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Qeeka Home (Cayman) Inc.

齊屹科技(開曼)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1739)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board of Directors of Qeeka Home (Cayman) Inc. (the “**Company**”) is pleased to announce the unaudited interim results of the Company, its subsidiaries and PRC Operating Entities (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”).

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

FINANCIAL SUMMARY

	Six months ended 30 June		Year-on-year Change (%)
	2024 (RMB'000)	2023 (RMB'000)	
Revenue	580,926	496,976	16.9%
Gross Profit	215,883	252,257	(14.4%)
Gross Margin	37.2%	50.8%	–
Net loss attributable to equity holders of the Company	(48,663)	(16,322)	198.1%
Adjusted net (loss)/profit attributable to equity holders of the Company ⁽¹⁾	(12,808)	8,202	N/A

Note:

- (1) Adjusted net (loss)/profit attributable to equity holders of the Company excludes impairment loss on investments accounted for using the equity method, net fair value change on investment on financial assets at fair value through profit or loss, which exclude wealth management products and others and share-based compensation expenses.

BUSINESS REVIEW AND OUTLOOK

Business Review

We are one of the leading marketing solution providers in interior design and construction industry in China, with the mission of “helping users achieve beautiful living scenarios easily, reassuringly and cost-effectively”, and are committed to providing a series of solutions for interior design and construction service providers to meet their diversified needs by promoting the digital upgrading of the interior design and construction industry. Our goal is to provide a SaaS-based mutually beneficial ecosystem for users and interior design and construction service providers, and attract more users by empowering our merchants, so as to achieve a win-win situation for both parties.

In the first half of 2024, the real estate market underwent a series of adjustments, and the interior design and construction market was also affected. The new housing market continued to adjust, which in turn affected the interior design and construction market closely related to real estate. Despite further policy relaxation after May, the real estate market is still in a slow recovery and adjustment phase. The adjustment of the real estate market and the uncertainty of housing prices have affected consumer confidence and have a certain inhibitory effect on consumer decoration needs.

As a related enterprise in the real estate industry, our performance has been under great pressure. With the downturn in consumer demand, the number of sales leads has decreased, and the revenue from SaaS and Marketing Service Business has decreased by 22.7% to RMB174.2 million year-on-year; our Interior Design and Construction Business has increased by 52.2%, contributing revenue of RMB385.4 million, mainly from the public decoration business, which achieved revenue of RMB337.0 million in the first half of 2024, an increase of 61.0% year-on-year.

As a result of above, the total revenue increased by 16.9% from RMB497.0 million for the six months ended 30 June 2023 to RMB580.9 million for the six months ended 30 June 2024. In addition, in the first half of 2024, we continued to implement cost reduction and efficiency enhancement policies, comprehensively improving the efficiency of capital utilization, providing solid financial support for all businesses.

- ***SaaS and Marketing Service Business***

In the first half of 2024, China’s real estate market has demonstrated a similar trend of consumer demand to that of 2023, with market performance showing a differentiated trend. In mega-cities (such as Beijing and Shanghai), due to the high base of housing prices, the decision-making cycle of consumers has been significantly extended, and strict budget control has become the norm. However, users in other cities have seen an increase in the transaction scale of the existing housing market due to the decline in housing prices, and their decoration needs have grown significantly, but they are sensitive to prices and pursue cost-effectiveness first, which leads to intensified competition among interior design and construction service providers, and profit margins have been further compressed.

Overall, as of June 30, 2024, the number of sales leads was 338,870, representing a year-on-year decrease of 22.5% compared to 437,031 the same period in 2023. As a results, our revenue from SaaS and Marketing service in the first half of 2024 amounted to RMB174.2 million, representing a decrease of 22.7% compared to the previous year. This decrease was primarily due to a decline in the number of sales leads.

The table below sets forth our key operation metrics during the Reporting Periods indicated:

	Six months ended 30 June	
	2024	2023
Number of sales leads ⁽¹⁾	338,870	437,031
Number of recommended users	277,554	338,566
Average revenue from SaaS and Marketing Service per sales lead (RMB) ⁽²⁾	514	516

Notes:

- (1) It represents the number of data that identifies someone as a potential demand user of Interior Design and Construction for the six months ended 30 June 2024.
- (2) It refers to the average revenue per sales lead, which equals the revenue from SaaS and Marketing Service for the six months ended 30 June 2024 divided by the sales leads as of 30 June 2024.

From the user side, we focus on user experience, increased our marketing budget in new media, continued to popularize decoration knowledge and recommend interior design and construction service providers to users through content marketing methods such as short videos and live broadcasts; Additionally, we introduce the “Qijiabao” service, which provides users with professional renovation managers offering one-stop management services throughout the renovation process. This aims to provide users with a reliable and cost-effective renovation service.

From the merchant side, we continuously empower merchants in their operations by optimizing products to improve the contract conversion rate and enhancing their operational efficiency, gradually restoring their confidence.

- ***Interior Design and Construction Business***

In the first half of 2024, our revenue from Interior Design and Construction continued to grow, achieving RMB385.4 million, with an increase of 52.2% year-on-year.

In terms of home decoration business, we position in providing mid-to-high-end home decoration services, mainly targeting users with high purchasing power in second-tier and third-tier cities. We are committed to providing users with one-stop home decoration solutions.

To ensure a healthier development of this business, we have invested more effort in construction management, solidifying our profitability. We always focus on user experience, providing customers with an easily and cost-effectively service experience.

In terms of public decoration business, we mainly provide interior decoration services for real estate fine decoration housing, hotels, commercial real estate, and office spaces. To mitigate the impact of the real estate market on our performance, we have chosen partners with good credit and abundant cash flow to expand our business. We have increased the proportion of interior decoration services for commercial real estate and accelerated the return of funds. In the first half of 2024, the proportion of interior decoration services for real estate fine decoration housing was 17.9%, a decrease of 35.6 percentage points compared to 53.5% in 2023.

- ***Innovation and others Business***

The “Supply chain” segment has been combined with “Innovation and others Business” segment last year, which was grouped under “Interior Design and Construction and other Business”. We will actively explore more extended business related to the supply chain to enrich the ecosystem of the whole platform.

Company Financial Highlights

For the six months ended 30 June 2024:

- Total revenue increased by 16.9% year over year to RMB580.9 million, primarily due to a decline in SaaS and Marketing Service by 22.7% to RMB174.2 million, offset the increase of the revenue from Interior Design and Construction service by 52.2% to RMB385.4 million, and Innovation and others by 15.2% to RMB21.3 million, respectively.
- Adjusted net loss attributable to equity holders of the Company was RMB12.8 million, compared to an adjusted net profit attributable to equity holders of the Company of RMB8.2 million in the same period last year.
- As of 30 June 2024, we had cash and cash equivalents of RMB198.9 million, term deposit of RMB684.8 million and restricted cash of RMB92.0 million, compared to the balance of RMB259.6 million, RMB757.9 million and RMB21.8 million, respectively as of 31 December 2023.

Company Business Outlook

The real estate market in China is still undergoing a period of deep adjustment, the new housing market in first-tier cities is approaching saturation, and the real estate industry is gradually entering the era of existing housing. Existing houses in first-tier and new first-tier cities have entered a peak period of secondary decoration and partial renovation upgrades. Second-hand houses and existing housing will become the focus for home decoration companies to attract customers. Under the demand of population mobility and urbanization, there is still room for development in the new housing market in third- and fourth-tier cities, which will continue to drive the demand for home decoration.

As the real estate market is still slowly warming up and residents' consumption is becoming more rational, eliminating consumers' concerns and shortening the decision-making time for consumers are the main issues the decoration industry will face in the next stage. With the rise of a new generation of consumers, the diversification of media methods, and changes in the market environment, the consumption of home decoration is beginning to shift towards a new ecosystem with comprehensive integration. The information gap in the market is gradually narrowing, and the trend of information transparency in the decoration industry will accelerate the high-quality transformation of home decoration services.

We always adhere to putting the user experience first, exploring more diversified marketing methods to meet consumers' decoration needs, while empowering interior design and construction service providers to improve operational efficiency and work together through the transformation stage.

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	
	2024	2023
	RMB'000	RMB'000
Revenue	580,926	496,976
Cost of sales	<u>(365,043)</u>	<u>(244,719)</u>
Gross profit	215,883	252,257
Selling and marketing expenses	(202,112)	(203,251)
Administrative expenses	(29,991)	(37,685)
Research and development expenses	(15,296)	(19,368)
Net impairment gains/(losses) on financial assets	689	(773)
Other losses – net	<u>(33,572)</u>	<u>(18,765)</u>
Operating loss	(64,399)	(27,585)
Finance income	20,606	19,794
Finance costs	<u>(3,445)</u>	<u>(2,087)</u>
Finance income – net	17,161	17,707
Share of results of investments accounted for using the equity method	<u>934</u>	<u>(2,678)</u>
Loss before income tax	(46,304)	(12,556)
Income tax expenses	<u>(266)</u>	<u>(4,041)</u>
Loss for the year	<u>(46,570)</u>	<u>(16,597)</u>
Loss attributable to:		
Equity holders of the Company	(48,663)	(16,322)
Non-controlling interests	<u>2,093</u>	<u>(275)</u>
	<u>(46,570)</u>	<u>(16,597)</u>
Non-IFRS measure		
Adjusted net (loss)/profit attributable to equity holders of the Company	<u>(12,808)</u>	<u>8,202</u>

Revenue

Total revenue increased by 16.9% from RMB497.0 million for the six months ended 30 June 2023 to RMB580.9 million for the six months ended 30 June 2024, primarily due to an increase in the revenue from public decoration service by 61.0% to RMB337.0 million, which offset some of the decline in the revenue from SaaS and Marketing Service.

The following table sets forth a breakdown of our revenue by segment during the periods indicated:

	Six months ended 30 June			
	2024		2023 (restated)	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue
SaaS and Marketing Service Business	174,237	30.0%	225,341	45.3%
Interior Design and Construction and others Business	406,689	70.0%	271,635	54.7%
Total	<u>580,926</u>	<u>100.0%</u>	<u>496,976</u>	<u>100.0%</u>

Note: We had reorganized its business segments to better allocate resources and assess performance of the operating segments last year. The “Supply chain” segment had been combined with “Innovation and others Business” segment, which was grouped under “Interior Design and Construction and other Business”. The segment information for the six months ended 30 June 2023 had been restated accordingly.

SaaS and Marketing Service Business

Revenue from SaaS and Marketing Service Business decreased by 22.7% from RMB225.3 million for the six months ended 30 June 2023 to RMB174.2 million for the six months ended 30 June 2024, the decrease in revenue was due to a decline in the number of sales leads, which decreased from 437,031 to 338,870.

Interior Design and Construction and others Business

– Interior Design and Construction Business

We operated three full-service Interior Design and Construction brands, namely “Brausen”, “Jumei” and “Youzi”, which were all operated under the self-operated model but targeting at different customer segments. Revenue from Interior Design and Construction increased by 52.2% from RMB253.2 million for the six months ended 30 June 2023 to RMB385.4 million for the six months ended 30 June 2024.

The revenue from Interior Design and Construction of our overall decoration brand “Brausen” increased by 31.7% from RMB34.7 million for the six months ended 30 June 2023 to RMB45.7 million for the six months ended 30 June 2024, primarily attributed to the expansion in Nanchang, Wuhan and Foshan during the second half of 2023. During the first half of this year, the business had achieved contract value of RMB40.3 million.

The revenue from Interior Design and Construction of the brand “Jumei”, which provided interior decoration services for real estate fine decoration housing, hotels, commercial real estate and office spaces, increased by 61.0% from RMB209.3 million for the six months ended 30 June 2023 to RMB337.0 million for the six months ended 30 June 2024. The significant growth was attributed to our implementation of the strategy to gradually transition towards the interior decoration services for commercial real estate, coupled with continuous expansion in this segment, resulting in a significant increase of 257.8% in revenue from interior decoration services for commercial real estate, from RMB68.4 million for the six months ended 30 June 2023 to RMB244.7 million for the same period in 2024. During the first half of this year, the overall business had achieved contract value of RMB266.7 million.

The revenue from Interior Design and Construction of our partial decoration brand “Youzi” decreased from RMB9.1 million for the six months ended 30 June 2023 to RMB2.7 million for the six months ended 30 June 2024. We are still continuously exploring the sustainable development of this business.

– *Innovation and others Business*

Innovation and others business, mainly includes Supply Chain Service, B2C export e-commerce business and other business, generated revenues of RMB9.7 million, RMB11.4 million and RMB0.2 million respectively in the first half of this year. These businesses represent an important part of our diversified revenue streams.

Cost of sales

Cost of sales increased by 49.2% to RMB365.0 million for the six months ended 30 June 2024, compared to RMB244.7 million for the six months ended 30 June 2023, of which Interior Design and Construction Business accounted for the main part.

SaaS and Marketing Service Business

Cost of sales of our SaaS and Marketing Service Business decreased by 30.5% from RMB6.6 million for the six months ended 30 June 2023 to RMB4.6 million for the six months ended 30 June 2024, primarily due to the decrease in operating service cost for this segment.

Interior Design and Construction and others Business

– *Interior Design and Construction Business*

Cost from Interior Design and Construction Business increased by 55.8% from RMB220.3 million for the six months ended 30 June 2023 to RMB343.2 million for the six months ended 30 June 2024. The increase in cost from IDC business was primarily attributable to an increase in the consumption of the raw materials and labor costs resulting from the increase of approximately 52.2% in revenue as compared with that of the corresponding period.

– *Innovation and others Business*

Cost from Innovation and others Business decreased by 3.3% from RMB17.9 million for the six months ended 30 June 2023 to RMB17.3 million for the six months ended 30 June 2024, primarily due to the decrease in material costs for the segment from Supply Chain Service.

Gross profit and gross profit margin

As a result of the foregoing, our total gross profit decreased by 14.4% from RMB252.3 million for the six months ended 30 June 2023 to RMB215.9 million for the six months ended 30 June 2024.

Our overall gross profit margin decreased from 50.8% for the six months ended 30 June 2023 to 37.2% for the six months ended 30 June 2024. The primary reason for the decrease in the overall gross profit margin was the year-on-year growth of the revenue from our Interior Design and Construction Business with lower gross margin. Correspondingly, the proportion of this revenue increased to 66.3% for the six months ended 30 June 2024, compared to 50.9% in the corresponding period of 2023.

	Six months ended 30 June		2023	
	2024		(restated)	
	Amount	Gross	Amount	Gross
	RMB'000	Margin	RMB'000	Margin
		%		%
SaaS and Marketing Service Business	169,677	97.4%	218,780	97.1%
Interior Design and Construction and others Business	46,206	11.4%	33,477	12.3%
	215,883	37.2%	252,257	50.8%

SaaS and Marketing Service Business

Our gross profit margin from SaaS and Marketing Service Business, which is our core business, still stabilized at approximately 97.4% for the six months ended 30 June 2024, as compared to 97.1% for the six months ended 30 June 2023.

Interior Design and Construction and others Business

– *Interior Design and Construction Business*

The gross profit margin from our Interior Design and Construction decreased from 13.0% for the six months ended 30 June 2023 to 11.0% for the six months ended 30 June 2024, primarily due to the decline in the gross profit margin of the “Jumei” business, which accounted for a significant portion of the IDC service revenue. Specifically, the gross profit margin of “Jumei” dropped from 8.8% in the first half of 2023 to 7.5% in the first half of 2024.

– *Innovation and others Business*

The gross profit margin from our Innovation and others Business increased from 3.3% for the six months ended 30 June 2023 to 18.8% for the six months ended 30 June 2024 primarily due to the higher gross profit margin of our new business, which was established in the second half of 2023.

Selling and marketing expenses

Our selling and marketing expenses primarily comprised advertising and promotion expenses, salaries and benefits (including share-based compensation expenses) for sales personnel, labor cost and other expenses associated with our selling and marketing activities. Our selling and marketing expenses as a percentage of revenue decreased from 40.9% for the six months ended 30 June 2023 to 34.8% for the six months ended 30 June 2024, which was primarily attributed to the decrease in the salaries and benefits.

Administrative expenses

Our administrative expenses primarily comprised salaries and benefits (including share-based compensation expenses) for our administrative personnel, labor cost, professional fee and other expenses. Our administrative expenses decreased by 20.4% from RMB37.7 million for the six months ended 30 June 2023 to RMB30.0 million for the six months ended 30 June 2024, mainly attributed to the decrease in the salaries and benefits.

Research and development expenses

Our research and development expenses primarily comprised salaries and benefits for research and development personnel, office rental and other expenses associated with our research and development activities. Our research and development expenses decreased by 21.0% from RMB19.4 million for the six months ended 30 June 2023 to RMB15.3 million for the six months ended 30 June 2024, mainly attributed to the decrease in the salaries and benefits.

Net impairment gains on financial assets

Our net impairment gains on financial assets were RMB0.7 million for the six months ended 30 June 2024, primarily due to the normalization of cash collections from some of our public renovation projects, which led to a reduction in the expected credit losses related to the accounts receivable and contract assets within our public renovation business for this period. After assessment by the management of the Company, the net impairment gains on financial assets mainly of public renovation business was RMB1.0 million for the six months ended 30 June 2024.

Other losses – net

Other net losses were RMB33.6 million for the six months ended 30 June 2024. It was mainly due to (i) impairment loss on investments accounted for using the equity method of RMB30.5 million, and (ii) loss on investment on financial assets at fair value through profit or loss of RMB4.0 million.

Finance income – net

Our finance income for the six months ended 30 June 2024 was mainly due to the interest income from our term deposits.

Share of net profit of investments accounted for using the equity method

Our share of net profit of investments accounted for using the equity method for the six months ended 30 June 2024 was mainly due to the operating profit picked up from investees.

Income tax expenses

Our income tax expenses for the six months ended 30 June 2024 was RMB0.3 million mainly generated from the operating profits of certain companies.

(Loss)/profit and Non-IFRS measures: adjusted net (loss)/profit attributable to equity holders of the Company

As a result of the foregoing, our net loss was RMB46.6 million for the six months ended 30 June 2024, as compared to net loss of RMB16.6 million for the six months ended 30 June 2023.

To supplement our unaudited interim results, which is presented in accordance with IFRS, we also use adjusted net (loss)/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 (loss)/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 (loss)/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.

Our adjusted net loss attributable to equity holders of the Company was RMB12.8 million for the six months ended 30 June 2024. The adjusted net loss attributable to equity holders of the Company was mainly generated from the net losses in IDC business and Innovation and others Business.

The following table reconciled our adjusted net (loss)/profit attributable to equity holders of the Company for the six months ended 30 June 2024 and 2023 to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss attributable to equity holders of the Company for the period	(48,663)	(16,322)
Impairment loss on investments accounted for using the equity method	30,487	22,808
Share-based compensation expenses	93	278
Net fair value change on investment on financial assets at fair value through profit or loss, which exclude wealth management products and others	5,275	1,438
	<hr/>	<hr/>
Adjusted net (loss)/profit attributable to equity holders of the Company	<u>(12,808)</u>	<u>8,202</u>

Liquidity and financial resources

We had historically funded our cash requirements principally from capital contribution from shareholders and financing through issuance and bank borrowings. We had cash and cash equivalents of RMB198.9 million, term deposits of RMB684.8 million and restricted cash of RMB92.0 million as of 30 June 2024, compared to the balance of cash and cash equivalents, term deposits and restricted cash of RMB259.6 million, RMB757.9 million and RMB21.8 million as of 31 December 2023, respectively. We still maintained a strong cash and other liquid financial resources at RMB975.6 million as of 30 June 2024.

The following table sets forth a summary of cash and other liquid financial resources for the years indicated:

	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	198,880	259,612
Term deposits	684,775	757,906
Restricted cash	91,988	21,779
	<hr/>	<hr/>
Cash and other liquid financial resources	<u>975,643</u>	<u>1,039,297</u>

Cash and cash equivalents includes cash in hand and deposits held at call with banks. Restricted cash mainly represented bank regulatory account. Term deposits are bank deposits with original maturities over three months and redeemable on maturity. Most of our cash and cash equivalents, restricted cash and term deposits are denominated in the USD, RMB and HKD.

The following table sets forth our cash flows for the periods indicated:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from/(used in) operating activities	36,559	(29,351)
Net cash generated from/(used in) investing activities	62,019	(164,135)
Net cash (used in)/generated from financing activities	(162,864)	17,510
Net decrease in cash and cash equivalents	(64,286)	(175,976)
Effect on exchange rate difference	3,554	320
Cash and cash equivalents at the beginning of the period	259,612	445,429
	<u>198,880</u>	<u>269,773</u>
Cash and cash equivalents at the end of the period	198,880	269,773

Net cash generated from operating activities

For the six months ended 30 June 2024, our net cash generated from operating activities was RMB36.6 million, which was primarily attributable to our loss before income tax of RMB46.3 million, as adjusted by (i) non-cash items, which primarily comprised depreciation and amortization of RMB10.0 million, impairment loss on investment in associate of RMB30.5 million, loss on investment on financial assets at fair value through profit or loss of RMB4.0 million and net finance income of RMB17.2 million; and (ii) changes in working capital, which primarily comprised a decrease in FVOCI of RMB113.2 million, an increase in trade and other receivables of RMB4.0 million, an increase in contract assets of RMB69.7 million, an increase in restricted cash of RMB70.2 million, and an increase in trade and other payables and contract liabilities of RMB85.7 million.

Net cash generated from investing activities

For the six months ended 30 June 2024, our net cash generated from investing activities was RMB62.0 million, which was mainly attributable to proceeds from disposals of financial assets at fair value through profit or loss of RMB108.4 million, net decrease in term deposits of RMB84.6 million, and interest received from term deposits of RMB7.3 million; partially offset by purchase of financial assets at fair value through profit or loss of RMB140.8 million.

Net cash used in financing activities

For the six months ended 30 June 2024, net cash used in financing activities was RMB162.9 million, which was mainly attributable to a net decline of RMB108.6 million in other loans, which were the secured borrowings associated with factoring arrangements of the trade receivables and FVOCI, repayment of bank borrowings of RMB48.1 million and dividends paid to the company's shareholders of RMB13.8 million, partially offset by proceeds from bank borrowings of RMB13.1 million.

Trade and other receivables and advances to suppliers

Trade and other receivables and advances to suppliers slightly increased from RMB172.2 million as of 31 December 2023 to RMB175.4 million as of 30 June 2024, primarily because we have intensified our efforts in collecting payments from our IDC business, thereby effectively controlling the inflow of accounts receivable.

Trade and other payables

Trade and other payables increased by 31.8% from RMB418.3 million as of 31 December 2023 to RMB551.6 million as of 30 June 2024, primarily due to (i) increase of deposits payables of RMB95.9 million, which was mainly represent security deposits from users of our escrow payment services, and (ii) increase of trade payables from building materials suppliers of RMB43.9 million caused by the expansion of the IDC business.

Borrowings

During the reporting period, short-term borrowings are comprised of bank borrowings and other loans, with balance of RMB18.0 million and RMB51.0 million respectively. Borrowings decreased by 67.6% from RMB212.8 million as of 31 December 2023 to RMB69.0 million as of 30 June 2024, primarily due to (i) a reduction of RMB108.6 million in other loans, which were the secured borrowings associated with factoring arrangements of the trade receivables and FVOCI with Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd, and (ii) the repayment of RMB30.0 million in bank loans borrowed by Shanghai Qiyi Information Technology Co., Ltd..

As of 30 June 2024, we had total bank borrowings principal of RMB18.0 million and the weighted average interest rate of the borrowings was 3.45% per annum. Among them, (i) RMB5.0 million of which was shared guaranteed by Shanghai Qiyi Information Technology Co., Ltd., Mr. Yang Weihan, who is the non-controlling shareholder of Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd. and Mrs. Zhang Fan, who is the wife of Mr. Yang Weihan, and (ii) RMB13.0 million of which was pledged by the property owned by Mrs. Zhang Fan.

Gearing ratio

Our gearing ratio is calculated as total borrowing divided by total equity attributable to equity holders of the Company. As of 30 June 2024, due to the balance of the Group's other loans of approximately RMB51.0 million, which were the secured borrowings associated with factoring arrangements of the trade receivables and FVOCI, resulting in a gearing ratio of 7.1% (as of 31 December 2023: 20.6%).

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 2024. 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.

Capital expenditure

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Purchase of property and equipment	648	4,218
Purchase of intangible assets	5	848
Total	653	5,066

Our capital expenditures were mainly used for the acquisition of property and equipment such as leasehold improvement, servers and computers.

Significant Investment Held

As of 30 June 2024, the Group had the following significant investment held with a value of 5% or more of the Group's total assets which was classified as investment accounted for using the equity method:

Name of the investment	Investment costs RMB'000	Net book value as at 30 June 2024 RMB'000	Number of shares of investment held as at 30 June 2024	Percentage of investment held as at 30 June 2024 (%)	Performance/ Change in share of results of investment	Performance/ Change in share of other comprehensive loss for the six months ended 30 June 2024 RMB'000	Performance/ Change in provision of impairment for the six months ended 30 June 2024 RMB'000	Size as compared to the Group's total assets as at 30 June 2024 (%)
					accounted for using the Equity method for the six months ended 30 June 2024 RMB'000			
Guangzhou Seagull Kitchen and Bath Products Co. Ltd. (廣州海鷗住宅工 業股份有限公司, “Seagull”)	242,834	126,505	39,720,000	6.20%	934	(833)	(30,487)	7.2%

Description of the investment

In 2014, we made a minority investment in Guangzhou Seagull Kitchen and Bath Products Co. Ltd. (“Seagull”), a PRC company listed on the Shenzhen Stock Exchange (Stock code: 002084) that engages in the production and sale of high-end plumbing equipment and hardware. The investment in Seagull is not held for trading. We believe that we enjoyed strategic and synergic benefits from our investment and consider it as strategic investment. We will review our investment strategy regularly in response to the changes in market situation. The financial performance of this company has stabilized but still fell short of original projection and lowered the expectation to its future profitability and consequently affected the valuation conducted by independent valuer. As of 30 June 2024, except for the aforementioned investment, there were no other investments held with a value of 5% or more of the Group's total assets.

Financial assets at fair value through profit or loss

As of 30 June 2024, the Group had current financial assets at fair value through profit or loss of approximately RMB72.4 million (31 December 2023: approximately RMB44.0 million), mainly comprised (i) investments in wealth management products of approximately RMB61.2 million (31 December 2023: approximately RMB27.3 million); and (ii) investments in listed companies of approximately RMB11.2 million (31 December 2023: approximately RMB16.8 million).

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
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Financial assets at fair value through profit or loss

Current

Wealth management products ⁽¹⁾	61,168	27,282
Investments in listed companies	11,200	16,752
Total	72,368	44,034

(1) Wealth management products increased from RMB27.3 million as at 31 December 2023 to RMB61.2 million as at 30 June 2024, mainly in order to diversify investment risks and enable some funds to achieve higher returns.

Long-term investment activities

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Investments accounted for using the equity method	128,474	162,024
Total	128,474	162,024

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.

As of 30 June 2024, the decrease of long-term investment activities came from the decrease in the fair value of our investment company.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currencies. Our Company's functional currency is USD. Our Company's primary subsidiaries were incorporated in the PRC and these subsidiaries use RMB as their functional currency. Our Group operates mainly in the PRC with most of the transactions settled in RMB. 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 2024, we did not have any material contingent liabilities.

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	580,926	496,976
Cost of sales	4	(365,043)	(244,719)
Gross profit		215,883	252,257
Selling and marketing expenses	4	(202,112)	(203,251)
Administrative expenses	4	(29,991)	(37,685)
Research and development expenses	4	(15,296)	(19,368)
Net impairment gains/(losses) on financial assets	8(d)	689	(773)
Other losses – net		(33,572)	(18,765)
Operating loss		(64,399)	(27,585)
Finance income	5	20,606	19,794
Finance costs	5	(3,445)	(2,087)
Finance income – net	5	17,161	17,707
Share of results of investments accounted for using the equity method		934	(2,678)
Loss before income tax		(46,304)	(12,556)
Income tax expenses	6	(266)	(4,041)
Loss for the period		(46,570)	(16,597)
Loss attributable to:			
– Equity holders of the Company		(48,663)	(16,322)
– Non-controlling interests		2,093	(275)
		(46,570)	(16,597)
Losses per share for loss attributable to equity holders of the Company			
Basic losses per share (RMB)	7	(0.0433)	(0.0145)
Diluted losses per share (RMB)	7	(0.0433)	(0.0145)

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 2024**

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Loss for the period	(46,570)	(16,597)
Other comprehensive income/(loss) for the period		
<i>Items that may be reclassified to profit or loss:</i>		
Share of other comprehensive loss of investments accounted for using the equity method	(833)	(387)
Loss allowance on debt investments at FVOCI	(67)	–
Exchange differences on translation of foreign operations	226	19
	(674)	(368)
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	3,686	20,747
Changes in the fair value of equity investments at fair value through other comprehensive income	–	(25,354)
	3,686	(4,607)
Total other comprehensive income/(loss) for the period, net of tax	3,012	(4,975)
Total comprehensive loss for the period	(43,558)	(21,572)
Total comprehensive loss for the period attributable to:		
Equity holders of the Company	(45,629)	(21,297)
Non-controlling interests	2,071	(275)
	(43,558)	(21,572)

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 2024**

	<i>Note</i>	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		23,727	25,900
Right-of-use assets		33,034	29,340
Intangible assets		1,846	2,353
Goodwill		2,361	2,361
Deferred tax assets		3,130	3,173
Investments accounted for using the equity method		128,474	162,024
Term deposits		161,339	232,596
		<hr/>	<hr/>
Total non-current assets		353,911	457,747
Current assets			
Inventories		4,620	4,506
Trade and other receivables and prepayments to suppliers	8	175,404	172,162
Contract assets	8	312,171	242,014
Financial assets at fair value through other comprehensive income (“FVOCI”)		29,932	143,121
Financial assets at fair value through profit or loss (“FVPL”)		72,368	44,034
Term deposits		523,436	525,310
Restricted cash		91,988	21,779
Cash and cash equivalents		198,880	259,612
		<hr/>	<hr/>
Total current assets		1,408,799	1,412,538
		<hr/>	<hr/>
Total assets		1,762,710	1,870,285

	<i>Note</i>	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
EQUITY			
Share capital		761	761
Share premium		2,210,928	2,224,710
Other reserves		(264,331)	(267,342)
Treasury shares		(35,367)	(35,575)
Accumulated losses		(939,544)	(890,881)
Equity attributable to equity holders of the Company		972,447	1,031,673
Non-controlling interests		(11,165)	(13,236)
Total equity		961,282	1,018,437
LIABILITIES			
Non-current liabilities			
Lease liabilities		24,216	21,314
Total non-current liabilities		24,216	21,314
Current liabilities			
Short-term borrowings		68,989	212,776
Trade and other payables	10	551,574	418,336
Contract liabilities	10	93,112	140,676
Lease liabilities		16,225	11,613
Income tax liabilities		47,312	47,133
Total current liabilities		777,212	830,534
Total liabilities		801,428	851,848
Total equity and liabilities		1,762,710	1,870,285

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

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 SaaS based total marketing solution, targeted marketing services, inspection service and others (“**SaaS and marketing service**”); (ii) the provision of interior design and construction service (“**Interior design and construction**”); and (iii) the provision of other initiative services (“**Innovation and others**”). 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 27 August 2024.

The interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION OF THE INTERIM REPORT

These condensed consolidated interim financial statements for the sixth-month reporting period ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim report does not include all of the notes normally included in an annual consolidated financial statement. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended IFRS Accounting Standards as set out below.

2.1 New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or after January 1, 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1;
- Lease liability in sale and leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

As a result of the adoption of the amendments to IAS 1, the Group changed its accounting policy for the classification of borrowings:

“Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to IAS 1.

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.2 New and amended standards and interpretations not yet adopted

Certain and amended standards and interpretations that have been issued but not yet effective and not been early adopted by the Group for the reporting period are as follows:

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the related impact of the above standards and amendments to standards which are relevant to the Group’s operation. There are no other standards that are not yet effective. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 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.

During the year ended 31 December 2023, the Group has reorganized its business segments to better allocate resources and assess performance of the operating segments. The “Supply chain” segment has been combined with “Innovation and others” segment. The segment information for the six months ended 30 June 2023 has been restated accordingly.

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

- SaaS and marketing service;
- Interior design and construction; and
- Innovation and others.

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 consistent with the Group’s gross profit.

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

Segment	Six months ended 30 June 2024 (unaudited)			
	SaaS and marketing service RMB'000	Interior design and construction RMB'000	Innovation and others RMB'000	Total RMB'000
Revenue				
Segment revenue	178,229	385,412	27,836	591,477
Inter-segment sales	(3,992)	–	(6,559)	(10,551)
	<u>174,237</u>	<u>385,412</u>	<u>21,277</u>	<u>580,926</u>
Revenue from external customers				
	<u>174,237</u>	<u>385,412</u>	<u>21,277</u>	<u>580,926</u>
Timing of revenue recognition				
At a point in time	169,534	437	21,277	191,248
Over time	4,703	384,975	–	389,678
	<u>174,237</u>	<u>385,412</u>	<u>21,277</u>	<u>580,926</u>
Results				
Segment gross profit	<u>169,677</u>	<u>42,207</u>	<u>3,999</u>	<u>215,883</u>
Selling and marketing expenses				(202,112)
Administrative expenses				(29,991)
Research and development expenses				(15,296)
Net impairment gains on financial assets				689
Other losses – net				(33,572)
Finance income – net				17,161
Share of results of investments accounted for using the equity method				<u>934</u>
Loss before income tax				<u>(46,304)</u>

Segment	Six months ended 30 June 2023 (unaudited) (restated)			
	SaaS and marketing service <i>RMB'000</i>	Interior design and construction <i>RMB'000</i>	Innovation and others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue				
Segment revenue	234,578	253,172	29,595	517,345
Inter-segment sales	<u>(9,237)</u>	<u>–</u>	<u>(11,132)</u>	<u>(20,369)</u>
Revenue from external customers	<u>225,341</u>	<u>253,172</u>	<u>18,463</u>	<u>496,976</u>
Timing of revenue recognition				
At a point in time	216,024	1,827	16,772	234,623
Over time	<u>9,317</u>	<u>251,345</u>	<u>1,691</u>	<u>262,353</u>
	<u>225,341</u>	<u>253,172</u>	<u>18,463</u>	<u>496,976</u>
Results				
Segment gross profit	<u>218,780</u>	<u>32,874</u>	<u>603</u>	<u>252,257</u>
Selling and marketing expenses				(203,251)
Administrative expenses				(37,685)
Research and development expenses				(19,368)
Net impairment losses on financial assets				(773)
Other losses – net				(18,765)
Finance income – net				17,707
Share of results of investments accounted for using the equity method				<u>(2,678)</u>
Loss before income tax				<u>(12,556)</u>

(a) **Revenue**

The revenue for the six months ended 30 June 2024 and 2023 are set out as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
		(restated)
	RMB'000	RMB'000
SaaS and marketing service	174,237	225,341
Interior design and construction	385,412	253,172
Innovation and others	21,277	18,463
	580,926	496,976

(b) **Revenue by geographical markets**

Most revenue of the Group was generated in the PRC during the six months ended 30 June 2024 and 2023.

(c) **Information about major customers**

The Group provided the interior design and construction services to Customer A for its 4S stores with more than 10% of the Group's total revenue recognised for the period ended 30 June 2024.

4 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses, administrative expenses and research and development expenses are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
		(restated)
	RMB'000	RMB'000
Outsourced labour costs	238,042	190,097
Materials and other consumables used	135,704	75,282
Advertising and promotion expenses	126,481	110,120
Employee benefit expenses	71,238	93,509
Travelling, entertainment and communication expenses	10,047	7,132
Short-term leases and leases of low-valued assets	6,333	3,803
Depreciation of right-of-use assets	5,655	8,703
Distribution cost	3,902	–
Depreciation of property, plant and equipment	3,867	2,844
Professional fee	2,550	3,225
Auditor's remuneration		
– Audit service	1,450	1,750
– Non-audit service	81	81
Utilities and electricity expenses	825	590
Bank charges and point-of-sale device processing fees	786	1,550
Taxes and levies	720	869
Amortization of intangible assets	512	685
Miscellaneous	4,249	4,783
	612,442	505,023

5 FINANCE INCOME – NET

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Finance income:		
Interest income	<u>20,606</u>	<u>19,794</u>
Finance costs:		
Interest expenses on borrowings	(2,739)	(1,364)
Interest expenses on lease liabilities	<u>(706)</u>	<u>(723)</u>
	<u>(3,445)</u>	<u>(2,087)</u>
Finance income – net	<u>17,161</u>	<u>17,707</u>

6 INCOME TAX EXPENSES

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current tax:		
Current tax for the period	<u>223</u>	<u>137</u>
Deferred income tax:		
Decrease in deferred tax assets	<u>43</u>	<u>3,904</u>
Income tax expenses	<u>266</u>	<u>4,041</u>

The Group's principal applicable taxes and tax rates are as follows:

(i) 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.

(ii) British Virgin Islands

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

(iii) Hong Kong

Hong Kong profits tax rate is 8.25% for assessable profits on the first HKD2 million and 16.5% for any assessable profits in excess. No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the six months ended 30 June 2024 and 2023.

(iv) **PRC corporate income tax (“CIT”)**

CIT provision was made on the estimated assessable profits of entities within the Group incorporated 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 2024 and 2023.

A subsidiary of the Group in the PRC was qualified as “High and New Technology Enterprise”, and accordingly, they were subject to a reduced preferential CIT rate of 15% for the six months ended 30 June 2024 and 2023 according to the applicable CIT Law.

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

(v) **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, upon the distribution of profits to overseas – incorporated immediate holding companies. During the six months ended 30 June 2024 and 2023, the Group do not have any profit distribution plan.

7 LOSSES PER SHARE

(a) **Basic losses per share**

Basic losses per share is calculated by dividing the loss 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	
	2024	2023
Losses attributable to equity holders of the Company (RMB'000)	(48,663)	(16,322)
Weighted average number of ordinary shares in issue (thousand)	1,123,189	1,123,045
Losses per share (RMB per share)	<u>(0.0433)</u>	<u>(0.0145)</u>

(b) **Diluted losses per share**

Diluted losses 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 2024 and 2023, the Company had one category of dilutive potential ordinary shares: Restricted Stock Units. For the Restricted Stock Units, 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 rights attached to outstanding shares under RSU Scheme. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the vesting of outstanding shares under RSU Scheme.

As the Group incurred losses for the six months ended 30 June 2024 and 2023, the potential ordinary shares were not included in the calculation of diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the six months ended 30 June 2024 and 2023 were the same as basic losses per share.

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS TO SUPPLIERS AND CONTRACT ASSETS

	Unaudited 30 June 2024 <i>RMB'000</i>	Audited 31 December 2023 <i>RMB'000</i>
Notes receivables		
Bank acceptance bills	<u>3,182</u>	<u>9,959</u>
Trade receivables		
Due from third parties	116,273	115,650
Due from related parties	<u>351</u>	<u>328</u>
Gross trade receivables	116,624	115,978
Less: provision for impairment of trade receivables	<u>(23,649)</u>	<u>(23,679)</u>
Net trade receivables	<u>92,975</u>	<u>92,299</u>
Other receivables		
Electronic payment platform balance	11,333	5,045
Project deposits	10,564	10,500
Loans due from third parties	5,430	5,465
Staff advances	4,580	5,693
Rental deposits	1,731	2,563
Loans due from related parties	1,480	1,230
Others	<u>8,738</u>	<u>10,456</u>
Gross other receivables	43,856	40,952
Less: provision for impairment of other receivables	<u>(8,383)</u>	<u>(8,546)</u>
Net other receivables	<u>35,473</u>	<u>32,406</u>
Others		
Prepayments to suppliers and others	<u>43,774</u>	<u>37,498</u>
Total trade and other receivables and prepayments to suppliers	<u>175,404</u>	<u>172,162</u>
Contract assets		
Due from third parties	328,056	258,328
Less: provision for impairment of contract assets	<u>(15,885)</u>	<u>(16,314)</u>
Net contract assets	<u>312,171</u>	<u>242,014</u>

- (a) As at 30 June 2024, the carrying amounts of the trade receivables include receivables which are subject to factoring arrangements. Under these arrangements, the Group has transferred the relevant receivables to the factor in exchange for cash, but the Group has retained late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in the consolidated balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing.

The relevant carrying amounts are as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Transferred receivables under factoring arrangements	22,813	36,216
Associated secured borrowing	<u>(22,813)</u>	<u>(36,216)</u>

- (b) As at 30 June 2024, the carrying amounts of trade and other receivables and contract assets are primarily denominated in RMB and approximate their fair values at each of the reporting dates.
- (c) The Group grants credit periods to customers ranging from 30 days to 180 days. As at 30 June 2024, the aging analysis of the trade receivables based on invoice date were as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Trade receivables – gross		
Within 1 month	50,035	61,099
Over 1 month and within 1 year	43,528	34,361
Over 1 year and within 2 years	16,238	10,948
Over 2 years	<u>6,823</u>	<u>9,570</u>
	<u>116,624</u>	<u>115,978</u>

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

	Unaudited Six months ended 30 June 2024 RMB'000	2023 RMB'000
At the beginning of the period	(23,679)	(16,725)
Decrease/(increase) in impairment	<u>30</u>	<u>(2,792)</u>
At the end of the period	<u>(23,649)</u>	<u>(19,517)</u>

Movements on the Group's provision for impairment of contract assets are as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	(16,314)	(13,991)
Decrease in impairment	<u>429</u>	<u>1,819</u>
At the end of the period	<u>(15,885)</u>	<u>(12,172)</u>

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	(8,546)	(8,539)
Decrease in impairment	<u>163</u>	<u>200</u>
At the end of the period	<u>(8,383)</u>	<u>(8,339)</u>

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Net impairment gain/(losses) provision		
– Trade receivables	30	(2,792)
– Contract assets	429	1,819
– Other receivables	163	200
– FVOCI	<u>67</u>	<u>–</u>
	<u>689</u>	<u>(773)</u>

9 DIVIDENDS

Movements of dividends payables are as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	123	–
Dividends declared (a)	13,690	–
Dividends paid	<u>(13,796)</u>	<u>–</u>
At the end of the period	<u>17</u>	<u>–</u>

- (a) An annual dividend of HKD0.131 per share amounting to RMB13,690,000 were announced on 26 March 2024 to the shareholders of the Company, among which RMB17,000 remained as dividend payables as at 30 June 2024.
- (b) Pursuant to resolution passed by the Board on 27 August 2024, the Board declared an interim dividend of HKD0.011 per share, in an aggregate of approximately HKD12,600,000 for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB30,000,000). The interim dividend is expected to be paid on Monday, 30 September 2024. The interim dividend is declared after the reporting period, such dividend has not been recognised as liability as at 30 June 2024.

10 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	Unaudited 30 June 2024 <i>RMB'000</i>	Audited 31 December 2023 <i>RMB'000</i>
Trade payables (c)	256,342	212,425
Other payables		
Deposits payables (a)	113,171	17,232
Quality and performance guarantee deposits	66,459	63,440
Decoration payments collected on behalf of merchants	1,357	786
Dividend payables (Note 9)	17	123
Amount due to related parties	–	11
Other accrued expenses and payables	27,829	29,207
Total other payables	208,833	110,799
Others		
Staff salaries and welfare payables	49,052	64,256
Accrued taxes other than income tax	37,347	30,856
Total trade and other payables	551,574	418,336
Contract liabilities (b)	93,112	140,676

- (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, interior design and construction services and sales of building materials.
- (c) The aging analysis of the trade payables based on invoice date was as follows:

	Unaudited 30 June 2024 <i>RMB'000</i>	Audited 31 December 2023 <i>RMB'000</i>
Within 1 month	103,633	92,694
Over 1 month and within 3 months	27,370	42,994
Over 3 months and within 1 year	55,249	32,750
Over 1 year	70,090	43,987
	256,342	212,425

OTHER INFORMATION

Purchase, sale or redemption of the Company's listed securities

During the Reporting Period, the Company had not repurchased Shares on the Stock Exchange.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities (including sale of treasury shares) during the Reporting Period and up to the date of this announcement.

As of 30 June 2024, there were no treasury shares (as defined under the Listing Rules) held by the Company.

Employee and remuneration policy

As of 30 June 2024, the Group had 848 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 incentivize their contributions to our growth and development.

Pursuant to the 2021 RSU Scheme which was adopted on 15 January 2021 and the grant of restricted share units (“**RSUs**”) as disclosed in the announcement dated 22 March 2021, Tricor Trust (Hong Kong) Limited was appointed as the trustee for the administration of the 2021 RSU Scheme (the “**RSU Trustee**”). Until the six months ended 30 June 2024, the RSU Trustee purchased an aggregate of 31,642,000 shares at a total cash consideration of approximately HK\$63.2 million on-market to hold on trust for the benefit of the participants of the 2021 RSU Scheme (the “**RSU Participants**”). No shares have been purchased by the RSU Trustee during the Reporting Period. As of 30 June 2024, RSUs in respect of an aggregate of 1,734,750 Shares (representing approximately 0.2% of the total issued share capital of the Company as at the date of this announcement) granted by the Company under the 2021 RSU Scheme remained outstanding.

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.

COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current period's presentation. The new classification of the accounting items are considered to provide a more appropriate presentation of the state of affairs of the Group and provide more relevant information to reflect the Group's nature of assets, liabilities, income and expenses.

Compliance with 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 CG Code as set out in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

Compliance with code provision C.2.1 of part 2 of the CG Code

Pursuant to code provision C.2.1 of part 2 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 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.

Save as the above, the Company has applied the principles and code provisions as set out in the CG Code for the Reporting Period.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix C3 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 C.1.3 of part 2 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 of the Listing Rules and the CG Code. 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 with Mr. WONG Man Chung Francis 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.

Interim dividend

The Board has resolved to declare an interim dividend of HKD0.011 per share for the Reporting Period. The interim dividend is expected to be paid on Monday, 30 September 2024 to the Shareholders whose names are listed in the register of members of the Company on Friday, 13 September 2024, in an aggregate of approximately HK\$12.6 million. The interim dividend will be distributed in Hong Kong dollars. The proposal for the distribution of the interim dividend above is subject to the consideration and approval of the Board.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 11 September 2024 to Friday, 13 September 2024 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all properly completed transfer documents and the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Tuesday, 10 September 2024.

Use of Proceeds from the IPO

The total net proceeds from the issue of new Shares by the Company in its Listing (after deducting the underwriting fees and related expenses) amounted approximately RMB949.8 million, and the net proceeds had been used up during the previous Reporting Period. As a result, the balance of unutilized net proceeds was Nil as of 30 June 2024.

Important events after the Reporting Period

As disclosed in “Interim dividend” section above, the interim dividend distribution for the six months ended 30 June 2024 of approximately HK\$12.6 million is proposed on Tuesday, 27 August 2024.

We did not have other important events after the Reporting Period.

Sufficiency of 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.

Publication of the interim results announcement and interim report

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.qeeka.com. The interim report of the Company for the six months ended 30 June 2024 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders who have already provided instructions indicating their preference to receive hard copies in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to the management and staff of the Group for their commitment and contribution. I would also like to express my appreciation to the guidance from the regulators and continued support from our Shareholders and customers.

By Order of the Board
Qeeka Home (Cayman) Inc.
DENG Huajin
Chairman

Shanghai, the PRC, 27 August 2024

As at the date of this announcement, the Board comprises Mr. Deng Huajin, Mr. Tian Yuan and Ms. Sun Jie as executive Directors; Mr. Li Gabriel, Mr. Xiao Yang and Mr. Zhao Guibin as non-executive Directors; and Mr. Zhang Lihong, Mr. Cao Zhiguang and Mr. Wong Man Chung Francis as independent non-executive Directors.

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realized in future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

DEFINITION USED IN THIS ANNOUNCEMENT

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company
“Audit and Risk Management Committee”	the audit and risk management committee under the Board
“Board”	the board of Directors of our Company
“Brausen”	the overall decoration brand of the Company
“BVI”	the British Virgin Islands
“CEO”	the chief executive officer of our Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules
“Chairman”	the chairman of the Board
“CIT”	corporate income tax
“CODM”	the chief operating decision-maker
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1739)
“Contractual Arrangement(s)”	the series of contractual arrangements entered into by, 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
“Director(s)”	the director(s) of our Company
“EPS”	earnings/(loss) per share
“FVOCI”	Financial assets at fair value through other comprehensive income
“FVPL”	Financial assets at fair value through profit or loss
“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 PRC
“IAS”	the International Accounting Standards
“IASB”	the International Accounting Standards Board
“IDC” or “Interior Design and Construction Business”	the provision of interior design and construction service
“IFRS”	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
“Innovation and others Business”	the provision of other initiative services
“Interior Design and Construction and others Business”	composed of Interior Design and Construction Business and Innovation and others Business
“IPO”	the Company’s initial public offering and listing of its shares on Main Board of the Stock Exchange on 12 July 2018
“Jumei”	Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.* (齊家居美(蘇州)精裝科技有限公司), a company with limited liability incorporated in PRC on 30 August 2016

“Listing Date”	12 July 2018, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence 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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
“Mr. Deng”	Mr. Deng Huajin, our founder, Chairman of the Board, executive Director, CEO and our single largest Shareholder
“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
“Reporting Period”	the six months ended 30 June 2024
“RMB”	Renminbi, the lawful currency of PRC
“RSU(s)”	restricted share unit(s)
“RSU Trustee”	Tricor Trust (Hong Kong) Limited was appointed as the trustee for the administration of the 2021 RSU Scheme
“SaaS and Marketing Service Business”	the provision of SaaS based total marketing solution, targeted marketing services, inspection service and others
“Sales lead”	the data that identifies someone as a potential demand user of Interior Design and Construction

“Seagull”	a PRC company listed on the Shenzhen Stock Exchange (Stock code: 002084) that engages in the production and sale of high-end plumbing equipment and hardware
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Brausen”	Shanghai Brausen Decoration Engineering Co., Ltd.* (上海博若森裝飾工程有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of the Company
“Shanghai Qiyu”	Shanghai Qiyu Information Technology Co., Ltd.* (上海齊煜信息科技有限公司), a company incorporated in the PRC and a wholly owned subsidiary of the Company
“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
“Supply Chain Service Business”	the provision of building and home decoration materials
“USD”	United States dollar, the lawful currency of the United States
“Youzi”	the partial renovation brand of the Company
“%”	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.*