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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 2020

The Board of Directors of Qeeka Home (Cayman) Inc. is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2020 (the “**Period**”).

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

KEY HIGHLIGHTS

1. Financial Summary

	Six months ended 30 June		Year-on-year
	2020	2019	Change (%)
	(RMB'000)	(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.

2. Financial Information by Segment

	Six months ended 30 June		Year-on-year
	2020	2019	Change (%)
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	
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%)

3. 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
	2020	2019	Change (%)
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 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.

BUSINESS REVIEW AND OUTLOOK

Company Business Highlights

Platform Business

Our Platform Business provides a one-stop solution for our users and merchants, which helps our users navigate the complicated interior design and construction process by sharing home improvement knowledge and connecting them with quality service providers.

In the first quarter of this year, when the COVID-19 pandemic outbreak, 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 the cities they work in, which led to a harsh shrinkage of 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.

On the consumer front, by in-depth data analysis, we found that users 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.

On the merchant side, we remain committed to our service providers during this difficult period. We adopted numerous measures to help the interior design and construction service providers on platform to maintain survival and steady growth, including providing financing support, online orders taking, free trial of online design software, service training, online design software empowerment, online live stream marketing, etc., to enhance their ability to convert orders. 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.

Material Supply Chain Business

During the pandemic, most of the suppliers were facing a shortage of demand, a plunge of sales, and obstructed distribution. Interior design and construction service providers demand fewer materials due to financial distress and other issues.

Our supply chain service has sought to use an integrated digital system to assist interior design and construction service providers in customer and order attaining and inventory management. 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.

In the first half year of 2020, 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.

Self-operated Interior Design and Construction Business

We operated two full-service interior design and construction business, 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 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.

However, home renovation service was significantly adversely influenced by the pandemic. We provide contactless services to our users and service providers, by our effort, the home renovation service has recovered progressively.

The Revenues from Self-operated Interior Design and Construction Business decreased by 26.7% to RMB82.7 million in the first half year of 2020.

Company financial highlights

For the first half year of 2020, our total revenues decreased by 15.4% year-over-year to RMB309.9 million, and revenues from our Platform Business, Material Supply Chain Business and Self-operated Interior Design and Construction Business decreased by 8.0%, 29.2% and 26.7% from the corresponding period of the year, respectively.

Adjusted net profit attributable to equity holders of the Company was RMB6.9 million for the first half year of 2020, compared to an adjusted net profit of RMB35.2 million for the first half year of 2019.

For the first half year of 2020, our Group realized a positive operating cash flow of RMB49.2 million, demonstrating our operational capability.

As of 30 June 2020, we had cash and cash equivalents of RMB655.4 million and term deposit of RMB235.0 million, compared to the balance of RMB410.7 and RMB547.3 million, respectively as of 31 December 2019.

Company business outlook

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.

Our strong balance sheet allows us to act quickly on such opportunities which we believe would help us better serve our users. Going forward, we will continuously promote the digitalization of interior design and construction service providers and the home improvement industry.

We are confident we will be able to derive sustainable value for our Shareholders continuously.

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	2019
	RMB'000	RMB'000
	(Unaudited)	(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

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		2019	
	<i>RMB'000</i>	<i>% of total revenues</i>	<i>RMB'000</i>	<i>% of total revenues</i>
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 RMB'000	2019 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%)
	<u> </u>	<u> </u>	<u> </u>
Total	82,730	112,902	(26.7%)
	<u> </u>	<u> </u>	<u> </u>

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.

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	
	<i>RMB'000</i>	<i>Gross margin (%)</i>	<i>RMB'000</i>	<i>Gross margin (%)</i>
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%

- *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 an 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 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.

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

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.

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
	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of property and equipment	4,394	32
Purchase of intangible assets	202	1,568
Payment of land deed tax	–	9,358
	<hr/>	<hr/>
Total	<u>4,596</u>	<u>10,958</u>

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.

Long-term investment activities

	As at	As at
	30 June	31 December
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
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
	<hr/>	<hr/>
Total	<u>316,055</u>	<u>308,266</u>

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.

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	309,877	366,465
Cost of sales	5	<u>(103,058)</u>	<u>(113,200)</u>
Gross profit		206,819	253,265
Selling and marketing expenses	5	(178,350)	(188,151)
Administrative expenses	5	(39,969)	(33,281)
Research and development expenses	5	(26,971)	(23,536)
Net impairment losses on financial assets	9(e)	(415)	(2,598)
Other losses – net		<u>(10,580)</u>	<u>(8,117)</u>
Operating loss		(49,466)	(2,418)
Finance income	6	10,837	15,113
Finance costs	6	<u>(1,809)</u>	<u>(959)</u>
Finance income – net	6	<u>9,028</u>	14,154
Share of results of investments accounted for using the equity method		<u>25,997</u>	2,228
(Loss)/profit before income tax		(14,441)	13,964
Income tax credits/(expenses)	7	<u>40</u>	<u>(560)</u>
(Loss)/profit for the period		<u>(14,401)</u>	<u>13,404</u>
(Loss)/profit attributable to:			
– Equity holders of the Company		(10,708)	20,097
– Non-controlling interests		<u>(3,693)</u>	<u>(6,693)</u>
		<u>(14,401)</u>	<u>13,404</u>
(Losses)/earnings per share for (loss)/profit attributable to equity holders of the Company			
Basic (losses)/earnings per share (<i>RMB</i>)	8(a)	<u>(0.01)</u>	<u>0.02</u>
Diluted (losses)/earnings per share (<i>RMB</i>)	8(b)	<u>(0.01)</u>	<u>0.02</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	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	(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	(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

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2020**

	<i>Note</i>	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		270,366	240,364
Financial assets at fair value through other comprehensive income (“FVOCI”)		34,731	56,944
Financial assets at fair value through profit or loss (“FVPL”)		10,958	10,958
Other receivables	9	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	9	99,106	104,997
Amounts due from related parties		8,211	5,291
Contract assets	9	31,261	25,351
Financial assets at fair value through profit or loss (“FVPL”)		308,861	222,151
Term deposits		235,026	547,258
Cash and cash equivalents		655,361	410,681
Total current assets		1,356,157	1,328,685
Total assets		2,081,281	2,036,150

	<i>Note</i>	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
EQUITY			
Share capital		788	799
Share premium		2,323,294	2,356,802
Treasury shares		(5,649)	(25,281)
Other reserves		(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
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		651	730
Lease liabilities		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	<i>11</i>	563,608	511,249
Contract liabilities	<i>11</i>	122,063	104,042
Amounts due to related parties		–	6
Lease liabilities		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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
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)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	49,158	(12,375)
	<hr/>	<hr/>
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	17,000	–
Payment of investments measured at FVOCI	(9,862)	–
Interest received on term deposits	6,278	8,036
Loans to related parties	(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)
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	227,992	(131,801)
	<hr/>	<hr/>

Unaudited
Six months ended 30 June
2020 **2019**
RMB'000 **RMB'000**

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
Repayment of borrowings		(16,500)	–
Cash paid in repurchase of shares		(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	<i>10</i>	(19,757)	–
		<hr/>	<hr/>
Net cash (used in)/generated from financing activities		(39,488)	1,726
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		237,662	(142,450)
Effect on exchange rate difference		7,018	1,225
		<hr/>	<hr/>
Cash and cash equivalents at beginning of the period		410,681	779,779
		<hr/>	<hr/>
Cash and cash equivalents at end of the period		655,361	638,554
		<hr/>	<hr/>

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.

4 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.

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	<u>206,667</u>	<u>82,730</u>	<u>20,480</u>	<u>309,877</u>
Timing of revenue recognition				
At a point in time	139,989	3,621	20,480	164,090
Over time	<u>66,678</u>	<u>79,109</u>	<u>–</u>	<u>145,787</u>
	<u>206,667</u>	<u>82,730</u>	<u>20,480</u>	<u>309,877</u>
Results				
Segment gross profit	<u>194,857</u>	<u>9,500</u>	<u>2,462</u>	<u>206,819</u>
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				<u>25,997</u>
Loss before income tax				<u>(14,441)</u>

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	<u>224,631</u>	<u>110,238</u>	<u>28,932</u>	<u>2,664</u>		<u>366,465</u>
Timing of revenue recognition						
At a point in time	145,527	5,742	28,932	–		180,201
Over time	<u>79,104</u>	<u>104,496</u>	<u>–</u>	<u>2,664</u>		<u>186,264</u>
	<u>224,631</u>	<u>110,238</u>	<u>28,932</u>	<u>2,664</u>		<u>366,465</u>
Results						
Segment gross profit	<u>215,468</u>	<u>32,910</u>	<u>3,928</u>	<u>959</u>		<u>253,265</u>
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						<u>2,228</u>
Profit before income tax						<u>13,964</u>

(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
	<u>309,877</u>	<u>366,465</u>

(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.

5 EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
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
	<u>348,348</u>	<u>358,168</u>

6 FINANCE INCOME – NET

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

7 INCOME TAX (CREDITS)/EXPENSES

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

(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%.

(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.

8 (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

(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

9 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	<u>1,124</u>	<u>1,503</u>
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	<u>40,634</u>	<u>35,379</u>
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	<u>30,889</u>	<u>34,233</u>
Others		
Prepayments to suppliers	14,040	20,877
Value-added tax recoverable	13,543	14,508
	<u>99,106</u>	<u>104,997</u>
Contract assets (a)	<u>31,261</u>	<u>25,351</u>
	<u>131,491</u>	<u>131,851</u>

- (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 <i>RMB'000</i>	Audited 31 December 2019 <i>RMB'000</i>
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	–
	<u>41,632</u>	<u>37,318</u>

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

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

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

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

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

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

10 DIVIDENDS

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the period	–	–
Dividends declared (a)	21,584	–
Dividends paid	(19,757)	–
	<u>1,827</u>	<u>–</u>

(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.

11 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	Unaudited 30 June 2020 <i>RMB'000</i>	Audited 31 December 2019 <i>RMB'000</i>
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 10)	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 <i>RMB'000</i>	Audited 31 December 2019 <i>RMB'000</i>
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

OTHER INFORMATION

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 was 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.

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.

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 provision 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 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 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 Listing (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 Global Offering 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	<u>949.8</u>	<u>100.0%</u>	<u>368.3</u>	<u>581.5</u>

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.

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 2020 will be dispatched to the shareholders of the Company and will be available on the above websites 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, 26 August 2020

As at the date of this announcement, the Board comprises Mr. Deng Huajin, Mr. Tian Yuan and Mr. Gao Wei as executive Directors; Mr. Li Gabriel, Ms. Ping Xiaoli 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.

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
“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
“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.