macro economy, which led to a setback in the confidence of prime advertisers in budgeting. In addition, changes in regulatory policies since the second half of 2021 have also hindered the placement of advertisements in online education, games, finance and other fields, which are the sources of advertisements for the Group's important customers. Looking forward to the second half of 2022, with the improvement of the effective control mechanism of domestic epidemic and the clarification of regulatory policies, the Group will continue to increase the purchase of high-quality traffic from core content channels, and expand well-known advertisers in more fields, with a view to repairing the short-term performance growth.

### Selling and Distribution Expenses

For the six months ended 30 June 2022, the Group recorded selling and distribution expenses of RMB71.0 million, representing a decrease of 3.4% as compared with RMB73.5 million for the first half of 2021. Meanwhile, selling and distribution expenses as a percentage of the total revenue increased to approximately 13.7% (1H2021: approximately 10.2%), mainly due to the increase in the number of sales and distribution employees of the Group to 440 for the six months ended 30 June 2022 (1H2021: 365).

### Administrative Expenses

For the six months ended 30 June 2022, the Group recorded administrative expenses of RMB107.5 million, representing a decrease of 5.5% as compared with RMB113.8 million in the first half of 2021, mainly due to the optimization of the Company's administrative employees in the first half of 2022 and the internal control of related expenses has become more stringent. The Group recorded research and development expenses of RMB71.9 million (1H2021: RMB78.9 million) and share-based payment of RMB3.7 million (1H2021: RMB9.9 million), respectively. Administrative expenses as a percentage of total revenue of the Group increased to approximately 20.8% (1H2021: approximately 15.8%), mainly due to the sharp reduction of total revenue for the Period.

### (Loss)/Profit for the Period

For the six months ended 30 June 2022, loss attributable to the Shareholders was RMB62.1 million (1H2021: profit of RMB62.8 million). Basic loss per Share was RMB5.9 cents (1H2021: basic profit per Share: RMB6.0 cents), mainly due to the turnaround in profit during the Period.

## Management Discussion and Analysis

### Adjusted (Loss)/Profit for the Period

For the six months ended 30 June 2022, the Group's adjusted loss was RMB58.4 million (1H2021: adjusted profit of RMB72.7 million), which was mainly due to the significant decline in revenue for the six months ended 30 June 2022 as compared with the same period of 2021 as mentioned above.

### Cash Flows

For the six months ended 30 June 2022, our net cash outflow used in operating activities was RMB59.3 million (1H2021: net cash inflow of RMB18.9 million), and such change was mainly due to the revenue for the six months ended 30 June 2022 significantly lower than that for the same period in 2021. Our net cash inflow from investing activities was RMB65.6 million for the six months ended 30 June 2022 (1H2021: net cash inflow of RMB120.1 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 outflow used in financing activities was RMB4.9 million for the six months ended 30 June 2022 (1H2021: net cash inflow of RMB11.7 million).

### Gearing Ratio

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

As at 30 June 2022, the Group's gearing ratio was approximately 2.0%, while it was negative as at 30 June 2021, mainly due to the extension of suppliers' payment period of the Group for the Period.

### Liquidity and Capital Structure

During the six months ended 30 June 2022, the daily working capital of the Group was derived from internally generated cash flow from operating activities. As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB232.5 million (as at 30 June 2021: approximately RMB289.4 million). We did not have any unutilized banking facilities as at 30 June 2022.

### Capital Commitments

As of 30 June 2022, 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 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 at 30 June 2022, the Group recorded financial assets at fair value through profit or loss (“**FVTPL**”) amounting to approximately RMB590.3 million (31 December 2021: RMB958.4 million), representing approximately 38.0% of the total assets of the Group as at 30 June 2022, which included an unlisted equity investment and wealth management products. For the six months ended 30 June 2022, the Group recorded net gain of approximately RMB11.0 million (1H2021: RMB21.4 million) on the financial assets at FVTPL.

Among the financial assets at FVTPL of RMB590.3 million, the fair value of the CMBI US Dollar Money Market Product offered by CMB International Securities Limited (“**CMBI Product**”) was approximately US\$13.4 million (equivalent to approximately RMB88.9 million), representing approximately 5.8% of the total assets of the Group as at 30 June 2022. As at 30 June 2022, the investment cost incurred by the Group in the CMBI Product amounted to an aggregate total of approximately US\$13.2 million (equivalent to approximately RMB88.7 million). The Group recorded a realised gain of approximately US\$32,000 (equivalent to approximately RMB205,000) and an unrealised gain in fair value of approximately US\$45,000 (equivalent to approximately RMB294,000) from the investment in the CMBI Product, respectively, for the six months ended 30 June 2022. The CMBI Product primarily invests (i.e. not less than 70% of its net asset value) in US Dollars-denominated and settled short-term deposits and debt securities issued by governments, quasi-governments, international organisations and financial institutions, and may invest up to 30% of its net asset value in non US Dollars-denominated deposits and debt securities.

The investments in wealth management products under financial assets at FVTPL were made for treasury management purpose to maximise return on idle funds the Group received from its business operations during the Period. Save as disclosed in this report, there was no other single investment that was designated as financial assets at FVTPL in the Group’s investment portfolio is a significant investment as none of such investment has a carrying amount that accounts for more than 5% of our total assets as at 30 June 2022.

As of 30 June 2022, 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, Hangzhou Keze Network Technology Co., Ltd.# (杭州可澤網絡科技有限公司), with an aggregate carrying value of RMB122.2 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 at 30 June 2022, the carrying amount of the investment in Gushang Intelligent Technology represented approximately 7.9% 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. 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 2022. Save as disclosed in this report, the Group had no material acquisitions and disposals of subsidiaries, associated companies and joint ventures for the six months ended 30 June 2022.

### Future Plans for Material Investment or Capital Assets

Save as disclosed in this report, as of 30 June 2022, 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.

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

## Management Discussion and Analysis

### 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 2022, the Group had no charges on its assets (as at 31 December 2021: nil).

### SUBSEQUENT EVENT

The Group did not have any significant events from 30 June 2022 and up to the date of this report.

### ORGANIZATION AND TALENT RETENTION

As at 30 June 2022, the Group’s workforce reached 945 (as at 31 December 2021: 935), including 440 sales employees, 72 administration employees and 433 research and development employees. Salary costs and employees’ benefit expenses were approximately RMB149.1 million for the six months ended 30 June 2022 (for the six months ended 30 June 2021: approximately RMB144.0 million). 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 2022, the Group upheld the principle of “serving the people and giving back to society”, and actively sought opportunities to give back to the society in order to create a better living environment for local communities. The prevention and control of the COVID-19 pandemic has always been a primary responsibility. The Group actively organized employees to receive COVID-19 vaccines at the health service centers in the communities in which they worked and shuttled them back and forth. During the Period, the Group properly carried out pandemic prevention and control in active response to the “scientific pandemic prevention” by regularly distributing masks and vitamin C to its employees and providing shuttle buses for work commute. Meanwhile, the Group gave back to the society by donation of materials purchased through its own channels, including masks and disinfecting cotton pads. The Group will always pay attention to those in need and spare no effort to promote the development, education and construction activities of the communities where the Group operates.



## FUTURE OUTLOOK

In recent years, the development of digital economy has subverted the traditional way of interaction between merchants and users, while the COVID-19 pandemic has promoted the implementation of “non-contact” online services, resulting in more diversified, high-frequency and fragmented user demand. The development of various industries in the current era is centered on customer demand, providing them with high-quality services and products, which is of great strategic significance to the development of enterprises, and it can gain customers’ greater loyalty to the brand through digital transformation. To this end, we will continue to tap into and cultivate the loyalty of target users for a wide range of domestic enterprises, in order to become an industry expert level product and service provider. Our products and services have gained initial recognition in the field of bank customers. In the future, we will continue to unswervingly optimize our user management SaaS business philosophy and create value-added benefits for the enterprise.

Affected by the repeated pandemic in China and changes in regulatory policies, the budget planning of advertisers tends to be conservative in the short term, and the Group’s interactive advertising business was under significant pressure in the first half of 2022. In particular, the financial customers’ advertising budget has been greatly reduced in this Period, which has brought a significant impact on the recovery of our advertising business. This caused us to review the stability and sustainability of the existing customer structure. Fortunately, we already found new customers in the communication operator industry, as well as Internet and other areas, and achieved a certain degree of budget offset during the Period. Looking forward to the second half of 2022, the Group’s advertising business department will focus on cost control and simultaneously promote cooperation with customers in a wider range of industries, so as to achieve a balanced development in terms of customer structure as soon as possible and improve the business resilience and operating efficiency of the interactive advertisements.

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 declaration of any interim dividend for the Period (1H2021: nil).

## Corporate Governance/Other information

### CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance.

Under code provision C.2.1 of the CG Code (previous 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 Company's senior management team. 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 ensure all the Directors are duly informed of all the matters to be approved at the meetings. In addition, the Company's 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 2022. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the six months ended 30 June 2022.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company's listed securities.

## **AUDIT COMMITTEE**

The Audit Committee, together with management of the Company, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2022 and this interim report.

## **CHANGES IN DIRECTORS AND OTHER PERSONNEL**

On 18 February 2022, Mr. Yao Wenquan retired from office as an executive Director of the Company. On the same day, Ms. Li Chunting was appointed as an executive Director of the Company. On 8 June 2022, Mr. Ou-Yang Hui resigned as an independent non-executive Director of the Company. On the same day, Dr. Shi Jianxun was appointed as an independent non-executive Director of the Company.

Save as disclosed in this report, as of the date of this report, there was no change in any Director and other personnel.

## **CHANGES TO DIRECTORS' AND CHIEF EXECUTIVES' INFORMATION**

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

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

As at 30 June 2022, 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 by the Company 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 <sup>(1)</sup>	Approximate percentage of interest in the Company <sup>(2)</sup>
Mr. Chen Xiaoliang (“ <b>Mr. Chen</b> ”) <sup>(3)</sup>	Founder of a discretionary trust and interest of controlled corporations	481,442,579 (L)	44.71%
Mr. Zhu Jiangbo	Beneficial owner	7,335,000 (L)	0.68%
Ms. Li Chunting (“ <b>Ms. Li</b> ”) <sup>(4)</sup>	Beneficial owner	4,475,000 (L)	0.42%
Mr. Cheng Peng	Beneficial owner	1,340,000 (L)	0.12%

Notes:

- (1) The letter “L” denotes “long position” (as defined under Part XV of the SFO) of the relevant person/entity in such Shares.
- (2) The percentage is calculated based on the total number of Shares in issue as at 30 June 2022 (being 1,076,823,200 Shares).
- (3) The disclosed interest represents (i) his deemed interest in the 454,552,000 Shares held by XL Holding, which is wholly owned by CMB Wing Lung (Trustee) Limited as trustee 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 21,832,579 Shares held by Kewei Holding Limited as its sole director; and (iii) his deemed interest in the 5,058,000 Shares held by Duiba Kewei (BVI) Limited as its sole shareholder.
- (4) Ms. Li was the beneficial owner of 1,000,000 Shares. In addition, 3,475,000 unvested incentive shares were granted to Ms. Li under the restricted stock unit scheme / restricted stock unit option incentive scheme adopted by the Company prior to the listing of Shares of the Company on the Main Board of the Stock Exchange, which will be vested according to the vesting schedules set out in the letters of grant. Upon the full vest of such incentive shares, Ms. Li will be beneficially interested in such 3,475,000 Shares.

Save as disclosed above, as at 30 June 2022, 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 by the Company 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 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 2022, to the best knowledge of the Directors, the following persons (not being a Director or chief executives of the Company) had interests or short positions in the Shares or underlying shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which 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 <sup>(1)</sup>	Approximate percentage of interest in the Company <sup>(2)</sup>
CMB Wing Lung (Trustee) Limited <sup>(3)</sup>	Trustee of a trust	454,552,000 (L)	42.21%
Antopex Limited <sup>(3)</sup>	Nominee for another persons	454,552,000 (L)	42.21%
Blissful Plus <sup>(3)</sup>	Interest of controlled corporation	454,552,000 (L)	42.21%
XL Holding <sup>(3)</sup>	Beneficial owner	454,552,000 (L)	42.21%
Xinran Group Holding Limited <sup>(4)</sup>	Beneficial owner	73,055,700 (L)	6.78%
Mr. Liu Yang ("Mr. Liu") <sup>(4)</sup>	Interest of controlled corporation	73,055,700 (L)	6.78%

## Corporate Governance/Other information

### 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 2022 (being 1,076,823,200 Shares).
- (3) CMB Wing Lung (Trustee) Limited (as trustee of the Chen's Family Trust) holds the entire issued share capital of XL Holding through Antopex Limited (as nominee for CMB Wing Lung (Trustee) Limited) and Blissful Plus. Blissful Plus in turn holds the entire issued share capital of XL Holding. The Chen's Family Trust is a discretionary trust established by Mr. Chen Xiaoliang (as settlor) and its discretionary objects are Mr. Chen Xiaoliang and his family members. Accordingly, each of Mr. Chen Xiaoliang, CMB Wing Lung (Trustee) Limited, Antopex Limited and Blissful Plus is deemed to be interested in the 454,552,000 Shares held by XL Holding.
- (4) Xinran Group Holding Limited, a company incorporated in the BVI, is wholly-owned by Mr. Liu. Therefore, Mr. Liu is deemed to be interested in the 73,055,700 Shares held by Xinran Group Holding Limited.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in any Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under 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 seven years as at the date of this interim report. Since the adoption of the Share Option Scheme and during the 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 2022, 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, 31 August 2022

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

For the six months ended 30 June 2022

	Notes	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>REVENUE</b>	5	<b>518,011</b>	720,497
Cost of sales		<b>(421,567)</b>	(501,049)
Gross profit		<b>96,444</b>	219,448
Other income and gains	5	<b>21,069</b>	35,179
Selling and distribution expenses		<b>(71,043)</b>	(73,518)
Administrative expenses		<b>(107,511)</b>	(113,827)
Impairment losses on trade receivables, net		<b>(577)</b>	(316)
Other expenses		<b>(1,304)</b>	(202)
Finance costs		<b>(191)</b>	(175)
Share of loss of an associate		<b>(646)</b>	(126)
<b>(LOSS)/PROFIT BEFORE TAX</b>	6	<b>(63,759)</b>	66,463
Income tax credit/(expense)	7	<b>1,669</b>	(3,659)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(62,090)</b>	62,804
Attributable to:			
Owners of the parent		<b>(62,090)</b>	62,804

Unaudited Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the six months ended 30 June 2022

	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<i>Note</i>		
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	30,754	(6,506)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>30,754</b>	<b>(6,506)</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(31,336)</b>	<b>56,298</b>
Attributable to:		
Owners of the parent	<b>(31,336)</b>	<b>56,298</b>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>		
Basic and diluted	<b>(5.9) cents</b>	<b>6 cents</b>

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# Unaudited Interim Condensed Consolidated Statement of Financial Position

30 June 2022

	<i>Notes</i>	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>10,698</b>	13,361
Intangible assets		<b>958</b>	1,320
Investment in an associate	11	<b>122,188</b>	84,834
Deferred tax assets		<b>29,221</b>	27,043
Time deposit		<b>30,891</b>	30,359
Prepayments, other receivables and other assets		<b>6,577</b>	9,462
Right-of-use assets		<b>7,898</b>	7,870
Total non-current assets		<b>208,431</b>	174,249
<b>CURRENT ASSETS</b>			
Trade receivables	12	<b>84,729</b>	64,395
Prepayments, other receivables and other assets		<b>122,207</b>	122,555
Financial assets at fair value through profit or loss		<b>590,280</b>	958,444
Time deposits		<b>296,259</b>	–
Restricted cash		<b>20,210</b>	20,210
Cash and cash equivalents		<b>232,457</b>	225,741
Total current assets		<b>1,346,142</b>	1,391,345
<b>CURRENT LIABILITIES</b>			
Trade payables	13	<b>94,023</b>	69,440
Other payables and accruals		<b>163,601</b>	168,815
Contract liabilities		<b>30,751</b>	32,660
Lease liabilities		<b>5,515</b>	5,165
Total current liabilities		<b>293,890</b>	276,080

Unaudited Interim Condensed Consolidated Statement of Financial Position  
30 June 2022

	Note	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
<b>NET CURRENT ASSETS</b>		<b>1,052,252</b>	1,115,265
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,260,683</b>	1,289,514
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		445	1,049
Lease liabilities		838	1,448
Total non-current liabilities		<b>1,283</b>	2,497
Net assets		<b>1,259,400</b>	1,287,017
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	14	70	70
Reserves		<b>1,259,330</b>	1,286,947
Total equity		<b>1,259,400</b>	1,287,017



# Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the parent						Total equity RMB'000
	Share capital 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 2022 (audited)	70	1,942,530	(27,644)	56,737	(643,928)	(40,748)	1,287,017
Loss for the period (unaudited)	-	-	-	-	(62,090)	-	(62,090)
Other comprehensive income for the period:							
Exchange differences (unaudited)	-	-	-	-	-	30,754	30,754
Total comprehensive (loss)/income for the period (unaudited)	-	-	-	-	(62,090)	30,754	(31,336)
Equity-settled share award and option arrangements (note 18) (unaudited)	-	-	3,719	-	-	-	3,719
At 30 June 2022 (unaudited)	70	1,942,530	(23,925)	56,737	(706,018)	(9,994)	1,259,400

	Attributable to owners of the parent						Total equity RMB'000
	Share capital 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 2021 (audited)	70	1,943,450	(51,390)	47,584	(623,002)	(26,320)	1,290,392
Profit for the period (unaudited)	-	-	-	-	62,804	-	62,804
Other comprehensive loss for the period:							
Exchange differences (unaudited)	-	-	-	-	-	(6,506)	(6,506)
Total comprehensive income/(loss) for the period (unaudited)	-	-	-	-	62,804	(6,506)	56,298
Equity-settled share award and option arrangements (note 18) (unaudited)	-	-	9,864	-	-	-	9,864
Shares repurchased and cancellation (unaudited)	-	(920)	-	-	-	-	(920)
At 30 June 2021 (unaudited)	70	1,942,530	(41,526)	47,584	(560,198)	(32,826)	1,355,634

# Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Notes	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		<b>(63,759)</b>	66,463
Adjustments for:			
Share of loss of an associate		<b>646</b>	126
Interest income	5	<b>(3,627)</b>	(1,109)
Investment income from financial assets at fair value through profit or loss	5	<b>(5,103)</b>	(12,472)
Foreign exchange difference, net	6	<b>958</b>	(4,856)
(Gain)/loss on disposal of items of property, plant and equipment		<b>(13)</b>	49
Gain on lease termination		<b>(7)</b>	–
Depreciation of property, plant and equipment	10	<b>3,050</b>	1,728
Changes in fair value of financial assets at fair value through profit or loss	5	<b>(5,930)</b>	(8,924)
Amortisation of intangible assets		<b>362</b>	159
Equity-settled share award and option expense		<b>3,719</b>	9,864
Lease interest expense		<b>191</b>	175
Depreciation of right-of-use assets		<b>4,424</b>	3,301
Impairment of trade receivables, net		<b>577</b>	316
		<b>(64,512)</b>	54,820
Increase in restricted cash		–	(181)
Increase in trade and bills receivables		<b>(20,911)</b>	(26,517)
Decrease in prepayments, other receivables and other assets		<b>8,255</b>	4,809
Increase in trade payables		<b>24,583</b>	91
Decrease in other payables and accruals		<b>(5,214)</b>	(17,107)
(Decrease)/increase in contract liabilities		<b>(1,909)</b>	1,891
Cash (used in)/generated from operations		<b>(59,708)</b>	17,806
Interest received		<b>1,567</b>	1,109
Income tax paid		<b>(1,113)</b>	–
Net cash flows (used in)/from operating activities		<b>(59,254)</b>	18,915

Unaudited Interim Condensed Consolidated Statement of Cash Flows  
For the six months ended 30 June 2022

	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Net cash flows (used in)/from operating activities	(59,254)	18,915
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposals of items of property, plant and equipment	140	189
Purchases of items of property, plant and equipment	(514)	(3,337)
Purchases of financial assets at fair value through profit or loss	(537,000)	(981,579)
Proceeds from investment income	13,862	19,904
Proceeds from disposals of financial assets at fair value through profit or loss	926,873	1,114,115
Repayment from loans receivable	1,400	–
Advances of loans receivable	(6,100)	–
Increase in time deposits	(295,302)	–
Interest received	281	–
Purchase of a shareholding in an associate	(38,000)	(29,200)
Net cash flows from investing activities	65,640	120,092
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repurchase of shares	–	(920)
New loans	–	16,000
Interest paid	(191)	(175)
Principal portion of lease payments	(4,705)	(3,227)
Net cash flows (used in)/from financing activities	(4,896)	11,678
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,490	150,685
Effect of foreign exchange rate changes, net	5,226	3,464
Cash and cash equivalents at beginning of period	225,741	135,269
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	232,457	289,418
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	232,457	289,418
Cash and cash equivalents as stated in the statement of cash flows	232,457	289,418

# Notes to the Unaudited Interim Condensed Consolidated Financial Information

30 June 2022

## 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 interactive advertising business.

## 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2022 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 2021.

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 2021, 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 HKAS 16

Amendments to HKAS 37

*Annual Improvements to HKFRSs 2018-2020*

*Reference to the Conceptual Framework*

*Property, Plant and Equipment: Proceeds before Intended Use*

*Onerous Contracts – Cost of Fulfilling a Contract*

Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

## Notes to the Unaudited Interim Condensed Consolidated Financial Information

**3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**

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

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

**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	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Customer 1	143,781	318,746
Customer 2	106,202	N/A*
Customer 3	N/A*	72,790
Customer 4	97,211	N/A*
Customer 5	89,747	N/A*

\* 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	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<i>Revenue from contracts with customers</i>		
User management SaaS platform business	70,073	68,560
Interactive advertising business	447,935	651,929
Others	3	8
	<b>518,011</b>	720,497

### 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	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>Timing of revenue recognition</b>		
Over time		
– SaaS services included in user management SaaS platform business	10,429	43,562
At a point in time		
– Other services included in user management SaaS platform business	59,644	24,998
– Interactive advertising business	447,935	651,929
– Others	3	8
	<b>507,582</b>	676,935
Total	<b>518,011</b>	720,497

## Notes to the Unaudited Interim Condensed Consolidated Financial Information

**5. REVENUE, OTHER INCOME AND GAINS (continued)**

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>Other income and gains</b>		
Interest income	3,627	1,109
Government grants	6,371	6,444
Investment income from financial assets at fair value through profit or loss	5,103	12,472
Changes in fair value of financial assets at fair value through profit or loss	5,930	8,924
Foreign exchange gain, net	–	4,856
Gain on disposal of items of property, plant and equipment	13	–
Gain on lease termination	7	–
Others	18	1,374
	<b>21,069</b>	<b>35,179</b>

## 6. (LOSS)/PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Cost of inventories sold		16,541	15,528
Cost of services provided		405,026	485,521
Depreciation of property, plant and equipment	10	3,050	1,728
Amortisation of intangible assets*		362	159
Government grants	5	(6,371)	(6,444)
Interest income	5	(3,627)	(1,109)
Foreign exchange differences, net		958	(4,856)
(Gain)/loss on disposal of items of property, plant and equipment		(13)	49
Impairment of trade receivables, net		577	316
Changes in fair value of financial assets at fair value through profit or loss	5	(5,930)	(8,924)
Investment income from financial assets at fair value through profit or loss	5	(5,103)	(12,472)
Research and development costs		71,860	78,879
Depreciation of right-of-use assets		4,424	3,301
Auditor's remuneration		800	800
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		105,003	101,357
Pension scheme contributions		7,523	6,551
Staff welfare expenses		31,585	25,040
Equity-settled share award expense		2,259	9,296
		<b>146,370</b>	<b>142,244</b>

\* The amortisation of intangible assets for the six months end 30 June 2022 is included in "Administrative expenses" in profit or loss.

## Notes to the Unaudited Interim Condensed Consolidated Financial Information

**7. INCOME TAX**

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

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

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Current – Charged for the period	1,113	320
Deferred tax	(2,782)	3,339
Total tax (credit)/expense for the period	(1,669)	3,659

**8. DIVIDEND**

The Board did not declare any interim dividend for the reporting period (six months ended 30 June 2021: Nil).

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

The calculation of the basic (loss)/earnings per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of RMB62,090,000 (profit for six months ended 30 June 2021: RMB62,804,000), and the weighted average number of ordinary shares of 1,044,212,500 (six months ended 30 June 2021: 1,076,898,000) shares in issue during the period. The number of shares for the current period has been arrived at after eliminating the shares of the Company held under the share repurchased.

	For the six months ended 30 June	
	2022 (Unaudited) RMB	2021 (Unaudited) RMB
<b>(Loss)/earnings</b> (Loss)/profit attributable to ordinary equity holders of the parent, used in the basic and diluted (loss)/earnings per share calculation	(62,090,000)	62,804,000
<b>Shares</b> Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	1,044,212,500	1,076,898,000

## 10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Carrying amount at beginning of period/year	13,361	8,176
Additions	514	9,646
Depreciation provided during the period/year	(3,050)	(4,333)
Disposals	(127)	(128)
Carrying amount at end of period/year	<b>10,698</b>	13,361

## 11. INVESTMENT IN AN ASSOCIATE

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Investment in an associate	<b>122,188</b>	84,834

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 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Trade receivables	104,465	83,554
Less: Impairment of trade receivables	(19,736)	(19,159)
	<b>84,729</b>	64,395

## Notes to the Unaudited Interim Condensed Consolidated Financial Information

**12. TRADE RECEIVABLES (continued)**

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 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
0 to 30 days	50,232	32,973
31 to 90 days	16,345	26,118
91 to 180 days	11,516	4,757
181 to 365 days	6,636	547
	<b>84,729</b>	<b>64,395</b>

**13. TRADE PAYABLES**

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Trade payables	<b>94,023</b>	69,440

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 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
0 to 30 days	64,510	39,272
31 to 90 days	6,601	6,945
91 to 180 days	7,072	6,169
181 to 365 days	4,526	6,690
Over 365 days	11,314	10,364
	<b>94,023</b>	<b>69,440</b>

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 2021, 1 January 2022 and at 30 June 2022	1,076,823,200	70	1,942,530	1,942,600

## 15. CONTINGENT LIABILITIES

Hengfei Holding Limited (the "Plaintiff") has commenced proceedings against the Company and Mr. Chen Xiaoliang, a shareholder of the Company, in respect of allegations that the Company and Mr. Chen Xiaoliang have wrongfully retained, delayed in returning and failed/refused to return the Plaintiff's share certificate of shares in the Company, resulting in losses. According to the Plaintiff's latest pleadings, the maximum amount of the claim is approximately HK\$61,000,000. The directors believe, based on the evidence and information currently available, and the Group's legal counsel is of the view, that the Company has a number of valid defence arguments against the claim and even if their case succeeds on liability, the potential quantum would be determinable by reference to a few factors such as the date of the alleged conversion and the range of expert's respective assessment, and 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.

## 16. COMMITMENTS

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

## 17. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Short-term employee benefits	2,524	3,517
Equity-settled share award expense	2,983	4,536
Pension scheme contributions	165	207
Total compensation paid to key management personnel	5,672	8,260

## 18. SHARE AWARD

### Restricted Stock Unit Scheme

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

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.

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 2022, a share award expense of RMB339,000 (six months ended 30 June 2021: RMB257,000) was charged to profit or loss.



## 18. SHARE AWARD (continued)

### Restricted Stock Unit Option Incentive Scheme

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

The share options granted during the six months ended 30 June 2022 and the year ended 31 December 2021 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.

2021	
Date of grant	Number of options
1 January 2021	80,000
1 February 2021	250,000
1 April 2021	1,150,000
9 April 2021	5,000,000
1 May 2021	7,450,000
18 May 2021	850,000
1 June 2021	3,300,000
29 June 2021	650,000
1 July 2021	1,900,000
1 August 2021	5,550,000
1 September 2021	500,000
1 November 2021	800,000
1 December 2021	7,500,000

2022	
Date of grant	Number of options
<b>1 January 2022</b>	<b>1,900,000</b>
<b>1 February 2022</b>	<b>9,150,000</b>
<b>1 March 2022</b>	<b>800,000</b>
<b>1 April 2022</b>	<b>2,400,000</b>
<b>1 May 2022</b>	<b>700,000</b>
<b>1 June 2022</b>	<b>200,000</b>

## Notes to the Unaudited Interim Condensed Consolidated Financial Information

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

- (b) 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.

2021	
Date of grant	Number of options
1 June 2021	1,500,000
1 July 2021	600,000

- (c) The exercise price of the share options is nil. 100% of the share options is exercisable at the date of the option incentive agreement.

2022	
Date of grant	Number of options
<b>26 January 2022</b>	<b>65,000</b>

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

	2022		2021	
	Weighted average exercise price US\$	Number of options '000	Weighted average exercise price US\$	Number of options '000
At 1 January	–	51,395	–	43,177
Granted during the period/year	–	15,215	–	37,080
Exercised during the period/year	–	(3,799)	–	(10,027)
Forfeited during the period/year	–	(18,063)	–	(18,835)
At the end of the period/year	–	44,748	–	51,395

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

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

As at 30 June 2022

Number of options '000	Exercise price per share US\$	Vesting period/ exercise period	Fair value per share US\$
1,612	–	2019/11/01 to 2022/11/01	2.92
754	–	2020/03/01 to 2023/03/01	4.79
1,194	–	2020/07/01 to 2023/07/01	0.60
170	–	2020/09/01 to 2022/09/01	0.57
90	–	2020/10/01 to 2023/10/01	0.59
60	–	2020/10/08 to 2023/10/08	0.59
720	–	2020/11/01 to 2023/11/01	0.65
3,060	–	2020/12/01 to 2023/12/01	0.61
1,398	–	2021/03/01 to 2024/03/01	0.46
30	–	2021/04/01 to 2024/04/01	0.29
360	–	2021/06/01 to 2024/06/01	0.40
225	–	2021/07/01 to 2024/07/01	0.41
1,260	–	2021/08/01 to 2024/08/01	0.50
180	–	2021/10/01 to 2024/10/01	0.37
720	–	2021/12/01 to 2024/12/01	0.30
90	–	2022/02/01 to 2025/02/01	0.29
720	–	2022/04/01 to 2025/04/01	0.29
900	–	2022/04/09 to 2025/04/09	0.28
5,085	–	2022/05/01 to 2025/05/01	0.28
765	–	2022/05/18 to 2025/05/18	0.25
2,250	–	2022/06/01 to 2025/06/01	0.28
585	–	2022/06/29 to 2025/06/29	0.29
100	–	2022/07/01 to 2025/07/01	0.29
4,920	–	2022/08/01 to 2025/08/01	0.23
300	–	2022/09/01 to 2025/09/01	0.27
800	–	2022/11/01 to 2025/11/01	0.24
3,500	–	2022/12/01 to 2025/12/01	0.21
1,200	–	2023/01/01 to 2026/01/01	0.17
7,600	–	2023/02/01 to 2026/02/01	0.16
800	–	2023/03/01 to 2026/03/01	0.16
2,400	–	2023/04/01 to 2026/04/01	0.13
700	–	2023/05/01 to 2026/05/01	0.11
200	–	2023/06/01 to 2026/06/01	0.10
<b>44,748</b>			

## Notes to the Unaudited Interim Condensed Consolidated Financial Information

**18. SHARE AWARD (continued)****Restricted Stock Unit Option Incentive Scheme (continued)****As at 31 December 2021**

Number of options '000	Exercise price per share US\$	Vesting period/ exercise period	Fair value per share US\$
472	–	2019/05/01 to 2022/05/01	2.92
1,830	–	2019/11/01 to 2022/11/01	2.92
2,108	–	2020/03/01 to 2023/03/01	4.79
1,776	–	2020/07/01 to 2023/07/01	0.60
170	–	2020/09/01 to 2022/09/01	0.57
90	–	2020/10/01 to 2023/10/01	0.59
60	–	2020/10/08 to 2023/10/08	0.59
720	–	2020/11/01 to 2023/11/01	0.65
3,780	–	2020/12/01 to 2023/12/01	0.61
750	–	2021/02/01 to 2024/02/01	0.45
2,502	–	2021/03/01 to 2024/03/01	0.46
405	–	2021/04/01 to 2024/04/01	0.29
540	–	2021/06/01 to 2024/06/01	0.40
747	–	2021/07/01 to 2024/07/01	0.41
1,665	–	2021/08/01 to 2024/08/01	0.50
180	–	2021/10/01 to 2024/10/01	0.37
180	–	2021/11/01 to 2024/11/01	0.36
720	–	2021/12/01 to 2024/12/01	0.30
80	–	2022/01/01 to 2025/01/01	0.32
100	–	2022/02/01 to 2025/02/01	0.29
800	–	2022/04/01 to 2025/04/01	0.29
5,000	–	2022/04/09 to 2025/04/09	0.28
6,600	–	2022/05/01 to 2025/05/01	0.28
850	–	2022/05/18 to 2025/05/18	0.25
4,000	–	2022/06/01 to 2025/06/01	0.28
650	–	2022/06/29 to 2025/06/29	0.29
800	–	2022/07/01 to 2025/07/01	0.29
5,220	–	2022/08/01 to 2025/08/01	0.23
300	–	2022/09/01 to 2025/09/01	0.27
800	–	2022/11/01 to 2025/11/01	0.24
7,500	–	2022/12/01 to 2025/12/01	0.21
<b>51,395</b>			

The fair value of the share options granted during the six months ended 30 June 2022 was US\$2,338,000 (equivalent to approximately RMB14,912,000) of which the Group recognised a share option expense of RMB3,380,000 (six months ended 30 June 2021: RMB9,607,000) during the six months ended 30 June 2022.

## 19. 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 2022 (unaudited)

#### Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss Mandatorily designated as such RMB'000	Total RMB'000
Trade receivables	84,729	–	84,729
Financial assets included in prepayments, other receivables and other assets	91,072	–	91,072
Financial assets at fair value through profit or loss	–	590,280	590,280
Restricted cash	20,210	–	20,210
Time deposits	327,150	–	327,150
Cash and cash equivalents	232,457	–	232,457
	<b>755,618</b>	<b>590,280</b>	<b>1,345,898</b>

#### Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	94,023	94,023
Lease liabilities	6,353	6,613
Financial liabilities included in other payables and accruals	10,413	10,413
	<b>110,789</b>	<b>110,789</b>

## Notes to the Unaudited Interim Condensed Consolidated Financial Information

**19. 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 2021 (audited)****Financial assets**

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss Mandatorily designated as such RMB'000	Total RMB'000
Trade receivables	64,395	–	64,395
Financial assets included in prepayments, other receivables and other assets	81,145	–	81,145
Financial assets at fair value through profit or loss	–	958,444	958,444
Restricted cash	20,210	–	20,210
Time deposit	30,359	–	30,359
Cash and cash equivalents	225,741	–	225,741
	<u>421,850</u>	<u>958,444</u>	<u>1,380,294</u>

**Financial liabilities**

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	69,440	69,440
Lease liabilities	6,613	6,613
Financial liabilities included in other payables and accruals	7,371	7,371
	<u>83,424</u>	<u>83,424</u>

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 30 June 2022, the fair values of the Group's financial assets or financial liabilities approximated to their respective carrying amounts.

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

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

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

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

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

The fair values of an unlisted equity investment designated at fair value through profit or loss has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The Group has used the market approach when applicable to determine the underlying equity value of the company and adopted the equity allocation model to determine the fair value of an unlisted equity investment as at 30 June 2022 and 31 December 2021. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

## Notes to the Unaudited Interim Condensed Consolidated Financial Information

**20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**

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

Below is a summary of significant unobservable inputs to the valuation of the financial instrument together with a quantitative sensitivity analysis as at 30 June 2022 and 31 December 2021:

**Significant unobservable inputs**

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Time to exit event	<b>3.02 years</b>	3.52 years
Risk-free rate	<b>2.44%</b>	2.49%
Equity volatility	<b>50.05%</b>	48.00%
Discount for lack of marketability (" <b>DLOM</b> ")	<b>5%</b>	5%

**Quantitative sensitivity analysis**

	As at 30 June 2022 (Unaudited) RMB'000	As at 31 December 2021 (Audited) RMB'000
1 year increase in time to exit event	<b>(209)</b>	(301)
1 year decrease in time to exit event	<b>173</b>	219
1% increase in risk-free rate	<b>(268)</b>	(261)
1% decrease in risk-free rate	<b>274</b>	297
1% increase in equity volatility	<b>(26)</b>	(39)
1% decrease in equity volatility	<b>39</b>	66
1% increase in DLOM	<b>(106)</b>	(101)
1% decrease in DLOM	<b>106</b>	101



## 20. 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 2022 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:				
Unlisted equity investment	–	–	10,445	10,445
Other unlisted investments	390,952	188,883	–	579,835
	<b>390,952</b>	<b>188,883</b>	<b>10,445</b>	<b>590,280</b>

##### As at 31 December 2021 (audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:				
Unlisted equity investment	–	–	9,934	9,934
Other unlisted investments	792,849	155,661	–	948,510
	<b>792,849</b>	<b>155,661</b>	<b>9,934</b>	<b>958,444</b>

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (six months ended 30 June 2021: Nil).

## 21. EVENTS AFTER THE REPORTING PERIOD

There was no event causing significant impact on the Group since 30 June 2022.

## Definitions

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

“1H2021”	for the six months ended 30 June 2021
“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 as set out in Appendix 14 to the Listing Rules
“Chen’s Family Trust”	a discretionary trust set up by Mr. Chen Xiaoliang and whose beneficiaries are Mr. Chen Xiaoliang and his family members
“Company” or “our Company”	Duiba Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange under stock code 01753
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group” or “our Group” or “we” or “us”	our Company and our subsidiaries or any of them, or where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

## Definitions

“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
“Period” or “1H2022”	for the six months ended 30 June 2022
“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
“RMB”	Renminbi yuan, the lawful currency of the PRC
“SaaS”	software-as-a-service
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company with nominal value of US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Share Option Scheme”	the post-IPO share option scheme approved and adopted by the Shareholders on 17 April 2019, a summary of the principal terms of which is set out in “Statutory and General Information — Other Information — Share Option Scheme and the Duiba Share Award Scheme” in Appendix IV to the prospectus of the Company dated 24 April 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“U.S. dollars” or “US\$” or “USD”	United States dollars, the lawful currency of the United States
“XL Holding”	Xiaoliang Holding Limited, a company with limited liability incorporated in the BVI on 26 February 2018, and wholly owned by Blissful Plus

For illustration purposes, amounts in US\$ in this report have been translated into RMB at an exchange rate of US\$1 = RMB6.7114. Such translations should not be construed as a representation that any amount in question in US\$ or RMB has been or could have been or may be converted at such a rate or at any other rates.