

齊屹科技

Qeeka Home (Cayman) Inc.

Stock Code:1739

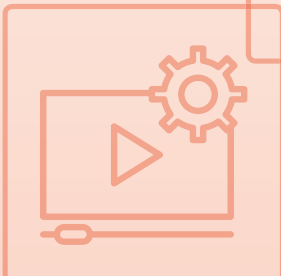
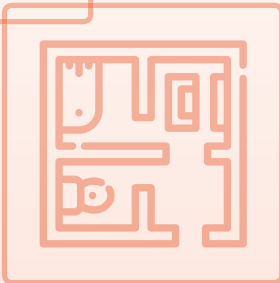


2020

INTERIM REPORT

CONTENTS

- 02** Corporate Information
- 04** Key Highlights
- 06** Chairman's Statement
- 08** Management Discussion and Analysis
- 15** Other Information
- 22** Interim Condensed Consolidated Income Statement
- 23** Interim Condensed Consolidated Statement of Comprehensive Income
- 24** Interim Condensed Consolidated Balance Sheet
- 26** Interim Condensed Consolidated Statement of Changes in Equity
- 28** Interim Condensed Consolidated Statement of Cash Flows
- 29** Notes to the Interim Condensed Consolidated Financial Information
- 50** Definition



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. DENG Huajin (*Chairman and Chief Executive Officer*)
Mr. TIAN Yuan
Mr. GAO Wei

Non-executive Directors

Mr. LI Gabriel
Ms. PING Xiaoli
Mr. ZHAO Guibin¹
Mr. SHENG Gang²

Independent Non-executive Directors

Mr. ZHANG Lihong
Mr. CAO Zhiguang
Mr. WONG Man Chung Francis

JOINT COMPANY SECRETARIES

Mr. TIAN Yuan
Ms. SO Shuk Yi Betty

AUTHORIZED REPRESENTATIVES

Mr. DENG Huajin
Mr. TIAN Yuan

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. WONG Man Chung Francis (*Chairman*)
Mr. ZHANG Lihong
Mr. CAO Zhiguang

REMUNERATION COMMITTEE

Mr. CAO Zhiguang (*Chairman*)
Mr. DENG Huajin
Mr. ZHANG Lihong
Mr. WONG Man Chung Francis

NOMINATION COMMITTEE

Mr. DENG Huajin (*Chairman*)
Mr. ZHANG Lihong
Mr. CAO Zhiguang

REGISTERED OFFICE

ICS Corporate Services (Cayman) Limited
3-212 Governors Square, 23 Lime Tree Bay Avenue
P.O. Box 30746, Seven Mile Beach
Grand Cayman KY1-1203
Cayman Islands

HEADQUARTERS

No. 6 Building, 3131 Jinshajiang Road
Jiading District, Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Sunlight Tower
No. 248 Queen's Road East
Wanchai
Hong Kong

Note:

¹ Mr. ZHAO Guibin was appointed on 24 April 2020.

² Mr. SHENG resigned on 24 April 2020.

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

ICS Corporate Services (Cayman) Limited
3-212 Governors Square, 23
Lime Tree Bay Avenue
P.O. Box 30746, Seven Mile Beach
Grand Cayman KY1-1203
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS

As to Hong Kong law and United States law
Simpson Thacher & Bartlett
35/F, ICBC Tower 3
Garden Road
Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

STOCK CODE

1739

COMPANY'S WEBSITE

www.qeeka.com

PRINCIPAL BANKS

China Merchants Bank, Shanghai Branch
Road Jinshajiang Sub-branch
1-2/F, Tower A, Shengnuoya Building
No. 1759, Road Jinshajiang
Putuo District
Shanghai
PRC

Bank of China (Hong Kong) Limited
Hong Kong Branch
3/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

KEY HIGHLIGHTS

FINANCIAL SUMMARY

	Six months ended 30 June		Year-on-year change (%)
	2020 (RMB'000)	2019 (RMB'000)	
Revenue	309,877	366,465	(15.4%)
Gross Profit	206,819	253,265	(18.3%)
Gross Margin	66.7%	69.1%	(3.5%)
Net (loss)/profit attributable to equity holders of the Company	(10,708)	20,097	N/A
Adjusted net profit attributable to equity holders of the Company ⁽¹⁾	6,871	35,186	(80.5%)
Adjusted Net Margin	2.2%	9.6%	(77.1%)

Notes:

(1) Adjusted net profit attributable to equity holders of the Company excludes impairment loss on investments accounted for using the equity method, fair value changes of securities and share-based compensation expenses.

FINANCIAL INFORMATION BY SEGMENT

	Six months ended 30 June		Year-on-year change (%)
	2020 (RMB'000)	2019 (RMB'000)	
Revenue	309,877	366,465	(15.4%)
– Platform Business	206,667	224,631	(8.0%)
– Materials Supply Chain Business	20,480	28,932	(29.2%)
– Self-operated Interior Design and Construction Business and others	82,730	112,902	(26.7%)
Gross Profit	206,819	253,265	(18.3%)
– Platform Business	194,857	215,468	(9.6%)
– Materials Supply Chain Business	2,462	3,928	(37.3%)
– Self-operated Interior Design and Construction Business and others	9,500	33,869	(72.0%)
Gross Margin	66.7%	69.1%	(3.5%)
– Platform Business	94.3%	95.9%	(1.7%)
– Materials Supply Chain Business	12.0%	13.6%	(11.8%)
– Self-operated Interior Design and Construction Business and others	11.5%	30.0%	(61.7%)

KEY HIGHLIGHTS

KEY OPERATION METRICS

The table below sets forth our MUV, the number of users to whom we made recommendations, the number of user recommendations made, and the average revenue from platform services per recommended user during the periods indicated:

	Six months ended 30 June		Year-on-year change (%)
	2020 (RMB'000)	2019 (RMB'000)	
MUVs (in millions)	60.1	55.1	9.1%
Number of recommended users	257,801	226,026	14.1%
Number of recommendations made	610,358	549,911	11.0%
Average revenue from platform services per recommended user (RMB)	802	994	(19.3%)

During the Reporting Period, (i) our MUVs increased by 9.1% from 55.1 million for the six months ended 30 June 2019 to 60.1 million for the six months ended 30 June 2020; (ii) the number of recommended users increased by 14.1% from 226,026 for the six months ended 30 June 2019 to 257,801 for the six months ended 30 June 2020; (iii) the number of recommendations made increased by 11.0% from 549,911 for the six months ended 30 June 2019 to 610,358 for the six months ended 30 June 2020; and (iv) the average revenue from platform services per recommended users decreased by 19.3% from RMB994 for the six months ended 30 June 2019 to RMB802 for the six months ended 30 June 2020.

CHAIRMAN'S STATEMENT

To our Shareholders:

The COVID-19 pandemic has been spreading out worldwide since the beginning of 2020 and has significantly impacted everyone's personal and work life. In China, residential community districts were locked down also traveling among cities and provinces was restricted, which consequently has taken a significant toll on the operation of the businesses on our platform. By looking over the pandemic, we have realized the importance of refining our capabilities as a platform and further diversifying our products and services portfolio. We also see the digitalization of the interior design and construction industry as more than an irreversible trend.

As a socially responsible online home improvement platform in China. Despite the downward pressure from the market itself and the pandemic, we have provided interior design and construction service providers with online order handling training programs, free online design software, and online live stream marketing through our PaaS platform service. Moreover, we offered the sales discount to our interior design and construction service providers on our platform in financial distress. By these measures, we seek to maintain the healthy development of the industry, which has always been our mission.

On behalf of the Board of the Company, I present the interim results of the Group for the six months ended 30 June 2020.

HIGHLIGHTS OF RESULTS

As of 30 June 2020, our results have taken a hit due to the pandemic but is generally stable. Our total revenue of the Company decreased by 15.4% year-on-year to RMB309.9 million for the six months ended 30 June 2020. We made a net loss attributable to equity holders of the Company of RMB10.7 million and the adjusted net profit attributable to equity holders of the Company of RMB6.9 million. Our Group realized a positive operating cash flow of RMB49.2 million, due to our strict cost control during the pandemic. We had cash and cash equivalents of RMB655.4 million and term deposit of RMB235.0 million as of 30 June 2020, compared to the balance of RMB410.7 and RMB547.3 million, respectively, as of 31 December 2019.

BUSINESS REVIEW

Platform Business

In the first quarter of this year, when the COVID-19 pandemic broke out, our Platform Business faced a severe challenge because interior design and construction service providers were unable to access residential community districts and construction workers were unable to return to the cities they work in, which led to a sharp decline in demand for orders. And we offered the sales discount to our interior design and construction service providers on our platform in financial distress. As a result, revenue from the Platform Business decreased by 8.0% year-on-year to RMB206.7 million for the six months ended 30 June 2020.

However, by in-depth data analysis, we found that consumers have a more definite preference for the contents related to home improvement because of the higher requirement for comfortability at home. We have added the new media channels to share home improvement content through videos and live broadcasts through our website and mobile applications which turned out to have strengthened user stickiness to our platform. In the second quarter of the year, when work resumed nationally, our user volumes and orders had seen a rapid increase. Our MUVs increased by 9.1% from 55.1 million for the six months ended 30 June 2019 to 60.1 million for the six months ended 30 June 2020.

On the merchant side, a large number of small and medium-sized merchants were in financial distress. We adopted numerous measures to help the interior design and construction service providers on platform by providing financing support to maintain survival and steady growth.

Since the second quarter of the year, consumers have gathered rapidly from offline to online, interior design and construction service providers then turn out to generate a large number of intention orders unable to convert. We have provided interior design and construction service providers with operation software, which offered service training, online design software empowerment, online live stream marketing, etc., to enhance their ability to convert orders. As a result of our merchant operation, the number of interior design and construction service providers on our platform increased by 23.4% from 11,042 as of 30 June 2019 to 13,624 as of 30 June 2020.

CHAIRMAN'S STATEMENT

Material Supply Chain Business

During the pandemic, most of the suppliers were facing a shortage of demand, a plunge of sales, and obstructed distribution. Moreover, interior design and construction service providers demand fewer materials due to financial distress. Our supply chain services are committed to assist interior design construction service providers in customer, orders attaining and inventory management through a digital integrated system. Thereby we can move what was a traditional business online, consequently to increase sales volume, decrease operation costs, and accelerate transactions to reduce pressure on liquidity.

After work resumption in the second quarter of the year, we expanded our product portfolio. Except for existing auxiliary materials and sanitary products, we added furniture and smart-home products. We also adopted technological means such as VR to produce designs to facilitate sales in one package that includes products and services from both interior design and construction service providers and suppliers. Due to our effort, the order demand gradually picked up in the second quarter of the year. Overall, revenues from the Material Supply Chain Business decreased by 29.2% year-on-year to RMB20.5 million for the six months ended 30 June 2020, and at a reasonable level.

Self-operated Interior Design and Construction Business

Our self-operated interior business is divided into one for home renovation service focuses on individual consumers, whereas real estate refined decoration service focuses on interior design and construction services for residential real-estate developers and serviced apartments.

The home renovation service was significantly adversely influenced by the pandemic. In first quarter of this year, the home renovation service was put on pause, mainly due to workers were restricted from entering the residential community districts. With then the pandemic being under control, users have a more definite preference for home comfortability. So we provide them with non-contact services, including online order signing, live stream showroom, and construction video surveillance, to ease users' concern of being infected. By our effort, the home renovation service has recovered progressively.

The real estate refined decoration service has also recovered as the real-estate construction re-opened, the revenue from the real estate refined decoration service has risen to RMB66.8 million, a 47.1% year-on-year growth.

Outlook

In the remaining half year, we seek to maintain the stable development of our platform business. We will continue to focus on executing our long-term strategy as China's leading interior design and construction platform, which reduces our exposure to short-term volatility, and continue to align our product strategy, client coverage and service development with our focus on allocating our resources and efforts for long-term returns. We will continuously promote the digitalization of interior design and construction service providers and the home improvement industry. We would like to see more valuable partners joining us and create a more prospect environment for interior design and construction service providers and material suppliers as well as superior experiences for consumers. Our strong balance sheet allows us to act quickly on such opportunities which we believe would help us better serve our users. We are confident we will be able to derive sustainable value for our Shareholders continuously.

Appreciation

I would like to take this opportunity to express my gratitude to all the shareholders, investors, business partners, and users for your trust and support. I would also like to thank the peers in the Board of Directors, the management team, and all the employees for their contribution to the Company. In the future, we will continuously promote the development of the Company and create the highest value for our shareholders.

DENG Huajin

Chairman

Shanghai, the PRC,
26 August 2020

MANAGEMENT DISCUSSION AND ANALYSIS

(The following information disclosures were based on financial information prepared in accordance with International Accounting Standards 34, 'Interim financial reporting' unless otherwise specified)

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	309,877	366,465
Cost of sales	(103,058)	(113,200)
Gross profit	206,819	253,265
Selling and marketing expenses	(178,350)	(188,151)
Administrative expenses	(39,969)	(33,281)
Research and development expenses	(26,971)	(23,536)
Net impairment losses on financial assets	(415)	(2,598)
Other losses – net	(10,580)	(8,117)
Operating loss	(49,466)	(2,418)
Finance income	10,837	15,113
Finance costs	(1,809)	(959)
Finance income – net	9,028	14,154
Share of net profit of investments accounted for using the equity method	25,997	2,228
(Loss)/profit before income tax	(14,441)	13,964
Income tax credits/(expenses)	40	(560)
(Loss)/profit for the period	(14,401)	13,404
(Loss)/profit attributable to:		
Equity holders of the Company	(10,708)	20,097
Non-controlling interests	(3,693)	(6,693)
	(14,401)	13,404
Non-IFRS measure		
Adjusted net profit attributable to equity holders of the Company	6,871	35,186

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

Total revenue decreased by 15.4% from RMB366.5 million for the six months ended 30 June 2019 to RMB309.9 million for the six months ended 30 June 2020.

	Six months ended 30 June			
	2020	% of total	2019	% of total
	RMB'000	revenues	RMB'000	revenues
Platform Business	206,667	66.7%	224,631	61.3%
Materials Supply Chain Business	20,480	6.6%	28,932	7.9%
Self-operated Interior Design and Construction Business and others	82,730	26.7%	112,902	30.8%
Total	309,877	100.0%	366,465	100.0%

- **Platform Business**

Revenues derived from our Platform Business decreased by 8.0% from RMB224.6 million for the six months ended 30 June 2019 to RMB206.7 million for the six months ended 30 June 2020, primarily due to the temporary sales discount we offered to merchants, which was one of our measures to reduce liquidity pressure of interior design and construction service providers during the pandemic, which led to the decrease in average revenue from platform services per recommendation user, partially offset by the revenue growth due to increase of number of recommended users by 14.1% on a year-over-year basis.

- **Materials Supply Chain Business**

Revenues derived from our Material Supply Chain Business decreased by 29.2% from RMB28.9 million for the six months ended 30 June 2019 to RMB20.5 million for the six months ended 30 June 2020, primarily due to the decline of the sales orders as service providers were unable to enter the decoration site during the epidemic, which led to a decrease in the demand for building materials.

- **Self-operated Interior Design and Construction Business and others**

Revenues derived from our Self-operated Interior Design and Construction Business and others decreased by 26.7% from RMB112.9 million for the six months ended 30 June 2019 to RMB82.7 million for the six months ended 30 June 2020, primarily due to the decrease of available construction sites during the first quarter of 2020 affected by the epidemic. With the opening of residential community districts and cities, the operation of Self-operated Interior Design and Construction Business have recovered from the second quarter of 2020.

	Six months ended 30 June		Year-on-year change (%)
	2020	2019	
	RMB'000	RMB'000	
Home renovation service	15,975	64,862	(75.4%)
Real estate refined decoration service	66,755	45,376	47.1%
Others	–	2,664	(100.0%)
Total	82,730	112,902	(26.7%)

This decrease was primarily due to a reduction in home renovation service orders when some residential community districts in certain provinces and cities in PRC are closed down as prevention measures during the outbreak of the epidemic.

MANAGEMENT DISCUSSION AND ANALYSIS

On the other hand, our revenue from real estate refined decoration service increased by 47.1% to RMB66.8 million for the six months ended 30 June 2020 from RMB45.4 million for the same period of 2019, as result of effect of the development of real estate refined decoration service strategy.

COST OF SALES

Cost of sales decreased by 8.9% from RMB113.2 million for the six months ended 30 June 2019 to RMB103.1 million for the six months ended 30 June 2020, which is mainly due to the decrease in costs of our Materials Supply Chain Business and Self-operated Interior Design and Construction Business.

- **Platform Business**

Cost of sales of our Platform Business increased by 28.3% from RMB9.2 million for the six months ended 30 June 2019 to RMB11.8 million for the six months ended 30 June 2020, primarily due to the increase in the cost of some new business.

- **Materials Supply Chain Business**

Cost of sales of our Materials Supply Chain Business decreased by 28.0% from RMB25.0 million for the six months ended 30 June 2019 to RMB18.0 million for the six months ended 30 June 2020, in line with the decrease in revenues from sales of building materials.

- **Self-operated Interior Design and Construction Business and others**

Cost of sales of our Self-operated Interior Design and Construction Business and others decreased by 7.3% from RMB79.0 million for the six months ended 30 June 2019 to RMB73.2 million for the six months ended 30 June 2020, primarily due to the decrease in cost of sales of our home renovations service, which was offset by the increase in cost of sales of our real estate refined decoration service during the periods.

GROSS PROFIT AND MARGIN

As a result of the foregoing, our total gross profit decreased by 18.3% from RMB253.3 million for the six months ended 30 June 2019 to RMB206.8 million for the six months ended 30 June 2020. Our overall gross profit margin decreased from 69.1% for the six months ended 30 June 2019 to 66.7% for the six months ended 30 June 2020.

	Six months ended 30 June			
	2020		2019	
	RMB'000	Gross margin (%)	RMB'000	Gross margin (%)
Platform Business	194,857	94.3%	215,468	95.9%
Materials Supply Chain Business	2,462	12.0%	3,928	13.6%
Self-operated Interior Design and Construction Business and others	9,500	11.5%	33,869	30.0%
Total	206,819	66.7%	253,265	69.1%

MANAGEMENT DISCUSSION AND ANALYSIS

- **Platform Business**

Gross profit of our Platform Business decreased by 9.6% from RMB215.5 million for the six months ended 30 June 2019 to RMB194.9 million for the six months ended 30 June 2020. Gross profit margin of this segment stabilized at approximately 94.3% for the six months ended 30 June 2020, as compared to 95.9% for the six months ended 30 June 2019.

- **Materials Supply Chain Business**

Gross profit of our Materials Supply Chain Business decreased by 37.3% from RMB3.9 million for the six months ended 30 June 2019 to RMB2.5 million for the six months ended 30 June 2020 due to the revenue decrease in the business segment. Gross profit margin of Materials Supply Chain Business decreased from 13.6% for the six months ended 30 June 2019 to 12.0% for the six months ended 30 June 2020, it was mainly attributable to some new orders with the lower margin during the period.

- **Self-operated Interior Design and Construction Business and others**

Gross profit of our Self-operated Interior Design and Construction Business and others decreased by 72.0% from RMB33.9 million for the six months ended 30 June 2019 to RMB9.5 million for the six months ended 30 June 2020.

Our gross profit margin for this segment decreased from 30.0% for the six months ended 30 June 2019 to 11.5% for the six months ended 30 June 2020, which was attributable to our real estate refined decoration service, which carried lower gross margin, accounted for the revenue of this segment increase from 40.2% for the six months ended 30 June 2019 to 80.7% for the six months ended 30 June 2020.

SELLING AND MARKETING EXPENSES

Our selling and marketing expenses decreased by 5.2% from RMB188.2 million for the six months ended 30 June 2019 to RMB178.4 million for the six months ended 30 June 2020, primarily due to the decrease in advertising and promotion expenses including online promotional advertisements, resulting from our effort in optimizing marketing channels.

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by 20.1% from RMB33.3 million for the six months ended 30 June 2019 to RMB40.0 million for the six months ended 30 June 2020, primarily due to a hiring of more senior managers to explore some new business opportunities.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses increased by 14.9% from RMB23.5 million for the six months ended 30 June 2019 to RMB27.0 million for the six months ended 30 June 2020, primarily attributable to (i) the increase in both the headcount and average salaries and benefits of our research and development personnel to support our business growth, and (ii) the increase in subcontracting to third parties to enhance our platform technology development.

OTHER LOSSES – NET

Other net losses for the six months ended 30 June 2020 were mainly due to (i) the receipt of a government grant of RMB1.0 million during the first half year of 2020, (ii) fair value changes of financial assets at fair value through profit or loss of RMB13.8 million.

FINANCE INCOME – NET

Our finance income for the six months ended 30 June 2020 was RMB10.8 million is mainly due to the interest income from our internal funds.

INCOME TAX CREDITS/(EXPENSES)

Our income tax credits for the six months ended 30 June 2020 was RMB0.04 million is mainly due to the decrease in deferred tax liability.

MANAGEMENT DISCUSSION AND ANALYSIS

NON-IFRS MEASURES: ADJUSTED NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

As a result of the foregoing, our net loss was RMB14.4 million for the six months ended 30 June 2020, as compared to net profit of RMB13.4 million for the six months ended 30 June 2019.

To supplement our unaudited interim results, which is presented in accordance with IFRS, we also use adjusted net profit attributable to equity holders of the Company as an additional financial measure, which is not required by, or presented in accordance with IFRS. The term “adjusted net profit attributable to equity holders of the Company” is not defined under IFRS. We believe that this additional financial measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management do not consider to be indicative of our operating performance. We believe that this 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. However, our presentation of the “adjusted net profit attributable to equity holders of the Company” may not be comparable to a similarly titled measure presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

The following table reconciles our adjusted net profit attributable to equity holders of the Company for the six months ended 30 June 2020 and 2019 to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Net (loss)/profit attributable to equity holders of the Company	(10,708)	20,097
Impairment loss on investments accounted for using the equity method	930	14,135
Share-based compensation expenses	868	954
Fair value changes of securities	15,781	–
Adjusted net profit attributable to equity holders of the Company	6,871	35,186

LIQUIDITY AND FINANCIAL RESOURCES

Our cash and other liquid financial resources as at 30 June 2020 and 31 December 2019 were as follows:

	30 June	31 December
	2020	2019
	RMB'000	RMB'000
Cash and cash equivalents	655,361	410,681
Term deposits	235,026	547,258
Cash and other liquid financial resources	890,387	957,939

Cash and cash equivalents includes cash in hand, and deposits held at call with banks. Term deposits are bank deposits with original maturities over three months and redeemable on maturity. Most of our cash and cash equivalents and term deposits are denominated in the United States dollar, Renminbi and Hong Kong dollar.

MANAGEMENT DISCUSSION AND ANALYSIS

BORROWINGS

As of 30 June 2020, we had total borrowings of RMB12.0 million and the interest rate of the borrowings 4.35% per annum.

PLEDGE OF ASSETS

As of 30 June 2020, the aggregate principal amount of wealth management product, amounting to RMB10.0 million were held at bank as guarantee for bank borrowing of RMB5.0 million from Industrial and Commercial Bank of China Limited.

GEARING RATIO

As of 30 June 2020, our gearing ratio, calculated as total borrowings divided by total equity attributable to equity holders of the Company was approximately 0.9%.

TREASURY POLICY

We have adopted a prudent financial management approach towards our treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 June 2020. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

During the six months ended 30 June 2020, we have funded our cash requirements principally from cash generated from our operating activities. We have primarily used cash to develop new operations and support mid-to-long term strategic investments along the value chain in order to better consolidate industry resources. We had cash and cash equivalents of RMB655.4 million as of 30 June 2020. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CAPITAL EXPENDITURE

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Purchase of property and equipment	4,394	32
Purchase of intangible assets	202	1,568
Payment of land deed tax	–	9,358
Total	4,596	10,958

Our capital expenditures was mainly used for the acquisition of property and equipment such as servers and computers, expenditures related to land use right, and intangible assets.

MANAGEMENT DISCUSSION AND ANALYSIS

LONG-TERM INVESTMENT ACTIVITIES

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Investments accounted for using the equity method	270,366	240,364
Financial assets at fair value through other comprehensive income	34,731	56,944
Financial assets at fair value through profit or loss	10,958	10,958
Total	316,055	308,266

We have made non-controlling interests in investments that we believe have technologies or businesses that supplement and benefit our business. Some of the investments we made were companies that do not generate meaningful revenue and profits yet. It is therefore difficult to determine the success of these investments in such early stage, and while successful investments could generate substantial returns, unsuccessful ones may need to be impaired. In respect of the Group's investments accounted for using the equity method, the Group tested them for impairment by estimated the value-in-use of these investments as at 30 June 2020 if any impairment indicator noted. Based on the result of the test, impairment losses of RMB930,000 was recognised as at 30 June 2020.

FOREIGN EXCHANGE RISK

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currencies. Our Company's functional currency is United States Dollar. Our Company's primary subsidiaries were incorporated in the PRC and these subsidiaries use Renminbi as their functional currency. Our Group operates mainly in the PRC with most of the transactions settled in Renminbi. As a result, management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of our Group are denominated in the currencies other than the respective functional currencies of our Group's entities. Hence, we currently do not hedge or consider necessary to hedge any of these risks.

CONTINGENT LIABILITIES

As of 30 June 2020, we did not have any material contingent liabilities.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of 30 June 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of interest	Number of ordinary Shares	Number of underlying Shares	Total number of Shares	Approximate percentage of the issued voting Shares of the Company
Mr. Deng ⁽¹⁾	Interest in controlled corporation and interest of spouse	308,377,140	–	308,377,140	26.03%
Mr. Gao Wei ⁽²⁾	Interest in controlled corporation	5,229,970	8,981,390	14,211,360	1.20%
Mr. Tian Yuan ⁽³⁾	Interest in controlled corporation	4,578,876	–	4,578,876	0.39%
Mr. Gabriel Li ⁽⁴⁾	Interest of spouse	100,000,000	–	100,000,000	8.44%

Notes:

- (1) Mr. Deng holds 100% equity interests of Qeeka Holding, which in turn directly holds 294,789,530 Shares. Accordingly, Mr. Deng is deemed to be interested in the 294,789,530 Shares held by Qeeka Holding. Mr. Deng is the spouse of Ms. Sun Jie ("Ms. Sun"), and is deemed to be interested in the 13,587,610 Shares of Ms. Sun held through Qeeka Sunjie Home, representing approximately 1.15% interest in the Company.
- (2) Mr. Gao Wei holds 100% equity interests in Qeeka Josephine Holding, which in turn directly holds 5,229,970 Shares. Accordingly, Mr. Gao Wei is deemed to be interested in the 5,229,970 Shares held by Qeeka Josephine Holding. In addition, Mr. Gao Wei was granted a total of 8,981,390 options under the pre-IPO Share Option Scheme on 31 December 2011.
- (3) Mr. Tian Yuan holds 100% equity interests of Qeeka Tianyuan Home, which in turn directly holds 4,578,876 Shares. Accordingly, Mr. Tian Yuan is deemed to be interested in the 4,578,876 Shares held by Qeeka Tianyuan Home.
- (4) Mr. Gabriel Li is the spouse of Ms. Lam Lai Ming ("Ms. Lam"), and is deemed to be interested in the Shares held by Ms. Lam in Clinton Global Limited, it directly holds 100,000,000 Shares. Clinton Global Limited is owned as to 95% by Orchid Asia VI, L.P. and as to 5% by Orchid Asia V Co-Investment Limited. The general partner of Orchid Asia VI, L.P. is OAVI Holdings, L.P. and the general partner of OAVI Holdings, L.P. is Orchid Asia VI GP, Limited, a company which is indirectly wholly-owned by Ms. Lam. Orchid Asia V Co-Investment Limited is wholly controlled by Ms. Lam.

Save as disclosed above, as of 30 June 2020, none of the Directors and chief executives of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as 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 Model Code.

OTHER INFORMATION

(ii) Interest in associated corporations

Save as disclosed above, so far as the Directors are aware, as at 30 June 2020, none of the Directors or chief executive of the Company and their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company, or (ii) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as the Directors are aware, as at 30 June 2020, the following persons had interest or short positions in the shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company:

Name of Shareholders	Nature of interest	Number of shares ⁽¹⁾	Approximate percentage of shareholding in the Company
Mr. Deng ⁽²⁾	Interest in a controlled corporation and interest of spouse	308,377,140(L)	26.03%
Ms. Sun ⁽³⁾	Interest in a controlled corporation and interest of spouse	308,377,140(L)	26.03%
Qeeka Holding ⁽²⁾	Beneficial owner	294,789,530(L)	24.88%
Suzhou Oriza Holdings Co., Ltd. ⁽⁴⁾⁽⁵⁾	Interest in a controlled corporation	185,246,080(L)	15.63%
Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. ⁽⁴⁾⁽⁵⁾	Interest in a controlled corporation	185,246,080(L)	15.63%
Suzhou Industrial Park Economic Development Co., Ltd. ⁽⁴⁾⁽⁵⁾	Interest in a controlled corporation	185,246,080(L)	15.63%
Suzhou Industrial Zone Management Committee ⁽⁴⁾⁽⁵⁾	Interest in a controlled corporation	185,246,080(L)	15.63%
Baidu HK ⁽⁶⁾	Beneficial owner	124,981,861(L)	10.55%
Baidu Holdings Limited ⁽⁶⁾	Interest in a controlled corporation	124,981,861(L)	10.55%
Baidu, Inc. ⁽⁶⁾	Interest in a controlled corporation	124,981,861(L)	10.55%
Teng Yue Partners GP, LLC ⁽⁷⁾	Interest in a controlled corporation	105,186,500(L)	8.88%
Teng Yue Partners Holdings GP, LLC ⁽⁷⁾	Interest in a controlled corporation	105,186,500(L)	8.88%
Teng Yue Partners Holdings, LLC ⁽⁷⁾	Interest in a controlled corporation	105,186,500(L)	8.88%
Teng Yue Partners Master Fund, L.P. ⁽⁷⁾	Beneficial owner	105,186,500(L)	8.88%
Teng Yue Partners, L.P. ⁽⁷⁾	Investment manager	105,186,500(L)	8.88%
Li Tao ⁽⁷⁾	Interest in a controlled corporation	105,186,500(L)	8.88%
Hua Yuan International ⁽⁴⁾	Beneficial owner	101,912,750(L)	8.60%
China-Singapore Suzhou Industrial Park Ventures Co., Ltd. ⁽⁴⁾	Interest in a controlled corporation	101,912,750(L)	8.60%

OTHER INFORMATION

Name of Shareholders	Nature of interest	Number of shares ⁽¹⁾	Approximate percentage of shareholding in the Company
Clinton Global Limited ⁽²⁾	Beneficial owner	100,000,000(L)	8.44%
Areo Holdings Limited ⁽²⁾	Interested in a controlled corporation	100,000,000(L)	8.44%
Mr. Gabriel Li ⁽²⁾	Interest of spouse	100,000,000(L)	8.44%
Lam Lai Ming ⁽²⁾	Interest in a controlled corporation	100,000,000(L)	8.44%
OAVI Holdings, L.P. ⁽²⁾	Interest in a controlled corporation	100,000,000(L)	8.44%
Orchid Asia V Group Management, Limited ⁽²⁾	Interested in a controlled corporation	100,000,000(L)	8.44%
Orchid Asia V Group, Limited ⁽²⁾	Interested in a controlled corporation	100,000,000(L)	8.44%
Orchid Asia VI GP, Limited ⁽²⁾	Interest in a controlled corporation	100,000,000(L)	8.44%
Orchid Asia VI, L.P. ⁽²⁾	Interest in a controlled corporation	100,000,000(L)	8.44%
SIP Oriza ⁽⁵⁾	Beneficial owner	83,333,330(L)	7.03%
Yao Hua ⁽⁵⁾	Interest in a controlled corporation	83,333,330(L)	7.03%
SIP Oriza PE Fund Management Co., Ltd. ⁽⁵⁾	Interest in a controlled corporation	83,333,330(L)	7.03%
SIP Oriza Jingfeng Equity Investment Management Co., Ltd. ⁽⁵⁾	Interest in a controlled corporation	83,333,330(L)	7.03%
Suzhou Oriza Holdings Co., Ltd. ⁽⁵⁾	Interest in a controlled corporation	83,333,330(L)	7.03%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Qeeka Holding is wholly-owned by Mr. Deng, therefore Mr. Deng is deemed to be interested in the 294,789,530 Shares held by Qeeka Holding under the SFO. In addition, Mr. Deng is the spouse of Ms. Sun and therefore is deemed to be interested in the 13,587,610 Shares which Ms. Sun is interested in under the SFO.
- (3) Qeeka Sunjie Home Holding Limited is wholly-owned by Ms. Sun Jie, therefore Ms. Sun is deemed to be interested in the 13,587,610 Shares held by Sunjie Home under the SFO. In addition, Ms. Sun Jie is the spouse of Mr. Deng and is therefore deemed to be interested in the 294,789,530 Shares which are interested by Mr. Deng under the SFO.
- (4) Hua Yuan International Limited is wholly-owned by China-Singapore Suzhou Industrial Park Ventures Co., Ltd., which is wholly-owned by Suzhou Oriza Holdings Co., Ltd, which is owned as to 60% by Suzhou Industrial Park Economic Development Co., Ltd., as to 20% by Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. and as to 20% by Jiangsu Investment Management Co. Ltd., the first two of which are wholly-owned by Suzhou Industrial Zone Management Committee, the latter is wholly-owned by Jiangsu Guoxin Group Co. Ltd.. Under the SFO, China-Singapore Suzhou Industrial Park Ventures Co., Ltd., Suzhou Oriza Holdings Co., Ltd, Suzhou Industrial Park Economic Development Co., Ltd., Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd., Jiangsu Investment Co. Ltd, Suzhou Industrial Zone Management Committee and Jiangsu Guoxin Group Co. Ltd. are deemed to be interested in the Shares held by Hua Yuan International Limited.
- (5) The general partner of SIP Oriza is SIP Oriza PE Fund Management Co., Ltd., which is owned as to 51% by SIP Oriza Jingfeng Equity Investment Management Co., Ltd. and as to 49% by Suzhou Oriza Holdings Co., Ltd.. SIP Oriza Jingfeng Equity Investment Management Co., Ltd. is owned as to 44.19% by Yao Hua. Suzhou Oriza Holdings Co., Ltd. is owned as to 60% by Suzhou Industrial Park Economic Development Co., Ltd., as to 20% by Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. and as to 20% by Jiangsu Investment Management Co. Ltd., the first two of which are wholly-owned by Suzhou Industrial Zone Management Committee, the latter is wholly-owned by Jiangsu Guoxin Group Co. Ltd. Under the SFO, SIP Oriza PE Fund Management Co., Ltd., SIP Oriza Jingfeng Equity Investment Management Co., Ltd., Suzhou Oriza Holdings Co., Ltd., Yao Hua, Suzhou Industrial Park Economic Development Co., Ltd., Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd., Jiangsu Investment Management Co. Ltd., Suzhou Industrial Zone Management Committee and Jiangsu Guoxin Group Co. Ltd. are deemed to be interested in the Shares held by SIP Oriza.

OTHER INFORMATION

- (6) Baidu (Hong Kong) Limited is an investment holding company wholly-owned by Baidu Holdings Limited, which is wholly-owned by Baidu, Inc., a company listed on NASDAQ (NASDAQ: BIDU). Under the SFO, Baidu, Inc. and Baidu Holdings Limited are deemed to be interested in the Shares held by Baidu (Hong Kong) Limited.
- (7) Teng Yue Partners Master Fund, L.P., holds 105,186,500 Shares, which is wholly owned by Teng Yue Partners GP, LLC. Teng Yue Partners GP, LLC. is wholly owned by Teng Yue Partners Holdings GP, LLC, a company which is owned as to 99% by Mr. Li Tao. Teng Yue Partners, L.P. is wholly owned by Teng Yue Partners Holdings, LLC, a company which is owned as to 99% by Mr. Li Tao. Accordingly, based on the above disclosure, Teng Yue Partners Master Fund, L.P., Teng Yue Partners GP, LLC, Teng Yue Partners Holdings GP, LLC, Teng Yue Partners Holdings, LLC, Teng Yue Partners, L.P. and Mr. Li Tao are deemed to be interested in the Shares held by Teng Yue Partners Master Fund, L.P.
- (8) Clinton Global Limited (previously known as Orchid Asia) is owned as to 95% by Orchid Asia VI, L.P., and as to 5% by Orchid Asia V Co-Investment Limited. The general partner of Orchid Asia VI, L.P. is OAVI Holdings, L.P., and the general partner of OAVI Holdings, L.P. is Orchid Asia VI GP, Limited. Orchid Asia VI GP, Limited is wholly owned by Orchid Asia V Group Management, Limited, which is wholly owned by Orchid Asia V Group, Limited. Orchid Asia V Group, Limited is wholly owned by Areo Holdings Limited, a company which is wholly owned by Ms. Lam. Under the SFO, Orchid Asia VI, L.P., OAVI Holdings, L.P., Orchid Asia VI GP, Limited, Orchid Asia V Group Management, Limited, Orchid Asia V Group, Limited, Areo Holdings Limited and Ms. Lam are deemed to be interested in the Shares held by Clinton Global Limited. Mr. Gabriel Li is the spouse of Ms. Lam, and is deemed to be interested in the Shares held by Ms. Lam in Clinton Global Limited.

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

During the Reporting Period, the Company has repurchased 6,332,000 shares on the Stock Exchange at an aggregate consideration (including transaction cost) of approximately HKD15.4 million. The highest price paid was HKD2.49, and the lowest price paid was HKD2.38.

Particulars of the repurchases made by the Company during the Reporting Period are as follows:

Months	Number of shares repurchased	Purchase price per share		Aggregate consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January	4,151,000	2.49	2.38	10,086,933
June	2,181,000	2.48	2.38	5,347,211

The Shares repurchased in January 2020 were subsequently cancelled on 29 April 2020.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities during the Reporting Period.

OTHER INFORMATION

PRE-IPO SHARE OPTION SCHEME

A Pre-IPO Share Option Scheme (the “**Scheme**”) was approved and adopted by the Company in 2011 which was formalised in 2018. The purposes of the Scheme are to reward the participants defined thereunder for their past contribution to the success of the Group and to provide incentives to them to further contribute to the Group.

The principal terms of the Scheme are summarised in the section headed “Statutory and General Information – 11. Pre-IPO Share Option Scheme” in Appendix IV to the Company’s Prospectus dated 21 June 2018. The terms of the Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as this Scheme will not involve the grant of options by the Company to subscribe for Shares subsequent to the Listing of the Company.

During the Period under the Pre-IPO Share Option Scheme, 1,906,852 share options were lapsed. As at 30 June 2020, the total number of outstanding share options was 40,994,289 representing approximately 3.5% of the total number of issued shares of the Company as at that date. The details below set out the movement of the share option granted under the Pre-IPO Share Option Scheme during the Period:

Name of grantee	Date of grant	Balance as at 01/01/2020	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Balance as at 30/06/2020	Exercise price per Share (RMB)	Option period
Director								
GAO Wei	31/12/2011	8,981,390	-	-	-	8,981,390	2.004	10 years from grant date
Senior management								
Senior management (in aggregate)	31/12/2011	12,461,680	-	-	-	12,461,680	2.004	10 years from grant date
	31/12/2016	2,357,620	-	-	-	2,357,620	2.004	10 years from grant date
Employee								
Employee (in aggregate)	31/12/2016	19,100,451	-	-	1,906,852	17,193,599	2.004	10 years from grant date
Total	-	42,901,141	-	-	1,906,852	40,994,289	-	-

EMPLOYEE AND REMUNERATION POLICY

As of 30 June 2020, the Group had 769 full-time employees, most of whom were based in China, primarily at our headquarters in Shanghai, with the rest based in Beijing, Fuzhou and various other cities in China. The number of employees employed by the Group varies depending on needs and employees are remunerated based on industry practice.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. As required under the PRC regulations, we participate in housing fund and various employee social security plan that are organized by applicable local municipal and provincial governments. Bonuses are generally discretionary and based in part on the overall performance of our business. We have granted and plan to continue to grant share-based incentive awards to our employees in the future to incentivise their contributions to our growth and development.

OTHER INFORMATION

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

During the Reporting Period, we did not have any material acquisitions and disposals of subsidiaries and joint ventures.

COMPLIANCE WITH THE CG CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders.

The Company has adopted the principles and code provisions of the CG Code as set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices during the Reporting Period.

Save for code provision A.2.1, the Company has complied with all the code provisions as set out in the CG Code during the Reporting Period.

COMPLIANCE WITH CODE PROVISION A.2.1 OF THE CG CODE

Pursuant to code provision A.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have separate chairman and chief executive officer and Mr. Deng Huajin currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer by the same person has the benefit of ensuring consistent leadership within the Company and enables more effective and efficient overall strategic planning for the Company. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time by taking into account the circumstances of the Company as a whole.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company since the Listing Date. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the Reporting Period.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Reporting Period after making reasonable enquiry.

AUDIT AND RISK MANAGEMENT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

We have established an audit and risk management committee (the "**Audit and Risk Management Committee**") with written terms of reference in compliance with Rule 3.21 and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The Audit and Risk Management Committee consists of three independent non-executive Directors, namely Mr. WONG Man Chung Francis, Mr. CAO Zhiguang and Mr. ZHANG Lihong. Mr. WONG Man Chung Francis was appointed as the chairman of the Audit and Risk Management Committee.

The Audit and Risk Management Committee has reviewed the Company's unaudited condensed consolidated interim results for the Reporting Period, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit and Risk Management Committee has also discussed the auditing, internal control and financial reporting matters.

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period.

USE OF NET PROCEEDS

The total net proceeds from the issue of new Shares by the Company in its IPO (after deducting the underwriting fees and related expenses) amounted approximately RMB949.8 million, and the balance of unutilized net proceeds of approximately RMB581.5 million was kept at the bank accounts of the Group as at 30 June 2020.

The net proceeds from the IPO have been and will be utilized in accordance with the intended uses as disclosed in the Prospectus of the Company and subsequently revised in the announcement issued by the Company dated 27 March 2020. The table below sets out the intended uses and actual usage of the net proceeds as at 30 June 2020:

Use of proceeds	Revised allocation of usage of net proceeds (RMB million)	Revised percentage of total net proceeds	Actual usage up to 30 June 2020 (RMB million)	Unutilized net proceeds as at 30 June 2020 (RMB million)
Marketing expense	379.9	40.0%	160.0	219.9
Development of supply chain management business	135.0	14.2%	50.0	85.0
Development of Loan referral business	20.0	2.1%	–	20.0
Development of our self-operated interior design and construction business	50.0	5.3%	37.5	12.5
Investment in our technology infrastructure and system	162.5	17.1%	73.5	89.0
Additional strategic investments and acquisitions	95.0	10.0%	13.0	82.0
Development of our new business	40.0	4.2%	4.3	35.7
General working capital	67.4	7.1%	30.0	37.4
Total	949.8	100.0%	368.3	581.5

The Company expects to utilise the remaining proceeds of approximately RMB581.5 million within the next 2.5 years.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Group has no important events after the Reporting Period.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a public float of no less than 25% of the issued shares as at the date of this announcement, which was in line with the requirement under the Listing Rules.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2020

	Note	Unaudited Six months ended 30 June	
		2020 RMB'000	2019 RMB'000
Revenue	6	309,877	366,465
Cost of sales	7	(103,058)	(113,200)
Gross profit		206,819	253,265
Selling and marketing expenses	7	(178,350)	(188,151)
Administrative expenses	7	(39,969)	(33,281)
Research and development expenses	7	(26,971)	(23,536)
Net impairment losses on financial assets	15(e)	(415)	(2,598)
Other losses – net	8	(10,580)	(8,117)
Operating loss		(49,466)	(2,418)
Finance income	9	10,837	15,113
Finance costs	9	(1,809)	(959)
Finance income – net	9	9,028	14,154
Share of results of investments accounted for using the equity method	12	25,997	2,228
(Loss)/profit before income tax		(14,441)	13,964
Income tax credits/(expenses)	10	40	(560)
(Loss)/profit for the period		(14,401)	13,404
(Loss)/profit attributable to:			
– Equity holders of the Company		(10,708)	20,097
– Non-controlling interests		(3,693)	(6,693)
		(14,401)	13,404
(Losses)/earnings per share for (loss)/profit attributable to equity holders of the Company			
Basic (losses)/earnings per share (RMB)	11	(0.01)	0.02
Diluted (losses)/earnings per share (RMB)	11	(0.01)	0.02

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Note	Unaudited	
		Six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
(Loss)/profit for the period		(14,401)	13,404
Other comprehensive income/(loss) for the period			
<i>Items that may be reclassified to profit or loss:</i>			
Share of other comprehensive (loss)/income of investments accounted for using the equity method	12	(40)	470
Exchange differences on translation of foreign operations		9,318	1,224
		9,278	1,694
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income	13	(238)	(2,420)
Other comprehensive income/(loss) for the period, net of tax		9,040	(726)
Total comprehensive (loss)/income for the period		(5,361)	12,678
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Company		(1,668)	19,371
Non-controlling interests		(3,693)	(6,693)
		(5,361)	12,678

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2020

	Note	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		22,763	22,128
Right-of-use assets		351,516	340,402
Intangible assets		7,327	8,827
Goodwill		7,796	7,796
Deferred tax assets		18,543	18,543
Investments accounted for using the equity method	12	270,366	240,364
Financial assets at fair value through other comprehensive income ("FVOCI")	13	34,731	56,944
Financial assets at fair value through profit or loss ("FVPL")	14	10,958	10,958
Other receivables	15	1,124	1,503
Total non-current assets		725,124	707,465
Current assets			
Inventories		18,331	12,956
Trade and other receivables and prepayments to suppliers	15	99,106	104,997
Amounts due from related parties	22(c)	8,211	5,291
Contract assets	15	31,261	25,351
Financial assets at fair value through profit or loss ("FVPL")	14	308,861	222,151
Term deposits	16	235,026	547,258
Cash and cash equivalents	16	655,361	410,681
Total current assets		1,356,157	1,328,685
Total assets		2,081,281	2,036,150
EQUITY			
Share capital	17	788	799
Share premium	17	2,323,294	2,356,802
Treasury shares	17	(5,649)	(25,281)
Other reserves	18	(193,491)	(203,399)
Accumulated losses		(791,201)	(758,909)
Equity attributable to equity holders of the Company		1,333,741	1,370,012
Non-controlling interests		(26,374)	(22,681)
Total equity		1,307,367	1,347,331

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2020

	Note	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		651	730
Lease liabilities	21	20,458	12,157
Total non-current liabilities		21,109	12,887
Current liabilities			
Short-term borrowings		12,000	12,000
Trade and other payables	20	563,608	511,249
Contract liabilities	20	122,063	104,042
Amounts due to a related party	22(c)	–	6
Lease liabilities	21	15,836	9,261
Income tax liabilities		39,298	39,374
Total current liabilities		752,805	675,932
Total liabilities		773,914	688,819
Total equity and liabilities		2,081,281	2,036,150

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The interim condensed consolidated financial information on pages 22 to 49 were approved by the Board of Directors on 26 August 2020 and were signed on its behalf by:

Deng Huajin
Director

Tian Yuan
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

		Unaudited						
		Attributable to the equity holders of the Company					Non-	Total
Note	Share capital	Share premium	Treasury Shares	Other reserves	Accumulated losses	controlling interests	equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	At 31 December 2019 (audited)	799	2,356,802	(25,281)	(203,399)	(758,909)	(22,681)	1,347,331
	Loss for the period	-	-	-	-	(10,708)	(3,693)	(14,401)
	Other comprehensive income	-	-	-	9,040	-	-	9,040
	Total comprehensive loss for the six months ended 30 June 2020	-	-	-	9,040	(10,708)	(3,693)	(5,361)
	Transactions with owners:							
	- Repurchase and cancellation of shares	17	(11)	(33,508)	19,632	-	-	(13,887)
	- Share-based compensation under Employee Stock Ownership Plans (ESOP)		-	-	-	868	-	868
	- Dividends declared	19	-	-	-	(21,584)	-	(21,584)
	Transactions with owners for the six months ended 30 June 2020		(11)	(33,508)	19,632	868	(21,584)	(34,603)
	At 30 June 2020 (unaudited)	788	2,323,294	(5,649)	(193,491)	(791,201)	(26,374)	1,307,367

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

Note	Unaudited						
	Attributable to the equity holders of the Company						
	Share capital RMB'000	Share premium RMB'000	Treasury Shares RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2018 (audited)	805	2,378,009	-	(204,962)	(820,392)	(32,783)	1,320,677
Changes on initial application of IFRS 16	-	-	-	-	(451)	-	(451)
Restated balance at 1 January 2019	805	2,378,009	-	(204,962)	(820,843)	(32,783)	1,320,226
Profit/(loss) for the period	-	-	-	-	20,097	(6,693)	13,404
Other comprehensive loss	-	-	-	(726)	-	-	(726)
Total comprehensive (loss)/income for the six months ended 30 June 2019	-	-	-	(726)	20,097	(6,693)	12,678
Transactions with owners:							
- Repurchase of shares	-	-	(8,200)	-	-	-	(8,200)
- Exercise of ESOP	-*	9	-	(3)	-	-	6
- Share-based compensation under ESOP	-	-	-	954	-	-	954
- Capital contribution from non-controlling shareholders	-	-	-	-	-	2,150	2,150
Transactions with owners for the six months ended 30 June 2019	-	9	(8,200)	951	-	2,150	(5,090)
At 30 June 2019 (unaudited)	805	2,378,018	(8,200)	(204,737)	(800,746)	(37,326)	1,327,814

Note (*): The balance stated above is less than RMB1,000.

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Note	Unaudited	
		Six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations		46,854	(16,227)
Interest received		2,419	3,855
Income tax paid		(115)	(3)
Net cash generated from/(used in) operating activities		49,158	(12,375)
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,394)	(32)
Purchase of land use rights		–	(9,358)
Purchase of intangible assets		(202)	(1,568)
Net decrease/(increase) in term deposits		312,232	(52,391)
Proceeds from disposal of property, plant and equipment		143	107
Proceeds from disposal of financial assets at FVPL		312,801	70,000
Withdrawal of certain investment in an investee measured at FVOCI	13(a)	17,000	–
Payment for investments measured at FVOCI		(9,862)	–
Interest received on term deposits		6,278	8,036
Loans to related parties	21(b)	(2,060)	(7,429)
Purchases of financial assets at FVPL		(411,000)	(117,738)
Dividends received from financial assets at FVPL		1,364	–
Net decrease/(increase) in amounts held for securities trading purposes		5,692	(21,428)
Net cash generated from/(used in) investing activities		227,992	(131,801)
Cash flows from financing activities			
Cash received from capital contributions in subsidiaries from non-controlling shareholders		–	2,150
Proceeds from borrowings		16,500	12,000
Repayments of borrowings		(16,500)	–
Cash paid in repurchase of shares	17	(13,887)	(8,200)
Interest paid for short-term borrowings		(284)	(71)
Cash received from exercise of ESOP		–	6
Payment for lease liabilities (including interest component)		(5,560)	(4,159)
Dividends paid to the Company's shareholders	19	(19,757)	–
Net cash (used in)/generated from financing activities		(39,488)	1,726
Net increase/(decrease) in cash and cash equivalents		237,662	(142,450)
Effect on exchange rate difference		7,018	1,225
Cash and cash equivalents at beginning of the period		410,681	779,779
Cash and cash equivalents at end of the period		655,361	638,554

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

1. GENERAL INFORMATION

Qeeka Home (Cayman) Inc. (the “Company”) was incorporated in the Cayman Islands on 20 November 2014 as an exempted Company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands.

The Company is an investment holding Company. The Company and its subsidiaries, including structured entities (collectively, the “Group”) are principally engaged in (i) the provision of order recommendation services, provision of advertising and promotion services, licensing its brand to business partners and others (“Platform Business”); (ii) the provision of interior design and construction service (“Self-operated Interior Design and Construction Business”); (iii) the provision of building and home decoration materials supply chain services (“Materials Supply Chain Business”). Mr. Deng Huajin (鄧華金, “Mr. Deng”) is the ultimate controlling shareholder of the Company.

The Company completed its initial public offering (“IPO”) and listed its shares on the Main Board of the Stock Exchange of Hong Kong on 12 July 2018.

The interim condensed consolidated financial information is presented in Renminbi thousand (RMB’000), unless otherwise stated.

The interim condensed consolidated financial information was approved by the Board of Directors on 26 August 2020.

The interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

(a) New and amended standards adopted by the Group

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7.

There is no significant impact of the new and amended standards.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 31 December 2019.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures as described in the annual financial statements for the year ended 31 December 2019.

There have been no changes in the risk management policies since 31 December 2019.

5.2 Fair value estimation

The following table presents the Group's financial assets that are measured at fair value at 30 June 2020.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2020				
Financial assets at FVPL (Note 14)	57,833	–	261,986	319,819
Financial assets at FVOCI (Note 13)	–	–	34,731	34,731
	57,833	–	296,717	354,550

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

There were no transfers among levels 1, 2 and 3 during the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.2 Fair value estimation (continued)

(i) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments, and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no changes in valuation techniques during the period.

(ii) Fair value measurement using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the six months ended 30 June 2020:

	Financial assets at FVPL			Total RMB'000
	Financial assets at FVOCI	Financial assets related to redemption rights RMB'000	Wealth management products RMB'000	
As at 1 January 2020	56,944	10,958	153,790	221,692
Acquisitions	–	–	411,000	411,000
Changes in fair value	(238)	–	(3,767)	(4,005)
Disposals	–	–	(312,295)	(312,295)
Withdrawal of certain investment in an investee	(17,000)	–	–	(17,000)
Transferred to investments accounted for using the equity method (Note 12)	(4,975)	–	–	(4,975)
Currency translation differences	–	–	2,300	2,300
As at 30 June 2020	34,731	10,958	251,028	296,717
Net unrealised losses for the period	(238)	–	(5,062)	(5,300)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.3 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables (except for prepayments to suppliers)
- Amounts held for securities trading purposes
- Amounts due from related parties
- Cash and cash equivalents and term deposits
- Short-term borrowings
- Trade and other payables (except for accrued taxes other than income tax)
- Amounts due to a related party
- Lease liabilities

6 SEGMENT INFORMATION

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

The Group's operations are mainly organised under the following business segments as a result of the aforementioned change on operating segments:

- Platform Business;
- Self-operated Interior Design and Construction Business; and
- Materials Supply Chain Business.

The CODM assesses the performance of the operating segments mainly based on segment revenues and segment gross profit. The revenues from external customers reported to CODM are measured as segment revenues, which is the revenues derived from the customers in each segment. The segment gross profit is consistently with the Group's gross profit.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

6 SEGMENT INFORMATION (continued)

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources or evaluate the performance of the operating segments.

Segment	Six months ended 30 June 2020 (unaudited)			Total RMB'000
	Platform Business RMB'000	Self-operated Interior Design and Construction Business RMB'000	Materials Supply Chain Business RMB'000	
Revenue				
Segment revenue	207,692	84,790	23,432	315,914
Inter-segment sales	(1,025)	(2,060)	(2,952)	(6,037)
Revenue from external customers	206,667	82,730	20,480	309,877
Timing of revenue recognition				
At a point in time	139,989	3,621	20,480	164,090
Over time	66,678	79,109	–	145,787
	206,667	82,730	20,480	309,877
Results				
Segment gross profit	194,857	9,500	2,462	206,819
Selling and marketing expenses				(178,350)
Administrative expenses				(39,969)
Research and development expenses				(26,971)
Net impairment losses on financial assets				(415)
Other losses – net				(10,580)
Finance income – net				9,028
Share of results of investments accounted for using the equity method				25,997
Loss before income tax				(14,441)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

6 SEGMENT INFORMATION (continued)

Segment	Six months ended 30 June 2019 (unaudited)					Total RMB'000
	Platform Business RMB'000	Self-operated Interior Design and Construction Business RMB'000	Materials Supply Chain Business RMB'000	Others RMB'000		
Revenue						
Segment revenue	253,188	130,721	35,345	2,664		421,918
Inter-segment sales	(28,557)	(20,483)	(6,413)	–		(55,453)
Revenue from external customers	224,631	110,238	28,932	2,664		366,465
Timing of revenue recognition						
At a point in time	145,527	5,742	28,932	–		180,201
Over time	79,104	104,496	–	2,664		186,264
	224,631	110,238	28,932	2,664		366,465
Results						
Segment gross profit	215,468	32,910	3,928	959		253,265
Selling and marketing expenses						(188,151)
Administrative expenses						(33,281)
Research and development expenses						(23,536)
Net impairment losses on financial assets						(2,598)
Other losses – net						(8,117)
Finance income – net						14,154
Share of results of investments accounted for using the equity method						2,228
Profit before income tax						13,964

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

6 SEGMENT INFORMATION (continued)

(a) Revenue

The revenue for the six months ended 30 June 2020 and 2019 are set out as follows:

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Platform Business	206,667	224,631
– Order recommendation fees	188,051	199,409
– Storefront fees	10,765	10,470
– Licence fees	3,172	6,278
– Decoration supervision service fees	4,679	8,474
Self-operated Interior Design and Construction Business	82,730	110,238
– Self-operated decoration business	79,109	104,496
– Sales of goods	3,621	5,742
Materials Supply Chain Business	20,480	28,932
Others	–	2,664
	309,877	366,465

(b) Revenue by geographical markets

All the revenue of the Group was generated in the PRC during the six months ended 30 June 2020 and 2019.

(c) Information about major customers

No individual customer's revenue amounted to 10% or more of the Group's total revenue.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

7 EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Outsourced labour costs	104,455	85,521
Advertising and promotion expenses	103,701	111,118
Employee benefit expenses	57,461	56,830
Cost of inventories sold	45,647	61,347
Depreciation of right-of-use assets	10,050	3,783
Travelling, entertainment and communication expenses	5,412	6,975
Bank charges and point-of-sale device processing fees	3,301	1,846
Depreciation of property, plant and equipment	2,823	5,133
Professional fee	2,679	5,705
Amortization of intangible assets	1,702	1,523
Auditor's remuneration		
– Audit service	1,600	1,700
– Non-audit service	70	60
Short-term leases and leases of low-valued assets	1,124	8,203
Taxes and levies	626	823
Utilities and electricity	343	492
Miscellaneous	7,354	7,109
	348,348	358,168

8 OTHER LOSSES – NET

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Dividends received from Financial assets at FVPL	1,364	–
Government grants	1,009	4,313
Net foreign exchange gains/(losses)	1,407	(228)
Gains on termination of lease contracts	974	–
Recovery of the write-off of receivables	–	3,600
Net loss on disposal of property, plant and equipment	(793)	(2,076)
Impairment loss on investments accounted for using the equity method (a)	(930)	(14,135)
Fair value changes of financial assets at FVPL	(13,789)	(294)
Others	178	703
	(10,580)	(8,117)

(a) In respect of the Group's investments accounted for using the equity method, the Group tested them for impairment by estimating the value-in-use of these investments as at 30 June 2020 if any impairment indicator noted. Based on the result of test, an impairment loss of RMB930,000 was recognised for the six months ended 30 June 2020 (Note 12).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

9 FINANCE INCOME – NET

	Unaudited Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Finance income:		
Interest income	10,837	15,113
Finance costs:		
Interest expenses on borrowing	(284)	(71)
Interest expenses on lease liabilities	(1,525)	(888)
	(1,809)	(959)
Finance income – net	9,028	14,154

10 INCOME TAX (CREDITS)/EXPENSES

	Unaudited Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Current tax:		
Current tax on profit for the period	39	5
Deferred income tax:		
Decrease in deferred tax assets	–	635
Decrease in deferred tax liabilities	(79)	(80)
Income tax (credits)/expenses	(40)	560

(a) Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

(b) British Virgin Islands

The Group's entities incorporated in the British Virgin Islands are not subject to tax on income or capital gains.

(c) Hong Kong

The Group's entities incorporated in Hong Kong are subject to Hong Kong profit tax of 16.5%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

10 INCOME TAX (CREDITS)/EXPENSES (continued)

(d) PRC corporate income tax ("CIT")

CIT provision was made on the estimated assessable profits of entities within the Group incorporated/established in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the six months ended 30 June 2020 and 2019.

Certain subsidiaries of the Group in the PRC were approved as High and New Technology Enterprises, and accordingly, they were subject to a reduced preferential CIT rate of 15% for the six months ended 30 June 2020 and 2019 according to the applicable CIT Law.

Certain subsidiaries of the Group in the PRC were qualified as Small Low Profit enterprises and accordingly, the CIT of these entities are calculated on a deemed profit margin.

(e) Withholding tax on undistributed profits

According to CIT law, distribution of profits earned by PRC companies since 1 January 2008 is subject to withholding tax with a rate of 5% or 10%, depending on the country of incorporation of the foreign investor. During the six months ended 30 June 2020 and 2019, the PRC companies of the Group have incurred net accumulated operating losses and do not have any profit distribution plan.

11 (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the (losses)/profit of the Group attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the interim periods excluding treasury shares.

	Unaudited Six months ended 30 June	
	2020	2019
(Losses)/earnings attributable to equity holders of the Company (RMB'000)	(10,708)	20,097
Weighted average number of ordinary shares in issue (thousand)	1,184,981	1,210,276
(Losses)/earnings per share (RMB per share)	(0.01)	0.02

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

11 (LOSSES)/EARNINGS PER SHARE (continued)

(b) Diluted (losses)/earnings per share

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2020 and 2019, the Company had one category of dilutive potential ordinary shares: Employee Share Option Plan.

For the Employee Share Option Plan, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The calculation of the diluted (losses)/earnings per share for six months ended 30 June 2020 and 30 June 2019 was shown as follows:

	Unaudited	
	Six months ended 30 June	
	2020	2019
(Losses)/earnings attributable to equity holders of the Company (RMB'000)	(10,708)	20,097
Weighted average number of ordinary shares in issue (thousand)	1,184,981	1,210,276
Adjustments for ESOP (thousands of shares)	4,072	12,570
Weighted average number of ordinary shares for diluted earnings per share (thousands of shares)	1,189,053	1,222,846
Diluted (losses)/earnings per share (RMB per share)	(0.01)	0.02

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments accounted for using the equity method refer to investments in associates held by the Group. The movements for six months ended 30 June 2020 and 2019 are set out as follows.

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
At the beginning of the period – gross amount	254,704	196,065
Transferred from an investment measured at FVOCI (a)	4,975	–
Share of results of associates	25,997	2,228
Share of other comprehensive (loss)/income of investments accounted for using the equity method	(40)	470
At the end of the period – gross amount	285,636	198,763
Less: provision of impairment	(15,270)	(14,135)
	270,366	184,628

- (a) In May 2020, the Group appointed a director to the board of Shanghai Zhubei Information Technology Co., Ltd. (上海住唄資訊科技有限公司, “Shanghai Zhubei”), the investment in which has been previously recorded as a financial asset at FVOCI. After this appointment, the Group was able to exercise significant influence over the board and therefore the investment was accounted for by using equity method.

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
At the beginning of the period	56,944	41,919
Addition	–	3,600
Withdrawal of certain investment in an investee (a)	(17,000)	–
Transferred to investments accounted for using the equity method (Note 12(a))	(4,975)	–
Changes in the fair value	(238)	(2,420)
At the end of the period	34,731	43,099

- (a) In June 2020, the registered capital of one investee, Shanghai Qin Shui Jia Ding Investment LLP (上海欽水嘉丁投資合夥企業(有限合夥), “Qin Shui Jia Ding”), was reduced by RMB34,000,000. Subsequent to the required regulatory administrative procedures, the Group withdrew an amount of RMB17,000,000 from Qin Shui Jia Ding. After this withdrawal, the Group holds 49.62% equity interests in Qin Shui Jia Ding.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Non-current:		
Financial assets related to redemption rights	10,958	10,958
Current:		
Wealth management products	251,028	153,790
Investment in a listed company	57,833	68,361
	308,861	222,151

15 TRADE AND OTHER RECEIVABLES AND ADVANCES TO SUPPLIERS

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Non-current:		
Other receivables		
Project deposits	1,124	1,503
Less: provision for impairment of other receivables	–	–
Net other receivables	1,124	1,503
Current:		
Trade receivables		
Due from third parties (b)	41,632	37,318
Less: provision for impairment of trade receivables	(998)	(1,939)
Net trade receivables	40,634	35,379
Other receivables		
Lendings due from third parties	11,803	11,983
Interest receivable	9,846	7,801
Project deposits	6,875	6,796
Rental deposits	4,469	2,496
Staff advances	3,851	2,555
Rebate receivable in the form of prepayments for the third-party advertising platforms' services	3,693	4,657
Amounts held for security trading purposes	290	5,982
Others	2,987	4,001
Gross other receivables	43,814	46,271
Less: provision for impairment of other receivables	(12,925)	(12,038)
Net other receivables	30,889	34,233
Others		
Prepayments to suppliers	14,040	20,877
Value-added tax recoverable	13,543	14,508
	99,106	104,997
Contract assets (a)	31,261	25,351
	131,491	131,851

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

15 TRADE AND OTHER RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

- (a) The contract assets are primarily related to the Group's rights to consideration for work completed in relation to Self-operated Interior Design and Construction Business and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional other than the passage of time. The expected loss rate of contract assets is assessed to be minimal, therefore no loss allowance is recorded for contract assets.
- (b) As at 30 June 2020, the carrying amounts of trade and other receivables are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

The Group grants credit periods to customers ranging from 30 days to 180 days. As at 30 June 2020, the ageing analysis of the trade receivables based on invoice date were as follows:

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Trade receivables – gross		
Within 1 month	23,704	15,580
Over 1 month and within 3 months	407	4,275
Over 3 months and within 1 year	5,570	14,388
Over 1 year and within 2 years	10,056	3,075
Over 2 years	1,895	–
	41,632	37,318

- (c) Movements on the Group's provision for impairment of trade receivables are as follows:

	Unaudited Six months ended 30 June 2020 RMB'000	2019 RMB'000
At the beginning of the period	(1,939)	(34)
Reversal/(provision) for impairment	536	(2,596)
Write-off	405	–
At the end of the period	(998)	(2,630)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

15 TRADE AND OTHER RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

(d) Movements on the Group's provision for impairment of other receivables are as follows:

	Unaudited Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
At the beginning of the period	(12,038)	(12,693)
Provision for impairment	(951)	(2)
Write-off	64	–
At the end of the period	(12,925)	(12,695)

(e) Net impairment gains/(losses) on financial assets are analysed as follows:

	Unaudited Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Net impairment loss provision		
– Trade receivables	536	(2,596)
– Other receivables	(951)	(2)
	(415)	(2,598)

16 CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
	Cash at bank	890,229
Cash on hand	158	131
	890,387	957,939
Less: term deposits with initial term of over three months	(235,026)	(547,258)
	655,361	410,681

Cash at bank and cash on hand are denominated in the following currencies:

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
	RMB	410,208
U.S. dollars ("USD")	450,348	580,626
Hong Kong dollars ("HKD")	29,831	3,157
	890,387	957,939

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

16 CASH AND CASH EQUIVALENTS (continued)

Cash and cash equivalents include the following for the purposes of the interim condensed consolidated statement of cash flows:

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Cash at bank	655,203	410,550
Cash on hand	158	131
	655,361	410,681

17 SHARE CAPITAL, SHARE PREMIUM

	Ordinary shares Number of ordinary shares	Nominal value of ordinary shares US\$'000
Authorised:		
As of 30 June 2020 and 31 December 2019	2,000,000,000	200

	Number of ordinary shares	Nominal value of ordinary shares US\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
Issued:				
As of 31 December 2019	1,200,959,090	120	799	2,356,802
Cancellation of treasury shares (a)	(16,054,500)	(2)	(11)	(33,508)
As of 30 June 2020	1,184,904,590	118	788	2,323,294

(a) Treasury shares and cancellation of ordinary shares

During the period ended 30 June 2020, (i) 11,903,500 shares repurchased in 2019 were cancelled in February 2020, (ii) 6,332,000 shares with a nominal value of USD633 (equivalent to RMB4,481) were repurchased at an aggregate consideration of HKD15,436,000 (equivalent to RMB13,887,000). 4,151,000 shares were cancelled in April 2020, while the remaining 2,181,000 shares have not been cancelled and accordingly recorded as "treasury shares" of RMB5,649,000 in equity as at 30 June 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

18 OTHER RESERVES

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Currency translation differences RMB'000	Share option reserve RMB'000	FVOCI reserve RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020 (audited)	(188,495)	10,277	37,196	16,428	(63,794)	(15,011)	(203,399)
Currency translation differences	-	-	9,318	-	-	-	9,318
Fair value change of financial assets at FVOCI	-	-	-	-	(238)	-	(238)
Share of other comprehensive loss of investments accounted for using the equity method (Note 12)	-	-	-	-	-	(40)	(40)
Share-based compensation under ESOP	-	-	-	868	-	-	868
At 30 June 2020 (unaudited)	(188,495)	10,277	46,514	17,296	(64,032)	(15,051)	(193,491)

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Currency translation differences RMB'000	Share option reserve RMB'000	FVOCI reserve RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019 (audited)	(188,495)	10,277	24,890	10,687	(61,374)	(947)	(204,962)
Currency translation differences	-	-	1,224	-	-	-	1,224
Fair value change of financial assets at FVOCI	-	-	-	-	(2,420)	-	(2,420)
Share of other comprehensive income of investments accounted for using the equity method (Note 12)	-	-	-	-	-	470	470
Exercise of ESOP	-	-	-	(3)	-	-	(3)
Share-based compensation under ESOP	-	-	-	954	-	-	954
At 30 June 2019 (unaudited)	(188,495)	10,277	26,114	11,638	(63,794)	(477)	(204,737)

19 DIVIDENDS

	Unaudited Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
At the beginning of the period	-	-
Dividends declared (a)	21,584	-
Dividends paid	(19,757)	-
At the end of the period	1,827	-

(a) Pursuant to a resolution of the shareholders' meeting dated 29 May 2020, the Company declared a final dividend of HKD0.02 (equivalent to RMB0.018) per ordinary share of the company for the year ended 31 December 2019.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

20 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Trade payables (c)	96,362	81,291
Other payables		
Deposits payables (a)	302,682	261,337
Quality and performance guarantee deposits from customers	77,463	72,285
Dividends payables (Notes 19)	1,827	–
Payables for financial assets at FVOCI	–	9,862
Other accrued expenses and payables	16,088	13,832
Total other payables	398,060	357,316
Others		
Staff salaries and welfare payables	45,505	50,169
Accrued taxes other than income tax	23,681	22,473
	563,608	511,249
Contract liabilities (b)	122,063	104,042

- (a) Deposits payables mainly represent security deposits from users of our escrow payment services.
- (b) Contract liabilities represent prepayments made by customers in exchange for goods or services to be provided by the Group in subsequent period, primarily in relation to order recommendation services, self-operated interior design and construction services and sales of building materials.
- (c) The ageing analysis of the trade payables based on invoice date was as follows:

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Within 1 month	29,180	27,789
Over 1 month and within 3 months	15,793	40,723
Over 3 months and within 1 year	43,957	6,204
Over 1 year	7,432	6,575
	96,362	81,291

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

21 LEASE LIABILITIES

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Minimum lease payment due:		
– Within 1 year	15,836	9,261
– Between 1 and 2 years	13,591	5,831
– Between 2 and 5 years	10,259	8,020
– More than 5 years	–	1,356
	39,686	24,468
Less: future finance charges	(3,392)	(3,050)
	36,294	21,418

22 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control or exert significant influence over the other party in holding power over the investee; exposure or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or other entities.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2020 and 2019, and balances arising from related party transactions as at 30 June 2020 and 31 December 2019.

(a) Name and relationship with related parties

Name of related parties	Relationship with the Group
Mr. Deng	Controlling shareholder and executive director of the Company
Mr. Chen Yangui(陳言貴)	Non-controlling shareholder
Mr. Zuo Hanrong(左漢榮)	Non-controlling shareholder
Mr. Yang Weihao(楊衛涵)	Non-controlling shareholder
Mr. Zou Jianfeng(鄒劍鋒)	Non-controlling shareholder
Shanghai Qijia E-commerce Co., Ltd. (上海齊家電子商務有限公司, "Qijia E-commerce")	Controlled by Mr. Deng
Shanghai Qiyuan Intelligent Technology Co., Ltd (上海齊願智能科技有限公司, "Shanghai Qiyuan")	Controlled by Mr. Deng
Kunming Xifeilin Panel Board Co., Ltd. (昆明新飛林人造板有限公司, "Xifeilin")	Controlled by one non-controlling shareholder of the Company's subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

22 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

	Unaudited Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
i) <i>Repayment of loans from a related party</i> Mr. Chen Yangui	10	–
ii) <i>Loans provided to related parties</i>		
Qijia E-commerce	2,000	–
Mr. Zou Jianfeng	60	–
Mr. Zuo Hanrong	–	6,449
Mr. Yang Weihan	–	980
	2,060	7,429

Loans provided by the Group were unsecured, interest-free and repayable on demand.

	Unaudited Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
iii) <i>Payments made by a related party</i> Xinfellin	–	1,470
iv) <i>Lease provided by the Group</i> Qijia E-commerce	–	224
v) <i>Service revenue from a related party</i> Qijia E-commerce	–	2,226
vi) <i>Advertising service to a related party</i> Qijia E-commerce	849	542
vii) <i>Purchase of goods from a related party</i> Shanghai Qiyuan	–	2
viii) <i>Lease from a related party</i> Qijia E-commerce	–	180

(c) Balances with related parties

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
	<i>Amounts due from related parties:</i>	
Qijia E-commerce	6,469	3,599
Mr. Yang Weihan	980	980
Mr. Zuo Hanrong	467	467
Mr. Chen Yangui	235	245
Mr. Zou Jianfeng	60	–
	8,211	5,291

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

22 RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties (continued)

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
<i>Amounts due to a related party:</i>		
Mr. Chen Yangui	–	6

Receivables and payables from/(to) the above related parties were unsecured, interest-free and repayable on demand. The amounts due from related parties are neither past due nor impaired. The carrying amounts of the amounts due from/(to) related parties approximate their fair values and are denominated in RMB.

(d) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Unaudited Six months ended 30 June 2020 RMB'000	2019 RMB'000
Salaries, wages and bonus	2,194	2,502
Pension cost – defined contribution plan	33	180
Other social security costs, housing benefits and other employee benefits	96	179
Share-based compensation expenses	334	240
	2,657	3,101

23 CONTINGENT LIABILITIES

As at 30 June 2020 and 31 December 2019, the Group did not have any material contingent liabilities.

24 THE IMPACT OF THE COVID-19

The outbreak of Coronavirus Disease 2019 (“COVID-19”) had brought unprecedented challenges and added uncertainties to the economy. For the six months ended 30 June 2020, COVID-19 has a temporary unfavourable impact on the revenue of the Group as interior design and construction service providers were unable to access residential community districts and construction workers were unable to return the cities they work in. The Group has followed and strengthened its support to the government’s requirements on COVID-19 prevention and control work and has taken all possible effective measures to mitigate the impact. The Board will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

DEFINITION

“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CEO”	the chief executive officer of our Company
“Chairman”	the chairman of the Board
“CIT”	corporate income tax
“Company”, “our Company”, “we” or “us”	Qeeka Home (Cayman) Inc. 齊屹科技(開曼)有限公司 (formerly known as China Home (Cayman) Inc.), an exempted company with limited liability incorporated in the Cayman Islands on 20 November 2014
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Contractual Arrangement(s)”	the series of contractual arrangements entered into among Shanghai Qijia, Qijia Network Technology and the shareholders of Shanghai Qijia, details of which are described in the section headed “Contractual Arrangements” of the Prospectus
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“CG Code”	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“Director(s)”	the director(s) of our Company
“EPS”	earnings/(loss) per share
“Group” or “our Group”	the Company, its subsidiaries, and the PRC Operating Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IAS”	the International Accounting Standards
“IASB”	the International Accounting Standards Board
“IFRS”	the International Financial Reporting Standards, amendments and interpretation issued from time to time by the IASB
“IPO”	the Company’s initial public offering and listing of its shares on Main Board of the Stock Exchange on 12 July 2018

DEFINITION

“Listing Date”	12 July 2018, the date on which the Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	The stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Material Supply Chain Business”	the provision of building material supply chain service
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“MUV”	monthly unique visitors
“Mr. Deng”	Mr. Deng Huajin, our founder, chairman of our Board, executive Director, CEO and our single largest Shareholder
“Platform Business”	the provision of an online marketplace for building materials sellers and decoration service providers, provision of order recommendation services, provision of advertising and promotion services, licensing brand to business partners, and others
“PRC” or “China”	the People’s Republic of China, except where the context requires otherwise and only for the purposes of this prospectus, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Operating Entities”	Shanghai Qijia and its subsidiaries and branches, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements
“Prospectus”	the prospectus being issued in connection with the IPO
“Qijia Network Technology”	Qijia (Shanghai) Network Technology Co., Ltd.* (齊家網(上海)網絡科技有限公 司), a company with limited liability incorporated in the PRC on 16 April 2015 and a subsidiary of the Company
“Reporting Period”	the six months ended 30 June 2020
“RMB”	Renminbi, the lawful currency of PRC
“Shanghai Qijia”	Shanghai Qijia Network Information Technology Co., Ltd.* (上海齊家網信息 科技股份有限公司), a company with limited liability incorporated in the PRC on 9 August 2007, and is controlled by our Group through the Contractual Arrangements

DEFINITION

“Self-operated Interior Design and Construction Business”	the provision of interior design and construction services
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“%”	per cent

* The English names of the PRC nationals, enterprises, entities, departments, facilities, certificates, titles and the like are translation and/or transliteration of their Chinese names and are included for identification purposes only. In the event of inconsistency between the Chinese names and their English translations and/or transliterations, the Chinese names shall prevail.