# Qeeka Home (Cayman) Inc.

Stock Code: 1739

# Annual Report 2024

# Contents



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors
Mr. DENG Huajin *(Chairman and Chief Executive Officer)*
Mr. TIAN Yuan
Ms. SUN Jie[1]
Mr. GAO Wei[2]

### Non-executive Directors
Mr. ZHOU Wei[3]
Mr. XIE Tian[4]
Mr. ZHAO Guibin
Mr. LI Gabriel[5]
Mr. XIAO Yang[6]

### Independent Non-executive Directors
Mr. ZHANG Lihong
Mr. CAO Zhiguang
Mr. WONG Man Chung Francis

## JOINT COMPANY SECRETARIES

Mr. TIAN Yuan
Ms. LEUNG Kwan Wai

## AUTHORIZED REPRESENTATIVES

Mr. DENG Huajin
Mr. TIAN Yuan

## AUDIT AND RISK MANAGEMENT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## REGISTERED OFFICE

ICS Corporate Services (Cayman) Limited
Palm Grove Unit 4, 265 Smith Road, George Town,
P.O. Box 52A Edgewater Way, #1653,
Grand Cayman KY1-9006,
Cayman Islands

## HEADQUARTERS

Building 1, No. 1926, Cao An Highway
Jiading District, Shanghai
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1928, 19/F,
Lee Garden One
33 Hysan Avenue,
Causeway Bay,
Hong Kong

Notes:
1. Ms. SUN Jie was appointed as an executive Director of the Company on 17 June 2024.
2. Mr. GAO Wei resigned as an executive Director of the Company on 17 June 2024.
3. Mr. ZHOU Wei was appointed as a non-executive Director of the Company on 19 November 2024.
4. Mr. XIE Tian was appointed as a non-executive Director of the Company on 29 November 2024.
5. Mr. LI Gabriel resigned as a non-executive Director of the Company on 19 November 2024.
6. Mr. XIAO Yang resigned as a non-executive Director of the Company on 29 November 2024.

## PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

ICS Corporate Services (Cayman) Limited
Palm Grove Unit 4,
265 Smith Road, George Town,
P.O. Box 52A Edgewater Way, #1653,
Grand Cayman KY1-9006,
Cayman Islands

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

## LEGAL ADVISERS

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

## AUDITOR

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

## STOCK CODE

1739

## COMPANY'S WEBSITE

www.qeeka.com

## PRINCIPAL BANKS

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

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

# Key Financial and Operation Data

## 1. FINANCIAL SUMMARY

| | Year ended 31 December | | Year-on-year |
|---|---|---|---|
| | **2024** | 2023 | Change (%) |
| | **(RMB'000)** | (RMB'000) | |
| Revenue | **1,055,639** | 1,186,994 | (11.1%) |
| Gross Profit | **413,034** | 495,458 | (16.6%) |
| Gross Margin | **39.1%** | 41.7% | – |
| Net loss attributable to equity holders of the Company | **(126,957)** | (96,869) | – |
| Adjusted net loss attributable to equity holders of the Company[1] | **(93,865)** | (36,033) | – |

Note:

(1) Adjusted net loss 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.

## 2. KEY OPERATION METRICS

The following table sets forth the key operation data for this segment:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| Number of sales leads[1] | **633,769** | 794,761 |
| Number of recommended users | **528,727** | 613,999 |
| Average revenue from SaaS and Marketing Service per sales lead (RMB)[2] | **527** | 526 |

Notes:

(1) It represents the number of data that identifies someone as a potential demand user of Interior Design and Construction for the year ended 31 December 2024.

(2) It refers to the average revenue per sales lead, which equals the revenue from SaaS and Marketing Service for the year ended 31 December 2024 divided by the sales leads as of 31 December 2024.

# Chairman's Statement

Dear shareholders:

On behalf of the Board of the Company, I hereby present the annual results of the Group for the year ended 31 December 2024.

## RESULTS

The Group's audited revenue for the year ended 31 December 2024 was RMB1,055.6 million, a decrease of 11.1% compared with the results for the previous year, primarily due to the decrease in revenue from SaaS and Marketing Service and Interior Design and Construction Business. The Group's audited net loss attributable to equity holders of the Company for the year ended 31 December 2024 was RMB127.0 million. The Group's non-IFRS net loss attributable to equity holders of the Company for the year ended 31 December 2024 was RMB93.9 million.

## 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 2024, the real estate industry experienced a profound transformation, largely driven by the rapid introduction and phased implementation of a series of pivotal policies. Supported by robust policy stimuli, the market began to stabilize and gradually recover in a more balanced and rational manner. Although both the sales area and transaction volume of real estate showed positive growth, the pace of growth decelerated. Real estate companies adopted a more cautious stance in their price forecasts, with some cities seeing slight adjustments in property prices. In first-tier cities such as Shanghai and Shenzhen, market demand remained robust, but a clear divergence emerged in second-tier and third-tier cities. Overall, the real estate market entered a phase of stabilization, though significant regional disparities persisted. As the economic landscape evolves, consumer price sensitivity has intensified, and a full recovery in consumer confidence is expected to take more time.

As a related company in the real estate industry, our performance has been under significant pressure. The number of our demand users has decreased, and the revenue from SaaS and Marketing Service Business fell by 20.2% year-on-year to RMB333.7 million. Our Interior Design and Construction Business also experienced a year-on-year decline of 8.8%, contributing revenue of RMB665.2 million. In summary, our total revenue for 2024 declined by 11.1% year-on-year, reaching RMB1,055.6 million. To better navigate this economic cycle, we continued to implement a strategy of cost reduction and efficiency improvement, maximizing cost savings and providing strong financial support for all of our business operations.

- **SaaS and Marketing Service Business**

  In 2024, the Chinese real estate market continued the trend of consumer demand for home renovation observed in 2023, with a divergent performance across different regional markets. In megacities such as Beijing and Shanghai, where housing prices are relatively high, consumers' decision-making cycles have been significantly extended, and strict budget control has become the norm. In contrast, in other cities, the decline in housing prices has led to an increase in the transaction scale of the existing housing market, resulting in a marked rise in renovation demand. However, consumers in these areas are highly price-sensitive and prioritize cost-effectiveness, which has intensified competition among IDC service providers and further compressed their profit margins.

  Overall, as of December 31, 2024, the number of sales leads was 633,769, representing a year-on-year decrease of 20.3% compared to 794,761 in the same period of 2023. As a result, our revenue from SaaS and Marketing Service Business in 2024 amounted to RMB333.7 million, representing a decrease of 20.2% 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:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| Number of sales leads[1] | **633,769** | 794,761 |
| Number of recommended users | **528,727** | 613,999 |
| Average revenue from SaaS and Marketing Service per sales lead (RMB)[2] | **527** | 526 |

Notes:

(1) It represents the number of data that identifies someone as a potential demand user of Interior Design and Construction for the year ended 31 December 2024.

(2) It refers to the average revenue per sales lead, which equals the revenue from SaaS and Marketing Service for the year ended 31 December 2024 divided by the sales leads as of 31 December 2024.

From the user side, we focus on user experience and have increased our marketing and promotion budget in the new media field. We continue to educate users about renovation knowledge and recommend IDC service providers through content marketing methods such as short videos and live streaming. Additionally, we launched the Qijia VIP service, offering 1-on-1 full-process online exclusive customer service for both users and merchants. The service covers the process from demand communication, room measurement matching, and budget review. We also provide three major guarantees to protect users' rights during the renovation process, aiming to offer users 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 2024, our revenue from Interior Design and Construction Business achieved a revenue of RMB665.2 million, a year-on-year decline of 8.8%. We proactively scaled back the rapid growth of this business with the aim of enhancing efficiency through refined operations to enrich our business ecosystem.

  In terms of home decoration business, we position ourselves as a provider of mid-to-high-end home renovation services, primarily targeting users with higher purchasing power in second-tier and third-tier cities. We are committed to offering users with one-stop home decoration solutions. To ensure the healthy development of this business, we have closed underperforming branches and focused more on construction quality and site delivery. This shift allows us to gradually strengthen our profitability, always prioritizing user experience and providing customers with a hassle-free, worry-free renovation 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 2024, the proportion of interior decoration services for real estate fine decoration housing was 16.2%, a decrease of 23.3 percentage points compared to 39.5% in 2023.

## Company Financial Highlights

For the year ended 31 December 2024:

- Total revenue decreased by 11.1% year over year to RMB1,055.6 million, primarily due to a decline in revenue from SaaS and Marketing Service by 20.2% to RMB333.7 million, and a decrease in revenue from Interior Design and Construction service by 8.8% to RMB665.2 million, despite a 44.6% increase in revenue from Innovation and others to RMB56.7 million.

- Adjusted net loss attributable to equity holders of the Company was RMB93.9 million, compared to an adjusted net loss attributable to equity holders of the Company of RMB36.0 million in the same period last year.

- As of 31 December 2024, we had cash and cash equivalents of RMB119.2 million, term deposit of RMB745.9 million and restricted cash of RMB82.7 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

Looking ahead to the future of the home renovation market, although the new housing market remained relatively active in 2024, the incremental demand for renovations will gradually shrink as the growth rate of real estate development investment slows. On the other hand, the renovation and transformation of existing homes is accelerating and becoming the main engine of industry growth. Driven by both the demand for upgraded living quality and urban renewal, the needs for old residential renovations, space function optimization, and smart and environmentally friendly upgrades will continue to grow. If the "old-for-new" policy continues and supporting incentive measures are improved, combined with the fact that over 60% of homes are over ten years old, this will further activate the renovation potential of existing housing, opening up sustainable growth opportunities for the industry.

We will continue to prioritize user experience, exploring more diversified marketing methods to meet consumers' renovation needs. At the same time, by leveraging AI technology to develop relevant tools, we will empower IDC service providers in areas such as customer service systems, project management, data analysis, and training mechanisms, improving operational efficiency, reducing costs, and enhancing competitiveness.

## APPRECIATION

I would like to take this opportunity to express my sincere gratitude to all shareholders, investors, business partners and users for their trust in and support to the Group, I would also like to thank our fellow board members, the management and staffs for their efforts and contributions to the Group. In the future, we will continue to drive the Group's growth and maximize value for our shareholders.

**Mr. DENG Huajin**
*Chairman and Chief Executive Officer*

Shanghai, China
26 March 2025

# Management Discussion and Analysis

## MANAGEMENT DISCUSSION AND ANALYSIS

*(The following information disclosures were based on financial information prepared in accordance with IFRSs unless otherwise specified)*

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Revenue** | **1,055,639** | 1,186,994 |
| Cost of sales | **(642,605)** | (691,536) |
| **Gross profit** | **413,034** | 495,458 |
| Selling and marketing expenses | **(417,143)** | (430,047) |
| Administrative expenses | **(64,276)** | (75,926) |
| Research and development expenses | **(28,245)** | (37,148) |
| Net impairment losses on financial assets | **(24,694)** | (9,791) |
| Other losses – net | **(30,463)** | (52,582) |
| **Operating loss** | **(151,787)** | (110,036) |
| Finance income | **39,311** | 40,322 |
| Finance costs | **(6,447)** | (7,293) |
| Finance income – net | **32,864** | 33,029 |
| Share of results of investments accounted for using the equity method | **(9,848)** | (17,907) |
| **Loss before income tax** | **(128,771)** | (94,914) |
| Income tax expenses | **(3,459)** | (4,147) |
| **Loss for the year** | **(132,230)** | (99,061) |
| **Loss attributable to:** | | |
| Equity holders of the Company | **(126,957)** | (96,869) |
| Non-controlling interests | **(5,273)** | (2,192) |
| | **(132,230)** | (99,061) |
| **Non-IFRS measure** | | |
| Adjusted net loss attributable to equity holders of the Company | **(93,865)** | (36,033) |

## Revenue

Total revenue decreased by 11.1% from RMB1,187.0 million for the year ended 31 December 2023 to RMB1,055.6 million for the year ended 31 December 2024, primarily due to the decrease in revenue from SaaS and Marketing Service and Interior Design and Construction Business.

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

| | Year ended 31 December | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | **Amount RMB'000** | **% of total revenue** | Amount RMB'000 | % of total revenue |
| SaaS and Marketing Service Business | **333,709** | **31.6%** | 418,072 | 35.2% |
| Interior Design and Construction Business | **665,184** | **63.0%** | 729,671 | 61.5% |
| Innovation and others Business | **56,746** | **5.4%** | 39,251 | 3.3% |
| Total | **1,055,639** | **100.0%** | 1,186,994 | 100.0% |

### SaaS and Marketing Service Business

Revenue from our SaaS and Marketing Service Business decreased by 20.2% from RMB418.1 million for the year ended 31 December 2023 to RMB333.7 million for the year ended 31 December 2024, the decrease in revenue was due to a decline in the number of sales leads, which decreased from 794,761 to 633,769.

### Interior Design and Construction

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 decreased by 8.8% from RMB729.7 million for the year ended 31 December 2023 to RMB665.2 million for the year ended 31 December 2024.

The revenue from Interior Design and Construction of our overall decoration brand "Brausen" decreased by 14.4% from RMB88.1 million for the year ended 31 December 2023 to RMB75.4 million for the year ended 31 December 2024, primarily due to our strategic decision to moderate the rapid growth of the business and the closure of underperforming branches to ensure the healthy development of this business.

The revenue from Interior Design and Construction of the brand "Jumei", which provided customization services for real estate developers and commercial public decorations, decreased by 7.3% from RMB628.3 million for the year ended 31 December 2023 to RMB582.3 million for the year ended 31 December 2024. It was mainly due to a strategic adjustment that resulted in a reduction of the premium real estate decoration business, which offset the growth in the commercial real estate business. To ensure more sustainable development, we have shifted our focus away from pursuing rapid expansion in the commercial real estate market, and are now committed to enhancing overall profitability through refined operation. In addition, during this year, the overall business achieved total contract value of RMB474.1 million.

The revenue from Interior Design and Construction of our partial decoration brand "Youzi" decreased by 43.7% from RMB13.3 million for the year ended 31 December 2023 to RMB7.5 million for the year ended 31 December 2024. We are still continuously exploring the sustainable development of this business.

**Innovation and others**

Innovation and others business, mainly includes Supply Chain Service, B2C export e-commerce business and other business, generated revenues of RMB18.7 million, RMB37.2 million and RMB0.9 million respectively for the year. These businesses represent an important part of our diversified revenue streams.

## Cost of sales

Cost of sales decreased by 7.1% to RMB642.6 million for the year ended 31 December 2024, compared to RMB691.5 million for the year ended 31 December 2023, which was mainly due to decrease in costs of our Interior Design and Construction Business.

**SaaS and Marketing Service Business**

Cost from SaaS and Marketing Service Business decreased by 20.8% from RMB10.9 million for the year ended 31 December 2023 to RMB8.6 million for the year ended 31 December 2024, primarily due to the decrease in operating service cost for this segment.

**Interior Design and Construction Business**

Cost from Interior Design and Construction Business decreased by 7.9% from RMB645.2 million for the year ended 31 December 2023 to RMB594.5 million for the year ended 31 December 2024. The decrease in costs from the IDC business was primarily due to a reduction in revenue, which led to the reduction in labor costs compared to the corresponding period.

**Innovation and others**

Cost from Innovation and others increased by 11.4% from RMB35.4 million for the year ended 31 December 2023 to RMB39.5 million for the year ended 31 December 2024, primarily due to the increase in the cost of sales for the B2C export e-commerce business.

## Gross profit and gross profit margin

As a result of the foregoing, our total gross profit decreased by 16.6% from RMB495.5 million for the year ended 31 December 2023 to RMB413.0 million for the year ended 31 December 2024. Our overall gross profit margin decreased to 39.1% for the year ended 31 December 2024, compared to 41.7% for the year ended 31 December 2023, due to the total gross profit of high gross margin of our SaaS and Marketing Service Business decreased by 20.2% from RMB407.2 million to RMB325.1 million, and the public decoration business, which accounts for a significant portion of our total revenue, experienced contractual losses in the premium real estate decoration business, resulting in a decline in its gross margin from 8.1% for the year ended 31 December 2023 to 7.7% for the year ended 31 December 2024.

## 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 decreased by 3.0% from RMB430.0 million for the year ended 31 December 2023 to RMB417.1 million for the year ended 31 December 2024, reflects our efforts in cost control and efficiency improvement.

## 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 15.3% from RMB75.9 million for the year ended 31 December 2023 to RMB64.3 million for the year ended 31 December 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 24.0% from RMB37.1 million for the year ended 31 December 2023 to RMB28.2 million for the year ended 31 December 2024, mainly attributed to the decrease in the salaries and benefits.

### Net impairment losses on financial assets

Our net impairment losses on financial assets increased by 152.2% from RMB9.8 million for the year ended 31 December 2023 to RMB24.7 million for the year ended 31 December 2024, primarily due to the long aging and high risk associated with receivables and contract assets from some projects, leading to an increase in the expected credit loss on receivables and contract assets, which the management considered to be at high risk. After assessment by the management of the Company, net impairment losses on financial assets mainly of Interior Design and Construction business had been provided for RMB23.8 million for the year ended 31 December 2024.

### Other losses – net

Other net losses were RMB30.5 million for the year ended 31 December 2024. It was mainly due to impairment loss on investments accounted for using the equity method of RMB30.7 million.

### Finance income – net

Our finance income for the year ended 31 December 2024 was mainly comprised of bank interest income and interest expense on loans.

### Share of net loss of associates accounted for using the equity method

Our share of net loss of associates accounted for using the equity method for the year ended 31 December 2024 was mainly due to the operating losses picked up from investees.

### Income tax expenses

Our income tax expenses for the year ended 31 December 2024 was RMB3.5 million mainly due to the reversal of deferred tax assets.

### Loss and Non-IFRS measures: adjusted net loss attributable to equity holders of the Company

As a result of the foregoing, our net loss was RMB132.2 million for the year ended 31 December 2024, as compared to net loss of RMB99.1 million for the year ended 31 December 2023.

To supplement our consolidated financial statements which are presented in accordance with the IFRSs, we also use adjusted net loss attributable to equity holders of the Company as an additional financial measure, which was not required by, or presented in accordance with, IFRSs. We believe that this Non-IFRS measure facilitates comparisons of operating performance by eliminating potential impacts of items, which are unusual, non-recurring, non-cash and/or non-operating 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 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 you should not consider it 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 loss attributable to equity holders of the Company for the years ended 31 December 2024 and 2023 to the most directly comparable financial measure calculated and presented in accordance with IFRSs:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Net loss attributable to equity holders of the Company for the year | **(126,957)** | (96,869) |
| Impairment loss on investments accounted for using the equity method | **30,710** | 53,216 |
| Impairment loss on goodwill | **–** | 7,796 |
| Share-based compensation expenses | **94** | 207 |
| Net fair value change on investment on financial assets at fair value through profit or loss, which exclude wealth management products and others | **2,288** | (383) |
| Adjusted net loss attributable to equity holders of the Company | **(93,865)** | (36,033) |

## 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 RMB119.2 million, term deposits of RMB745.9 million and restricted cash of RMB82.7 million as of 31 December 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 have maintained a strong cash and other liquid financial resources with a balance of approximately RMB947.7 million as of 31 December 2024.

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

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Cash and cash equivalents | **119,151** | 259,612 |
| Term deposits | **745,935** | 757,906 |
| Restricted cash | **82,659** | 21,779 |
| Cash and other liquid financial resources | **947,745** | 1,039,297 |

Cash and cash equivalents includes cash in hand and deposits held at call with banks. Restricted cash mainly represented funds held in a bank escrow account designated for payment settlement purposes. Term deposits are bank deposits with original maturities over three months and redeemable on maturity. 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 years indicated:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Net cash used in operating activities | **(66,301)** | (247,379) |
| Net cash generated from/(used in) investing activities | **73,592** | (56,526) |
| Net cash (used in)/generated from financing activities | **(148,942)** | 117,625 |
| Net decrease in cash and cash equivalents | **(141,651)** | (186,280) |
| Effect on exchange rate difference | **1,190** | 463 |
| Cash and cash equivalents at the beginning of the period | **259,612** | 445,429 |
| Cash and cash equivalents at the end of the period | **119,151** | 259,612 |

## Net cash used in operating activities

For the year ended 31 December 2024, our net cash used in operating activities was RMB66.3 million, which was primarily attributable to our loss before income tax of RMB128.8 million, as adjusted by (i) non-cash items, which primarily comprised depreciation and amortization of RMB17.9 million, provision for bad debt of RMB24.7 million, impairment loss on investment in associate of RMB30.7 million, share of loss of investments accounted for using equity method of RMB9.8 million and net finance income of RMB32.9 million; and (ii) changes in working capital, which primarily comprised an increase in trade and other receivables of RMB57.8 million, an increase in restricted cash of RMB60.9 million, an increase in inventories of RMB20.4 million, an increase in trade and other payables of RMB154.5 million, a decrease in debt investments at fair value through other comprehensive income of RMB70.6 million and a decrease in contract liabilities of RMB78.4 million.

## Net cash generated from investing activities

For the year ended 31 December 2024, our net cash generated from investing activities was RMB73.6 million, which was mainly attributable to proceeds from disposals of financial assets at fair value through profit or loss of RMB182.6 million, net decrease in term deposits of RMB22.3 million, interest received on term deposits of RMB32.9 million; partially offset by purchase of financial assets at fair value through profit or loss of RMB164.1 million.

## Net cash used in financing activities

For the year ended 31 December 2024, net cash used in financing activities was RMB148.9 million, which was mainly attributable to repayment of borrowings of RMB217.6 million, dividends paid to the company's shareholders of RMB25.1 million, payment for lease liabilities of RMB12.8 million, and interest paid for short-term borrowings of RMB5.6 million, partially offset by proceeds from borrowings of RMB112.1 million.

## Trade and other receivables and advances to suppliers

Trade and other receivables and advances to suppliers increased by 27.4% from RMB172.2 million as of 31 December 2023 to RMB219.3 million as of 31 December 2024, primarily due to an increase in net trade receivables from third parties of RMB45.8 million.

## Trade and other payables

Trade and other payables increased by 37.2% from RMB418.3 million as of 31 December 2023 to RMB574.0 million as of 31 December 2024, primarily due to (i) increase of trade payables from building materials suppliers of RMB102.5 million caused by the extended settlement period, and (ii) increase of deposits payables of RMB42.6 million, which was mainly represent security deposits from users of our escrow payment services.

## Borrowings

During the Reporting Period, short-term borrowings are comprised of bank borrowings and other loans, with balance of RMB25.7 million and RMB81.4 million respectively. Borrowings decreased by 49.6% from RMB212.8 million as of 31 December 2023 to RMB107.1 million as of 31 December 2024, primarily due to (i) a reduction of RMB78.2 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 RMB12.3 million in bank loan borrowed by Shanghai Qiyi Information Technology Co., Ltd. and RMB15.0 million bank loan borrowed by Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.

As at 31 December 2024, we had total bank borrowings principal of RMB25.7 million and the interest rate of the borrowings was from 2.45% to 3.45% per annum. Among them, (i) RMB17.7 million of which was guaranteed by Shanghai Qiyu Information Technology Co., Ltd., and (ii) approximately RMB8.0 million is a loan collateralized by the property of Zhang Fan,the wife of Yang Weihan, a non-controlling shareholder of Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.

## Pledge of assets

As at 31 December 2024, RMB15,580,000 of term deposits were pledged as security to issue notes payables (2023: nil).

## Gearing ratio

Our gearing ratio is calculated as total borrowing divided by total equity attributable to equity holders of the Company. As of 31 December 2024, due to the balance of the Group's other loans of approximately RMB81.4 million, which were the secured borrowings associated with factoring arrangements of the trade receivables and FVOCI, resulting in a gearing ratio of 12.1% (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 year ended 31 December 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

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Purchase of property and equipment | **3,089** | 9,530 |
| Purchase of intangible assets | **510** | 885 |
| Total | **3,599** | 10,415 |

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

## Significant Investment Held

As at 31 December 2024, the Group had the following significant investment held with a value of 5 per cent. 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 31 December 2024 RMB'000 | Number of shares of investment held as at 31 December 2024 | Percentage of investment held as at 31 December 2024 (%) | Performance/ Change in share of results of investment accounted for using the Equity method for the year ended 31 December 2024 RMB'000 | Performance/ Change in share of other comprehensive loss for the year ended 31 December 2024 RMB'000 | Performance/ Change in provision of impairment for the year ended 31 December 2024 RMB'000 | Size as compared to the Group's total assets as at 31 December 2024 (%) |
|---|---|---|---|---|---|---|---|---|
| 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 | 114,394 | 39,720,000 | 6.20% | (10,091) | (1,696) | (30,710) | 6.8% |

## 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 31 December 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 at 31 December 2024, the Group had financial assets at fair value through profit or loss of approximately RMB25.1 million (31 December 2023: approximately RMB44.0 million), mainly comprised (i) investments in wealth management products of approximately RMB10.0 million (31 December 2023: approximately RMB27.3 million), and (ii) investments in listed companies of approximately RMB15.1 million (31 December 2023: approximately RMB16.8 million).

| | **As at 31 December 2024 RMB'000** | As at 31 December 2023 RMB'000 |
|---|---|---|
| **Financial assets at fair value through profit or loss** | | |
| **Current** | | |
| Wealth management products | **10,017** | 27,282 |
| Investments in listed companies | **15,077** | 16,752 |
| Total | **25,094** | 44,034 |

### Long-term investment activities

| | **Year ended 31 December** | |
|---|---|---|
| | **2024 RMB'000** | 2023 RMB'000 |
| Investments accounted for using the equity method | **116,574** | 162,024 |
| Total | **116,574** | 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.

For the year ended 31 December 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 recognised 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 at 31 December 2024 and as at 31 December 2023, we did not have any material contingent liabilities.

# Board of Directors and Senior Management

## OUR DIRECTORS

The following table presents certain information in respect of the members of our Board throughout the year and as at the Latest Practicable Date:

### Members of our Board

| Name | Age | Position/Title | Date of Appointment |
|---|---|---|---|
| Mr. DENG Huajin | 52 | Executive Director and Chairman and Chief Executive Officer | 2 April 2018 |
| Mr. TIAN Yuan | 55 | Executive Director | 2 April 2018 |
| Ms. SUN Jie | 51 | Executive Director | 17 June 2024 |
| Mr. GAO Wei[1] | 53 | Executive Director | 2 April 2018 |
| Mr. ZHOU Wei | 39 | Non-executive Director | 19 November 2024 |
| Mr. LI Gabriel[2] | 57 | Non-executive Director | 2 April 2018 |
| Mr. ZHAO Guibin | 54 | Non-executive Director | 24 April 2020 |
| Mr. XIE Tian | 41 | Non-executive Director | 29 November 2024 |
| Mr. XIAO Yang[3] | 45 | Non-executive Director | 23 June 2022 |
| Mr. ZHANG Lihong | 53 | Independent non-executive Director | 4 June 2018 |
| Mr. CAO Zhiguang | 51 | Independent non-executive Director | 4 June 2018 |
| Mr. WONG Man Chung Francis | 60 | Independent non-executive Director | 4 June 2018 |

Notes:

1. Mr. GAO Wei resigned as an Executive Director on 17 June 2024.
2. Mr. LI Gabriel resigned as a Non-Executive Director on 19 November 2024.
3. Mr. XIAO Yang resigned as a Non-Executive Director on 29 November 2024.

The biography of each Director during the year and as at the Latest Practicable Date:

## EXECUTIVE DIRECTORS

**Mr. DENG Huajin (鄧華金)**, aged 52, is the Chairman, an executive Director and the Chief Executive Officer of our Company since April 2018. He is also the founder of the Group in 2007 and also a member of the Remuneration Committee and the chairman of the Nomination Committee. He was appointed as a Director in November 2014, and was re-designated as an executive Director and appointed as the Chairman of the Board in April 2018. He is responsible for the long-term strategic design, major decisions and plans, organizational development and talent cultivation of the group.

Mr. Deng is a Director of Guangzhou Seagull Kitchen and Bath Products Co. Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 002084), since November 2014.

Mr. Deng received a bachelor's degree in chemistry from East China Normal University in 1996. In 2021, he was honored as the "2021 China Home Furnishing Annual CEO 30 Top" (2021中國家居年度CEO 30強) in 2021 (5th) China Real Estate New Era Celebration hosted by Leju Finance.

**Mr. TIAN Yuan (田原)**, aged 55, is an executive Director and a joint company secretary. He was appointed as a Director in 2015 and was re-designated as an executive Director of the Company in April 2018. He is responsible for the human resources and other affairs management.

Mr. Tian joined the Group in August 2007 and having over 20 years' experience in this industry.

Mr. Tian received a bachelor's degree in engineering in electronic precision machinery from Shanghai University in 1991.

**Ms. SUN Jie (孫傑)**, aged 51, is an executive Director. She was appointed as an executive Director of the company on 17 June 2024. She is wife of Mr. DENG Huajin (鄧華金) ("**Mr. Deng**"), the chairman and chief executive officer of the Company. Ms. Sun founded the Group together with Mr. Deng and another independent third party in August 2007 upon the establishment of Shanghai Qijia Network Information Technology Co., Ltd. (上海齊家網信息科技股份有限公司) ("**Shanghai Qijia**"), the principal operating entity of the Group. Ms. Sun was the person-in-charge of the furniture division and retail decoration of Shanghai province of Shanghai Qijia at its establishment.

She currently serves as the senior vice president of the Group, responsible for managing the supply chain division and administrative purchasing department.

Ms. Sun received a bachelor degree in law and political science from the Shanghai Normal University (上海師範大學) in June 1996 and was certified as first-grade teacher (一級教師) in 2000.

Ms. Sun obtained legal advice as required by Rule 3.09D of the Listing Rules on 17 June 2024 and confirmed that she understood her obligations as director of the Company.

**Mr. GAO Wei (高巍)**, aged 53. He was appointed as a Director in April 2015 and was re-designated as an executive Director in April 2018. He resigned on 17 June 2024. He was responsible for the interior design and construction service of the Company.

Mr. Gao joined the Group in 2007 and had over 25 years' experience in this industry.

Mr. Gao received an executive master's degree in business administration from Fudan University in 2014.

## NON-EXECUTIVE DIRECTORS

**Mr. ZHOU Wei (周偉)**, aged 39, is a non-executive Director. He was appointed as a non-executive Director of the company on 19 November 2024. He is responsible for providing professional opinion and judgement to the Board. He has been serving as the investment director of Orchid Asia Group Management Limited since 2012. From 2007 to 2012, Mr. Zhou was an assistant manager of PricewaterhouseCoopers. He received a bachelor degree in finance from Shanghai International Studies University in Shanghai, China, in June 2007.

Mr. Zhou obtained legal advice as required by Rule 3.09D of the Listing Rules on 30 October 2024 and confirmed that he understood his obligations as director of the Company.

**Mr. LI Gabriel (李基培)**, aged 57. He was appointed as a Director in April 2015 and re-designated as a non-executive Director in April 2018. He resigned on 19 November 2024. He was responsible for providing professional opinion and judgement to our Board.

Mr. Li has been serving as the managing partner and a member of the investment committee of Orchid Asia Group Management Limited since August 2004. He has also been serving as an independent Director of Trip.com Group Limited, a company listed on NASDAQ (NASDAQ: TCOM), since March 2000. From October 2013, Mr. Li served as a non-executive Director of Nirvana Asia Ltd, a company listed on the Hong Kong Stock Exchange (HKSE: 1438) until October 2016 when the listing of its shares was withdrawn from the Stock Exchange upon the completion of its privatization under relevant rules and regulations. From September 2012 to October 2014, Mr. Li was a Director of Autohome Inc., a company listed on NASDAQ (NASDAQ: ATHM). Mr. Li was also a non-executive Director of Lifetech Scientific Corporation, a company listed on the Hong Kong Stock Exchange (then HKSE: 8122 (GEM Board); now HKSE: 1302 (Main Board)), between September 2006 and January 2013.

Mr. Li graduated from the University of California in Berkeley, the United States, in chemical engineering in 1990. He received his master of science degree (majored in chemical engineering practice) from the Massachusetts Institute of Technology in the United States in 1991, and his master's degree in business administration from Stanford University Business School in the United States in 1995.

Mr. Li is the spouse of Ms. Lam Lai Ming ("**Ms. Lam**"), and is deemed to be interested in the Shares held by Ms. Lam in Orchid Asia. Orchid Asia directly holds 100,000,000 Shares. Orchid Asia is owned as to 95% by Orchid Asia VI, L.P. and as to 5% by Orchid Asia V Co-Investment Limited. The general partner of Orchid Asia VI, L.P. is OAVI Holdings, L.P. and the general partner of OAVI Holdings, L.P. is Orchid Asia V GP, Limited, a company which is indirectly wholly-owned by Ms. Lam. Orchid Asia V Co-Investment Limited is wholly controlled by Ms. Lam.

**Mr. ZHAO Guibin (趙貴賓)**, aged 54, was appointed as a non-executive Director on 24 April 2020. Mr. ZHAO joined Suzhou Cowin Zhengde Investment Management Co., Ltd. (蘇州凱風正德投資管理有限公司) ("**Suzhou Cowin**") in June 2010 and currently serves as a General Manager. Mr. Zhao also serves as a director of Nanjing Sanchao Advanced Materials Co., Ltd (南京三超新材料股份有限公司), a company listed on the GEM market of the Shenzhen Stock Exchange (stock code (300054)), from May 2018 to April 2021.

As at the Latest Practicable Date, Mr. ZHAO indirectly holds 36.26% Suzhou Cowin through the company Huzhou Shitongzhenhe Enterprise Management Partnership (湖州時通臻和企業管理合夥企業).

Mr. ZHAO graduated from the National University of Defense Technology (國防科技大學) with a bachelor degree in computer application in July 1992 and received a master's degree in business administration from Nanjing University (南京大學) in July 2003.

**Mr. XIE Tian (謝天)**, aged 41, is a non-executive Director. He was appointed as a non-executive Director of the company on 29 November 2024. He is responsible for providing professional opinion and judgement to the Board. He has joined Baidu, Inc. (a company listed on the NASDAQ stock market and The Stock Exchange of Hong Kong Limited (NASDAQ: BIDU; HKEX: 9888), which is a substantial shareholder of the Company) since December 2014 and he is currently the general manager of Baidu industry search and intelligence business. Prior to that, Mr. Xie worked at Jike Search as technical director and Soudoushi Network as vice president of technology. He received a bachelor degree in computer science and technology from Jilin University in China in 2006.

Mr. Xie obtained legal advice as required by Rule 3.09D of the Listing Rules on 15 November 2024 and confirmed that he understood his obligations as director of the Company.

**Mr. XIAO Yang (肖陽)**, aged 45, was appointed as a non-executive Director of the Company on 23 June 2022 and resigned on 29 November 2024. He worked for Baidu, Inc. (a company listed on the NASDAQ stock market and the Hong Kong Stock Exchange (NASDAQ: BIDU; HKEX: 9888)) since 2004 and held various positions at Baidu, Inc. In 2004, he was responsible for the fundamental relevance of web search engine, anti-spam, link analysis, indexing, etc, built up and developed the core technology team of Baidu search. As a senior manager, he took charge of Japanese product technology & operation team in 2007. In 2010, he served as director and senior director of International Business Unit, and was responsible for formulating and implementing international strategy, building and cultivating product, R&D, operation, and local teams, advancing international business on all fronts. In 2019, he served as Vice President of Baidu, Vice President of the Group and head of User Product Architecture Platform, Quality Assurance & Efficiency Platform and Search platform of Mobile Ecosystem Group ("**MEG Group**"). He graduated from Tsinghua University (清華大學) with a Master's degree in Computer Science and Technology.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. ZHANG Lihong (張禮洪)**, aged 53, is the independent non-executive Director since June 2018 and is responsible for providing independent advice and judgment to the Board. He also serves a member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. Mr. Zhang has been teaching civil and commercial law at East China University of Political Science and Law since December 2003, and is currently a professor in the same university. Mr. Zhang has extensive knowledge and background in civil and commercial law will contribute to the internal control, compliance and corporate governance aspects of our Company's operations.

Mr. Zhang obtained a bachelor's degree in economics from China University of Political Science and Law in 1992, a master's degree in civil and commercial law from China University of Political Science and Law in 1995, and a doctorate in Civil Law and Roman Law from University La Sapienza of Rome in 2003.

Mr. Zhang obtained his qualification as a lawyer in the PRC in 2010.

**Mr. CAO Zhiguang (曹志廣)**, aged 51, is an independent non-executive Director since June 2018 and is responsible for providing independent advice and judgment to the Board. He also serves as a member of our Audit and Risk Management Committee and Nomination Committee and the chairman of our Remuneration Committee. Mr. Cao has been teaching applied finance in Shanghai University of Finance and Economics since 2003.

Mr. Cao obtained a bachelor's degree in chemistry from East China Normal University in 1996, a master's degree in analytical chemistry from East China Normal University in 1999, and a doctorate in management science from Fudan University in 2003. Mr. Cao has extensive knowledge and background in finance will contribute to the financial and accounting aspects of our Company's operations.

Mr. Cao obtained the qualification certificate for college teachers in the PRC in 2005.

**Mr. WONG Man Chung Francis (黃文宗)**, aged 60, is the independent non-executive Director since June 2018 and is responsible for providing independent advice and judgment to our Board. He also serves as the chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee.

Mr. Wong has been serving as an independent non-executive director of the following companies listed on the Stock Exchange: Shanghai Dongzheng Automotive Finance Co., Ltd. (HKSE: 2718) since 24 February 2020 till the listing of the company was cancelled on 29 April 2024; IntelliCentrics Global Holdings Ltd. (HKSE: 6819) since 23 January 2020 till the company withdrawal of listing on 8 May 2024; Hilong Holding Limited (HKSE: 1623) since 24 March 2017; GCL-Poly Energy Holdings Limited (HKSE: 3800) since 1 April 2016 and resigned on 31 May 2022; Greenheart Group Limited (HKSE: 094) since 2 July 2015; Integrated Waste Solutions Group Holdings Limited (HKSE: 923) since 10 October 2013; Digital China Holdings Limited (HKSE: 861) since 23 August 2006 and resigned on 27 June 2024; Wai Kee Holdings Limited (HKSE: 610) since 9 August 2004; and China Oriental Group Company Limited (HKSE: 581) since 25 August 2004.

Mr. Wong is a Certified Public Accountant (Practising). He was admitted as a Certified Public Accountant in 1990, and obtained a master's degree in accounting from Jinan University (暨南大學), the PRC, in 2005. Mr. Wong is currently a fellow member of the Chartered Association of Certified Accountants of the United Kingdom, the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the Society of Chinese Accountants and Auditors, and a Certified Tax Advisor of the Taxation Institute of Hong Kong.

## OUR SENIOR MANAGEMENT

See disclosure in "Board of Directors and Senior Management – Our Directors" for the biographies of Mr. Deng, Mr. Tian and Mr. Gao.

**Mr. QIU Zhenyi (邱振毅)**, aged 46, was appointed as president of the Group on 20 June 2023. He is mainly responsible for the daily operations and collaborative development of various business sectors.

Mr. Qiu participated in the establishment of Shanghai Group Buying Network in 2005, and joined the Group in 2007 and has since held the positions of the head of technology, operations, market and user, Interior Design & Construction (IDC) platform business, as well as CTO, CMO.

Mr. Qiu led the establishment of Qeeka technical architecture system, marketing and user operation system, as well as the research, design, and development of various product lines, promoting the construction and continuous development of multiple innovative business lines from 0 to 1. During the period in charge of Interior Design & Construction (IDC) platform business, he led the design of the SaaS-based system of Qeeka to assist merchants in digital transformation, which accelerated the successful transformation of Qeeka from an e-commerce company to SaaS enabled solution platforms.

Mr. Qiu holds a master's degree in software Master of Engineering from the University of Electronic Science and Technology of China, has won a number of software copyrights and patents, and has led the compilation of a series of encyclopedias on household decoration science.

## JOINT COMPANY SECRETARIES

**Mr. TIAN Yuan (田原)**, an executive Director, was the joint company secretary and the authorised representative of the Company since August 2019.

Biographies of Mr. Tian was disclosed in "Board of Directors and Senior Management – Our Directors".

**Ms. LEUNG Kwan Wai (梁君慧)** was our joint company secretary since June 2021. Ms. Leung is currently a senior manager of Company Secretarial Services of Tricor Services Limited.

Ms. Leung has over 15 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Leung is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (CGI) (formerly The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

# Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year of 2024.

## CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

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 business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code.

Save as disclosed herein, the Company has been in compliance with the code provisions set out in the CG Code.

## THE BOARD

### Responsibilities

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference.

### Delegation of Management Functions

The major powers and functions of the Board include, but are not limited to, convening the general meetings, reporting its work at the general meetings, implementing the resolutions passed at the general meetings, considering and approving the operating plans and investment plans of the Company, formulating the Company's strategic development plans, formulating annual financial budgets and final accounts plans, formulating profit distribution plans and plans on making up losses, and exercising other powers and functions as conferred by the Memorandum and Articles of Association.

All Directors have full and timely access to all the information of the Company and advices from the joint company secretaries and senior management of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board is responsible for making decision with respect to the strategic plans, major investment decisions and other significant operational matters of the Company, while responsibilities with respect to the implementation of the decisions of the Board, day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to entering into any significant transactions.

## Composition of the Board

The Board currently comprises nine Directors:

**Executive Directors**
Mr. DENG Huajin *(Chairman and Chief Executive Officer)*
Mr. TIAN Yuan
Ms. SUN Jie[1]
Mr. GAO Wei[2]

**Non-executive Directors**
Mr. ZHOU Wei[3]
Mr. XIE Tian[4]
Mr. ZHAO Guibin
Mr. LI Gabriel[5]
Mr. XIAO Yang[6]

**Independent Non-executive Directors**
Mr. ZHANG Lihong
Mr. CAO Zhiguang
Mr. WONG Man Chung Francis

A list of members of the Board, their positions and dates of appointment, and each Director's biography have been set out in the section headed "Board of Directors and Senior Management".

All Directors, including non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

Ms. SUN Jie is the spouse of Mr. DENG Huajin. Save as disclosed in this annual report, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Directors.

## Chairman and Chief Executive Officer

Under code provision C.2.1 of part 2 of the CG Code, the roles of chairman and chief executive officer should be separated and performed by different individuals.

Up to the date of this annual report, the roles of Chairman and chief executive officer of the Company were not separated and Mr. DENG Huajin currently performs these two roles. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

## Independent non-executive Directors

During the year, the Company has three independent non-executive Directors in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. The number of independent non-executive Directors accounts for one third of the number of the Board members.

According to the Rule 3.13 of Listing Rules, the independent non-executive Directors have made confirmations to the Company regarding their independence during the Reporting Period. Based on the confirmations of the independent non-executive Directors, the Company considers each of them to be independent during the Reporting Period.

## Appointment and Re-election of Directors

Code provision B.2.2 of part 2 of the CG Code states that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Notes:

1. Ms. SUN Jie was appointed as an executive Director of the Company on 17 June 2024.
2. Mr. GAO Wei resigned as an executive Director of the Company on 17 June 2024.
3. Mr. ZHOU Wei was appointed as a non-executive Director of the Company on 19 November 2024.
4. Mr. XIE Tian was appointed as a non-executive Director of the Company on 29 November 2024.
5. Mr. LI Gabriel resigned as a non-executive Director of the Company on 19 November 2024.
6. Mr. XIAO Yang resigned as a non-executive Director of the Company on 29 November 2024.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Memorandum and Articles of Association.

Each of the executive Directors have entered into a service contract with the Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from the Listing Date or until the third annual general meeting of the Company since the Listing Date (whichever ends earlier). Either party has the right to give not less than three months' written notice to terminate the agreement.

Each of the non-executive Directors has entered into an appointment letter with the Company with an initial term for three years or until the third annual general meeting of the Company since the Listing Date, whichever ends earlier, subject to re-election as and when required under the Memorandum and Articles of Association unless terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

Each of the independent non-executive Directors has entered into an appointment letter with the Company with an initial term for three years or until the third annual general meeting of the Company since the Listing Date, whichever ends earlier, subject to re-election as and when required under the Memorandum and Articles of Association unless terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

In accordance with the Memorandum and Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new director appointed to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment. Any director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Article 16.18 of the Memorandum and Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

### Board Independence

The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board. All Directors have timely access to all relevant information as well as the advice and services of the joint company secretaries and senior management of the Company, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Any Director may seek independent professional advice in appropriate circumstances at the Company's expenses, upon reasonable request made to the Board. During the year ended 31 December 2024, the Board has reviewed the board independence mechanisms and considered that the implementation of the mechanisms was effective.

### Model Code for Securities Transactions

The Company has adopted the Model Code as the code of conduct for the Directors to conduct securities transactions. After making specific enquiry to all Directors, each of the Directors confirmed that he/she has fully complied with the required standard set out in the Model Code during the Reporting Period.

### Training and Continuous Professional Development of Directors

Each newly appointed director shall be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each director to discharge their duties. Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company have from time to time updated and provided written training materials relating to the roles, functions and duties of a director.

According to records provided by the Directors, a summary of training received by the Directors for the year ended 31 December 2024 is as follows:

| Name of Director | Training* |
|---|---|
| Mr. DENG Huajin | √ |
| Mr. TIAN Yuan | √ |
| Ms. SUN Jie | √ |
| Mr. GAO Wei[1] | √ |
| Mr. LI Gabriel[2] | √ |
| Mr. XIAO Yang[3] | √ |
| Mr. ZHOU Wei | √ |
| Mr. XIE Tian | √ |
| Mr. ZHAO Guibin | √ |
| Mr. ZHANG Lihong | √ |
| Mr. CAO Zhiguang | √ |
| Mr. WONG Man Chung Francis | √ |

Notes:

1. Mr. GAO Wei resigned as an executive Director of the Company on 17 June 2024.

2. Mr. LI Gabriel resigned as a non-executive Director of the Company on 19 November 2024.

3. Mr. XIAO Yang resigned as a non-executive Director of the Company on 29 November 2024.

* Each of the Directors has attended training sessions arranged by the Company on connected transactions, corporate governance and continuing obligations of listed companies and as directors. On top of the above-mentioned trainings, each of the Directors has also read materials prepared by external professional advisers on the same topics.

## Liability Insurance of Directors and Senior Management

The Company has purchased insurances for all Directors and members of the senior management to minimize risks that may be incurred in their normal performance of responsibilities.

## Directors' Responsibility on Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group for the financial year ended 31 December 2024.

The Directors are responsible for overseeing the preparation of consolidated financial statements of the Group with a view to ensuring that such consolidated financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the senior management the management accounts and such accompanying explanation and information as necessary to enable the Board to make an informed assessment for approving the financial statements.

## Board Meetings and General Meeting

The Company held 4 board meetings and one general meeting during the year.

Apart from regular board meetings, the Chairman of the Board also held one meeting with the independent non-executive Directors during the year in accordance with code provision C.2.7 of part 2 of the CG Code.

The attendance of the above meetings by each Director is as follows:

| Name of Directors | Attended/ No. of Eligible Meetings Board Meeting | Attended/ No. of Eligible Meetings Annual General Meeting |
|---|---|---|
| Mr. DENG Huajin | 4/4 | 1/1 |
| Mr. GAO Wei (resigned on 17 June 2024) | 1/4 | 1/1 |
| Mr. LI Gabriel (resigned on 19 November 2024) | 2/4 | 1/1 |
| Mr. XIAO Yang (resigned on 29 November 2024) | 3/4 | 1/1 |
| Mr. TIAN Yuan | 4/4 | 1/1 |
| Ms. SUN Jie (appointed since June 17, 2024) | 3/4 | N/A |
| Mr. ZHOU Wei (appointed since November 19, 2024) | 2/4 | N/A |
| Mr. Xie Tian (appointed since November 29, 2024) | 1/4 | N/A |
| Mr. ZHAO Guibin | 4/4 | 1/1 |
| Mr. ZHANG Lihong | 4/4 | 1/1 |
| Mr. CAO Zhiguang | 4/4 | 1/1 |
| Mr. WONG Man Chung Francis | 4/4 | 1/1 |

Notices for all regular Board meetings and the agendas and accompanying Board papers will be given to all Directors at least three days before the meetings in order that they have sufficient time to review the papers. Minutes of meetings are kept by the joint company secretary with copies circulated to all Directors or Board committee members for information and records. Directors who have conflicts of interest in a board resolution have abstained from voting for that resolution.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors/Board committee members. Draft and final versions of the minutes of each Board meeting and Board committee meeting are sent to the Directors/ Board committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors. All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner. Any Director can seek independent professional advice at the Company's expense after making reasonable request to the Board.

## BOARD COMMITTEES

### Audit and Risk Management Committee

The Audit and Risk Management Committee consists of three independent non-executive Directors, namely Mr. WONG Man Chung Francis, Mr. ZHANG Lihong and Mr. CAO Zhiguang. Mr. WONG, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairman of the Audit and Risk Management Committee.

The primary duties of the Audit and Risk Management Committee are:

- to propose the appointment or dismissal of the external auditor of the Company, and approve the remuneration and terms of engagement of the external auditor;
- to discuss with the external auditor the nature and scope of the audit and relevant reporting obligations and to facilitate communications and monitor the relationship between the internal audit department and the external accounting firm;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- to monitor integrity of the Company's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant reporting judgments contained therein;
- to review the Company's financial controls, risk management and internal control systems, discuss the risk management and internal control systems with the senior management;
- to review the Company's financial and accounting policies and practices; and
- to review other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Memorandum and Articles of Association, and as authorized by the Board.

During the year ended 31 December 2024, the Audit and Risk Management Committee held two meetings, at which the Company's interim results for 2024 and the annual results for 2023 and the relevant accounting principles and practices adopted by the Group were reviewed and discussed with the external auditors.

Code provision D.3.3(e)(i) of part 2 of the CG Code provides that the terms of reference of the audit committee shall have the terms that the members of the audit committee should liaise with the Board and senior management and the audit committee must meet at least twice a year with the auditor. The Company has included such terms in relevant terms of reference, and thus complied with the Code provision D.3.3(e)(i) of part 2 of the CG Code during the Relevant Period.

The attendance of the meetings by each member is as follows:

| Name of Members | Attended/ No. of Eligible Meetings |
|---|---|
| Mr. WONG Man Chung Francis | 2/2 |
| Mr. ZHANG Lihong | 2/2 |
| Mr. CAO Zhiguang | 2/2 |

## Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The Remuneration Committee consists of three independent non-executive Directors, namely Mr. CAO Zhiguang, Mr. ZHANG Lihong and Mr. WONG Man Chung Francis, and one executive Director, namely Mr. DENG Huajin. Mr. CAO currently serves as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are:

- to make recommendations to the Board on the Company's remuneration policy and structure for the Directors and senior management and on the establishment of formal and transparent procedures for developing remuneration policy;
- to make recommendation to the Board on the remuneration proposals of individual executive Directors and senior management;
- to review the Company's policy on expense reimbursements for the Directors and senior management;
- to review and/or approve the relevant share plans as set out in Chapter 17 of the Listing Rules; and
- to review other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Memorandum and Articles of Association, and as authorized by the Board.

One Remuneration Committee meeting was held during the year ended 31 December 2024.

The attendance of the meeting by each member is as follows:

| Name of Members | Attended/ No. of Eligible Meetings |
|---|---|
| Mr. CAO Zhiguang | 1/1 |
| Mr. DENG Huajin | 1/1 |
| Mr. ZHANG Lihong | 1/1 |
| Mr. WONG Man Chung Francis | 1/1 |

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs.

Pursuant to the code E.1.5 of part 2 of the CG Code, the following table sets forth the remuneration of the Directors and members of senior management categorized by remuneration group for the year ended 31 December 2024:

| Group (Note) | Remuneration (RMB) | Number of Individuals |
|---|---|---|
| 1 | 1–1,000,000 | 3 |
| 2 | 1,000,001–2,000,000 | 1 |

Notes:

Group 1 includes 2 Directors and 1 member of senior management of the Company.

Group 2 includes 1 Director of the Company.

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix D2 of the Listing Rules are set out in note 34 to the consolidated financial statements.

## Nomination Committee

The Nomination Committee consists of two independent non-executive Directors, namely Mr. ZHANG Lihong, Mr. CAO Zhiguang and one executive Director, namely Mr. DENG Huajin. Mr. DENG currently serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are:

- to formulate procedures and standards for the election of Directors and senior management, and make recommendations to the Board on the proposed procedures and standards;
- to make recommendations to the Board on the appointment or re-appointment of directors and succession plans for directors, in particular the chairman and the chief executive officer;
- to assess the independence of independent non-executive directors;
- to preliminarily examine the eligibility of candidates for directorship;
- to recommend to the Board concerning the membership of the Company's audit and remuneration committees, in consultation with the chairmen of those committees; and
- to review other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Memorandum and Articles of Association, and as authorized by the Board.

One Nomination Committee meetings was held during the year ended 31 December 2024, at which the Nomination Policy of the Company, the Board Diversity Policy and the nomination of the Company's president were reviewed and recommendations were made to the Board.

The attendance of the meeting by each member is as follows:

| Name of Members | Attended/ No. of Eligible Meetings |
|---|---|
| Mr. DENG Huajin | 1/1 |
| Mr. ZHANG Lihong | 1/1 |
| Mr. CAO Zhiguang | 1/1 |

According to the Nomination Policy, in evaluating and selecting any candidate for directorship, the Nomination Committee would consider the following criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon the receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

The Board has adopted the Board Diversity Policy. In designing the Board's composition, the Nomination Committee has considered Board diversity from a number of measurable objectives, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Such policy and objectives will be reviewed from time to time and at least on an annual basis to ensure their appropriateness in determining the optimum composition of the Board. The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and achieving sustainable and development for the Group. It also sets out the Board's commitment to gender diversity and other diversity aspects, with the ultimate goal of achieving gender parity on the Board. In particular, the Board has appointed[1] female director in 2024.

As of 31 December 2024, there is 1 female representation in the Board of the Group. As of 31 December 2024, the number of senior management is 1, consists of 1 male (100%) and 0 female (0%). As of 31 December 2024, the Group had a total of 367 female staff out of 707[1] employees, representing 51.9% of the employees of the Group. The Group will continue to take opportunities to increase the proportion of female board members and workforce over time as and when suitable candidates are identified.

We believe the Board has a well-balance of cultural background, educational background, industry experience and professional experience where members of the Board have diversified branch of learning and working experience in different countries and regions.

1 This total number of employees is based on the statistics as of 31 December 2024.

## CORPORATE GOVERNANCE FUNCTION

The Board recognizes that corporate governance should be the collective responsibility of Directors which include:

- to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the Listing Rules and disclosure in the Corporate Governance Report.

## JOINT COMPANY SECRETARIES

Mr. TIAN Yuan, the executive Director was appointed as a joint company secretary of the Company in August 2019, is the primary contact person of Ms. LEUNG Kwan Wai at the Company.

Ms. LEUNG Kwan Wai, a senior manager of Company Secretarial Services of Tricor Services Limited, has been engaged by the Company as a joint company secretary of the Company, and is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

During the year, the joint company secretaries of the Company, Mr. TIAN and Ms. LEUNG, actively participated in studies and updated their professional knowledge related to the Listing Rules and corporate governance to continuously improve their professional skills as company secretaries. They had complied with the requirements on taking no less than 15 hours of relevant professional training as set out in Rule 3.29 of the Listing Rules.

## EXTERNAL AUDITORS

PricewaterhouseCoopers are appointed as the external auditors of the Company. In addition, PricewaterhouseCoopers Business Consulting (Shanghai) Co., Ltd. (a member firm of PricewaterhouseCoopers) has provided other non-audit service to the Group in 2024.

For the year ended 31 December 2024, the external auditors received the following remuneration for audit and non-audit services provided to the Group in respect of the following:

| **Service rendered** | **Fees Payable (RMB'000)** |
|---|---|
| Audit service | 2,800 |
| Non-audit services | 130 |
| Total | 2,930 |

The statement of the external auditor of the Company about its reporting responsibilities for the Consolidated Financial Statements is set out in the "Independent Auditor's Report" on pages 94 to 100.

## RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Management

The Company is committed to establishing high level risk management and internal control systems to safeguard the Company's interests and shareholders' investment. We have established robust, comprehensive and technology-driven risk management to effectively manage and mitigate risks inherent in our business to protect us, our clients and our partners, as well as to meet regulatory obligations.

The Board assumes the ultimate responsibility for our risk management, internal control and compliance. Our risk management activities are undertaken and monitored by a risk management committee and supplemented by the legal and compliance department, internal audit department and other business departments. Our risk management committee is responsible for identifying, controlling and preventing major risks across our organization, as well as promulgating and ensuring compliance with risk management policies. We also have a compliance and risk management department with expertise in legal and regulatory, finance and internal audits to oversee our daily risk management activities.

The Board acknowledges that it is responsible for the risk management (including ESG risk) and internal control systems and reviewing their effectiveness and such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board, as supported by the audit and risk management committee, reviewed the risk management and internal control systems, including the financial, operational and compliance controls periodically and considered such systems are effective and adequate.

### Internal Control

The Company establishes an internal audit department with corresponding supervision and audit responsibility.

In 2024, the Company conducted a review of its risk management and internal control system. The method, findings, analysis and results of the evaluation have been reported to the risk management committee and the Board.

The Board discussed and considered the risk management and internal control system of the Company and was of the opinion that the risk management and internal control system of the Company was adequate and effective.

### Whistleblowing Policy

The Company has formulated a whistle-blowing policy to provide a safe and confidential reporting mechanism and to ensure that employees and those who deal with the Company to raise, in confidential, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

### Anti-Corruption Policy

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal anti-corruption department, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

## INVESTOR RELATIONS

### General Meetings and Shareholders' Rights

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meetings as such in the notices calling them. The extraordinary general meetings are convened irregularly. In accordance with the Memorandum and Articles of Association, an extraordinary general meeting shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or any one of the joint company secretaries for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholder(s) who wish to move a resolution may request the Company to convene an extraordinary general meeting in accordance with the procedures set out in the preceding paragraph. Detailed procedures for Shareholders to propose a person for election as a director of the Company are published on the Company's website (www.qeeka.com).

## Communication with Shareholders and Investors

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The Company has in place a Shareholders' Communication Policy. The Board had reviewed the policy and considered that the implementation of the policy was effective.

The Company has used the following methods to communicate with its shareholders:

- publication of announcements, interim reports and annual reports;

- publication of key corporate governance policies on the Company's website; and

- holding of annual general meeting and other general meetings of the Company.

To promote effective communication, the Company makes up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information available in the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.qeeka.com) for public access.

The general meetings of the Company provide a forum and an important channel for communication between the Board and the shareholders. The Chairman of the Board as well as chairman of the Nomination Committee, the Remuneration Committee and the Audit and Risk Management Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available normally at the annual general meetings and other relevant shareholder meetings to answer questions. Shareholders are also encouraged to attend general meetings held by the Company and are invited to express their views and raise questions thereat.

Shareholders should direct their inquiries about their shareholdings to Tricor Investor Services Limited, the Company's Hong Kong Share Registrar. Investors may also write to the Company at its principal place of business in Hong Kong or China for any enquiries.

The Company sets out the following contact details for Shareholders to communicate with the Company:

Mailing address:
Building 1, No. 1926, Cao An Highway,
Jiading District, Shanghai, PRC
Telephone number: 021-61747108
E-mail address: ir@qeeka.com

# 2024 Environmental, Social and Governance Report

## ABOUT THE REPORT

Since the release of the first Environmental, Social and Governance Report ("**ESG Report**") in 2018, the Group has released ESG Report for six consecutive years. We have reported the sustainability performance to stakeholders from environmental, social and governance perspectives in response to their concerns and expectations on the Group's ESG management.

### Reporting Scope

The reporting period of this report covers from 1 January 2024 to 31 December 2024 (the "**Reporting Period**"). Unless otherwise stated, this ESG report covers the Company and its subsidiaries, including the Group's primary businesses: (i) SaaS and Marketing service; (ii) Interior Design and Construction service; and (iii) Innovation and others. There is no significant adjustment to the reporting scope as compared to the *Environmental, Social and Governance ("**ESG**") Report included in the Qeeka Home (Cayman) Inc. Annual Report 2023*.

### Reporting Reference

The Report has been prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (the "**ESG Reporting Guide**") set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**HKEx**").

### Reporting Principles

The report is prepared in accordance with the following reporting principles:

- "Materiality": The Group determines material ESG issues through stakeholder engagement and materiality assessment, which have been disclosed in the report.
- "Quantitative": This Report follows the *ESG Reporting Guide* and refers to applicable quantitative standards and practices. In this Report, the measurement standards, methods, hypothesis and/or calculation tools, as well as the source of conversion factors for the key performance indicators ("**KPIs**") are explained accordingly (if applicable).
- "Balance": This Report follows the principle of "Balance" and provides an unbiased picture of the Group's ESG performance.
- "Consistency": Statistical methods and KPIs of the report are consistent with those of previous years.

### Information Source and Reliability Warranty

The data and cases in this Report are mainly derived from the Group's statistical reports, as well as relevant and internal documents. The Group undertakes that there is no false records or misleading statements in this Report, and bears responsibility for the truthfulness, accuracy and completeness of its contents.

### Confirmation and Approval

This Report was approved by the Board on 26 March 2025 upon confirmation by the management.

## ESG MANAGEMENT

### Statement of the Board

The Board recognizes the importance of ESG performance to the long-term and stable development of an enterprise, attaches great importance to ESG management and has established an effective ESG governance mechanism.

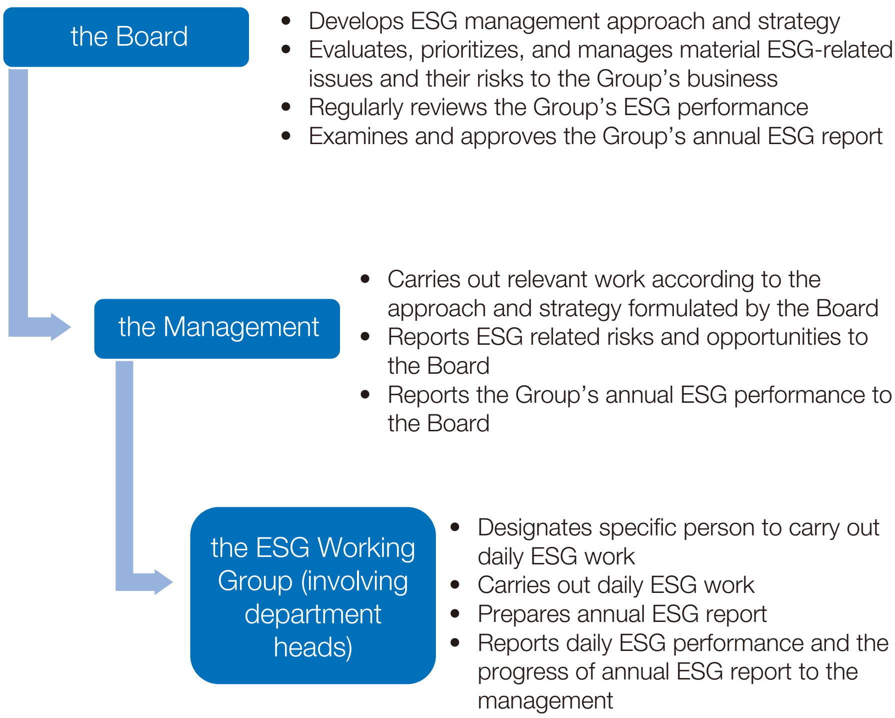
The Board is the highest responsible and decision-making body for the Group's ESG matters and is fully accountable for the Group's ESG strategy and reporting. The Board oversees the Group's ESG matters, regularly assesses and prioritizes the materiality of ESG issues, and confirms the focus of ESG work for the next stage, taking into account the results of communication with stakeholders, the Group's business development situation and operational strategies (please refer to the sections headed "Stakeholder Communication" and "Materiality Assessment" for details).

The Board regularly reviews ESG-related matters to understand the performance of ESG work and check the progress of achieving ESG objectives, and at the same time makes adjustments to the ESG work in light of business development and operational strategies to ensure that the ESG objectives are closely related to the Group's business.

The Board pays constant attention to changes in domestic and international laws, regulations and standards, and keeps abreast of market ESG development trends and needs to continuously improve the Group's ESG performance.

## ESG Governance Structure

Clear ESG governance is of great significance in ensuring sustainable operations, coping with unexpected crises and seizing development opportunities. The Group has formed a three-tier organization structure for ESG management comprising the Board, the management and the ESG working group, with clearly defined functions at each level. The Group continues to enhance the effective supervision of ESG governance in order to manage ESG-related matters more efficiently and accurately.




**ESG Governance Structure**

## Stakeholder Communication

Effective Stakeholder communication helps to drive the Group's business growth and promote the Group's ESG management. The group has identified essential stakeholder groups and adopted a diversified communication mechanism to communicate with them, actively responding to stakeholders' expectations of the Group, assisting the Group in adjusting the sustainable development strategies and enhancing ESG governance capabilities.

| Stakeholders | Communication mechanisms | Stakeholders' expectations |
|---|---|---|
| Governments and regulators | • Meetings<br>• Monitoring and inspections<br>• Policy consultation<br>• Reporting | • Compliance with laws<br>• Tax compliance<br>• Support local development |
| Shareholders | • Shareholders' meetings<br>• Financial reports<br>• Company official website<br>• Investor relations activities | • Shareholder returns<br>• Financial performance<br>• Corporate governance<br>• Risk control |

| Stakeholders | Communication mechanisms | Stakeholders' expectations |
|---|---|---|
| Customers | • Company official website<br>• After-sales service hotline<br>• Satisfaction survey | • Quality products and services<br>• Rights protection |
| Employees | • Employee training<br>• Employee activities<br>• Trade union<br>• Regular meetings and management communication | • Good salary and benefits<br>• Clear promotion channel<br>• Mature training system<br>• Healthy and safe working environment |
| Media | • Company official website<br>• Social media<br>• Press conference & networking sessions<br>• Site visits | • Product and service responsibility<br>• Social responsibility |
| Cooperating parties | • Communications and exchange visits<br>• Audits and assessments<br>• Supplier meetings and training | • Long-term partnership<br>• Fair, open and just bidding<br>• Transparent evaluation criteria |
| Community and society | • Public service activities<br>• Social media | • Community investment activities |

## Materiality Assessment

The Group conducted a materiality assessment in three steps, namely, issue identification, prioritization, and issue confirmation, in order to identify ESG issues that have a significant impact on the Group's own sustainable development and are of concern to stakeholders, and to form a materiality issue assessment matrix, which will help the Group to identify and manage ESG issues and actively respond to the expectations and concerns of stakeholders.

**Issue identification**

- The Group has identified 17 ESG issues with reference to the general disclosures and KPIs required by the *ESG Reporting Guidelines* and disclosures made by peer companies.

**Prioritization**

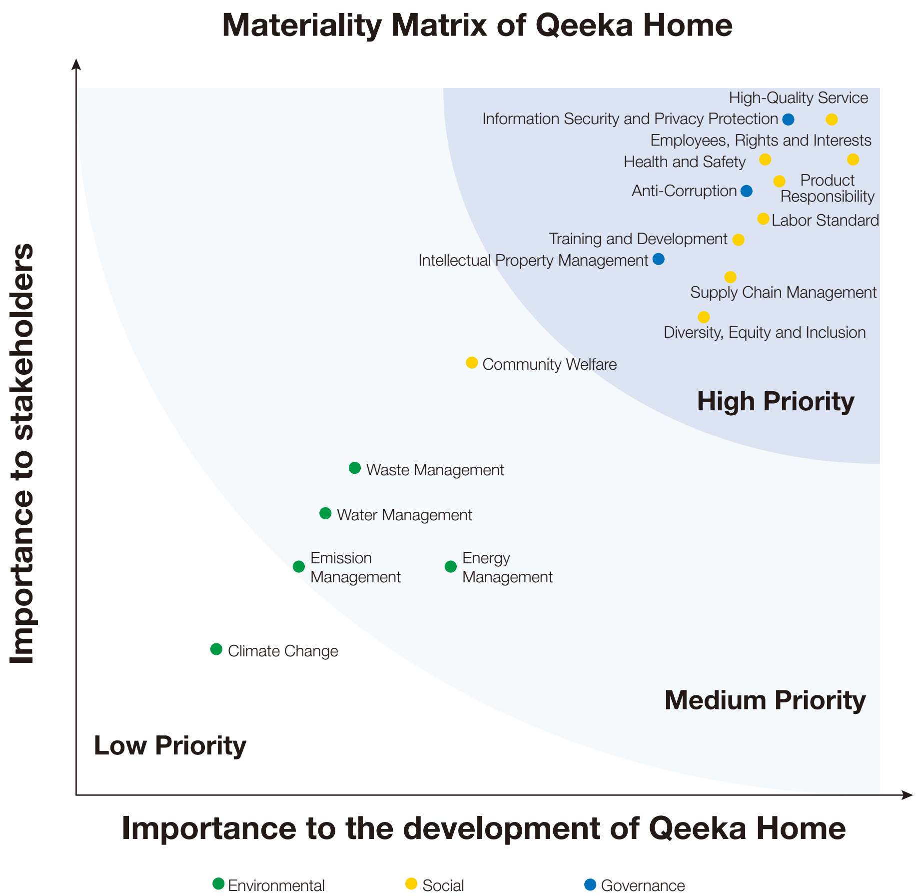
- The Group invited internal and external stakeholders to participate in an online questionnaire survey and ranked ESG issues from the perspectives of "Importance to stakeholders" and "Importance to the development of Qeeka Home," generating a materiality assessment matrix.

**Issue confirmation**

- The Group reviewed and confirmed the results of the materiality assessment.

The Group regularly analyses the materiality assessment results and takes the analysis as a critical consideration for the ESG management. During the Reporting Period, the Group reviewed the materiality assessment results of the previous year, and concluded that they were still applicable. Therefore, the Group still adopts such results in this report.

The results of the specific materiality assessment are set out below:




## 1 ENHANCING RESPONSIBLE OPERATION

Adhering to responsible operation, the Group takes various ways to effectively maintain the market order and raise brand image, such as building a culture of integrity, strengthening marketing compliance, guarding information security and protecting intellectual property. Besides, through meticulous management of suppliers, the Group seeks to jointly create a benign ecology of win-win cooperation to help enterprises grow steadily.

### 1.1 Integrity Culture

The Group believes that a well business order and a value of integrity and fairness lay a foundation for the sustainable development. The Group strictly abides by laws and regulations including *the Company Law of the People's Republic of China*, the *Bidding Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Interim Provisions on Banning Commercial Bribery*, and has formulated a number of internal management standards including the *Code for Integrity Management* and the *Code of Ethics and Conduct*, and the *Tenders and Bidding Management Policy*. This aims to effectively prevent and severely crack down unethical business conducts, create a fair and transparent market competition environment, and resolutely protect the Group's legitimate rights and interests from infringement.

The Group advocates integrity and self-discipline, and resists corruption or bribery in any form, with a zero tolerance for violations of laws and regulations to maintain the integrity image. The Group expressly prohibits employee favouritism in the *Employee Handbook*, and requires on-boarding new employees to sign the *Internal Integrity Agreement*. When an employee is found to have engaged in favouritism and fraud, or embezzlement or commercial bribery using the power of position, the Group has the right to terminate the employment relationship with them and hold them accountable. The Group had issued the *Measures for Reporting Incentives*, encouraging employees to report duty violations and breach of laws and regulations. The Group had undertaken to keep strict confidentiality of whistle-blowers' information, and hold malicious reporters accountable.

**Reporting channels for integrity:**

Hotline: 021-69108705 (9:30-17:30)
Email: fwjc@qeeka.com
Mailbox: Floors 3-4, Central Staircase, Headquarters Building
Express: Legal Supervision Department, No. 1926, Cao An Highway, Jiading District, Shanghai

The Group actively builds up the culture of integrity, so as to strengthen employees' awareness of integrity and safeguard the clean and upright corporate culture. During the Reporting Period, the Group communicated integrity requirements to employees from relevant departments through integrity training and conducted integrity training to all employees and directors regularly by mail. Such training includes, but is not limited to, the principles and policies for integrity management, calling on all personnels consciously abide by the moral "high line" and to adhere to the "bottom line" of business ethics and work discipline and uphold integrity.

**Case: Integrity Training of "Building a Defence Line for Integrity and Fairness"**

Actively responding to the integrity culture construction requirements for enterprises, the Group planned and carried out integrity training for the Cross-Border E-Commerce Project Department in September 2024. During the training, integrity concepts, corporate rules and relevant laws and regulations were interpreted and communicated, and typical cases on integrity of recent years were analysed and studied. To effectively expand employees' integrity literacy and enhance their awareness of integrity, trainees were required to sign the *Internal Integrity Agreement* after training.


Integrity Training

The Group is committed to creating a cooperative atmosphere based on integrity and efficiency. In the *Integrity Agreement* signed with partners, the Group clearly defines commercial bribery conducts and emphasises the responsibilities of both parties to jointly maintain a business environment of integrity and stick to the related obligations for whistle-blowing. This ensures that the Group and partners can adhere to business ethics and establish industry examples.

To enhance our anti-fraud capabilities, the Group is committed to enhancing the anti-fraud information sharing mechanism with the industry association. Since joining the "Enterprise Anti-Fraud Alliance" in 2020, the Group has established a "blacklist" of employees who have violated discipline. By doing so, we strengthen employees' integrity and ethical surveys, prioritise the recruitment of honest candidates, and refuse to employ those who violate laws and breach professional ethics. At the same time, in case of dishonest behaviours in breach of relevant laws, regulations or ordinances during the cooperation period, the suppliers will be announced to the public through the "Alliance Blacklist System".

During the Reporting Period, the Group had no serious cases involving violation of business ethics or corrupt practices brought against the issuer or its employees.

### 1.2 Marketing Compliance

Upholding the belief of responsible marketing, the Group strictly monitors the compliance of marketing contents. Attaching great importance to marketing compliance, the Group complies with the *Advertising Law of the People's Republic of China*, the *E-commerce Law of the People's Republic of China* and other relevant laws and regulations. Meanwhile, we have formulated the *Information Release Management Policy* to fully regulate the marketing contents, including but not limited to advertisements, images, marketing words, fonts, films and articles. This effectively keeps false marketing behaviours away, and ensures to deliver valuable and positive information to users based on legal and compliant marketing contents.

The Group has established strict review processes for the release of marketing contents, and has specified responsibilities for departments such as the Legal Department, the Technology Department, the Internal Audit Department and the Public Relations Department. By doing so, we avoid fiction, exaggeration and other marketing misconducts. For contents to be released on the Group's platforms, after the specialist assigned by each department compiles the contents, the reviewer should determine whether the contents are subject to the review of relevant departments. The contents will be released on the Group's platforms only after being reviewed by all parties involved. For contents to be released for external platforms, the Group applies the principle of releasing before review. Under the principle, the assigned specialist is required to initiate the "external releasing review" process on the day the contents are published on external platforms, and the responsible person of each department needs to complete review within 48 hours. In this way, we ensure the compliance and accuracy of the released contents.

The Group takes the initiative to promote the culture of marketing compliance by conducting marketing compliance publicity across the Group and inviting authoritative external institutions for marketing compliance training. This not only helps employees gain in-depth understanding of the updates and compliance standards on the release of marketing contents, but also improves employees' professional literacy in marketing. The Group also shares cases on illegal marketing on a company-wide basis. Through specific cases, we widely disseminate the knowledge of compliance and further strengthen the awareness of compliance marketing across teams.

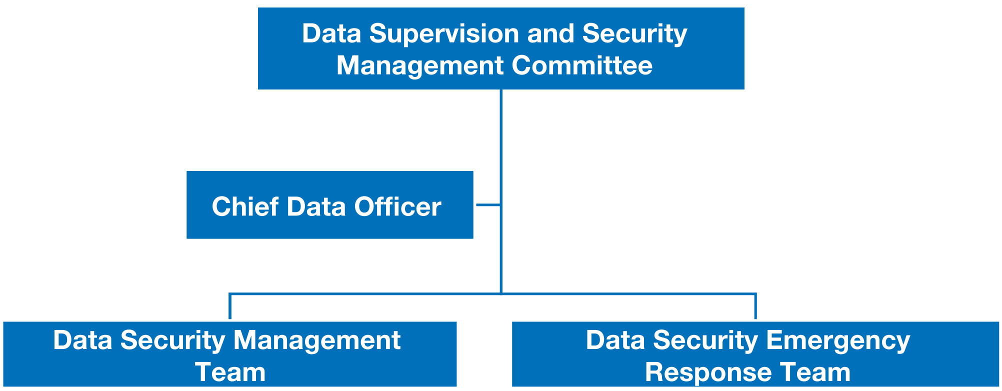
### 1.3 Information Security and Privacy Protection

The Group adheres to the highest standard of information security and privacy regulations, strictly abides by laws and regulations including the *Data Security Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China* and the *Provisions on Protection of Personal Information of Telecommunications and Internet Users*. The Group has also formulated regulations including the *Regulations for Users' Information Security Management*, the *Regulations for Network Security Management*, the *Regulations for Data Security Management* and the *Regulations for Emergency Processing of Network Security Events*, the *User Privacy Protection Policy and* the *Privacy Policy* to ensure intensive protection for information security and privacy, and to consolidate and deepen the trust with our partners. In addition, the Group keeps abreast of the latest changes in laws and regulations related to information security and privacy protection. During the Reporting Period, in accordance with the laws and regulations and our own business needs, we refined the information security management system. Accordingly, we formulated the *Chief Data Officer Policy* and the *Data Quality Management Standards* to further strengthen information security protection and promote continuous improvement of information security practices.

**Information Security**

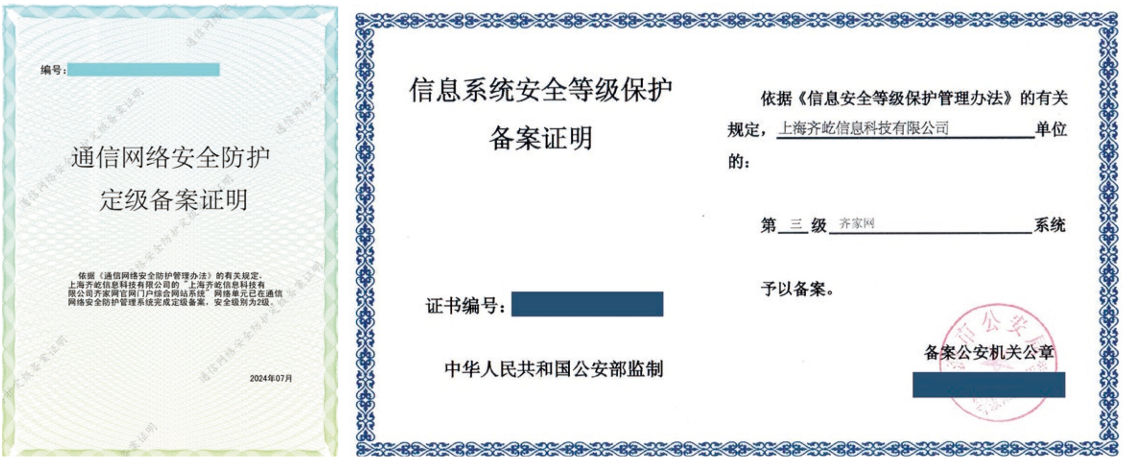
In order to deepen information security and data governance and strengthen data security supervision and management, the Group has established the Data Supervision and Security Management Committee for formulating and implementing the corporate data governance strategy. To effectively prevent and reduce data security risks, the committee has established the Data Security Management Team and the Data Security Emergency Response Team to take their own responsibilities. The Data Security Management Team is responsible for performing routine data security supervision and management to ensure that the data meets the highest security standards and compliance requirements throughout its life cycle, which involves data collection, storage, processing and transmission. The Data Security Emergency Response Team is responsible for constructing an efficient emergency response mechanism for data security, including formulation of emergency response plans, rehearsals and rapid response to emergencies.

To further enhance the professionalism and leadership in information security and data governance, the Group has established the position of Chief Data Officer. At the same time, the policies related to the Chief Data Officer has been polished to identify the personnel who serves as the Chief Data Officer and define the job duties. As a key member of the Data Supervision and Security Management Committee, the Chief Data Officer is responsible for the overall management of the Data Security Management Team and the Data Security Emergency Response Team to ensure systematic and collaborative management of data security. In addition, the Chief Data Officer has responsibilities for data security audit and training management, data security risk assessment and compliance management.




Organisational Structure of Information Security and Data Governance

To ensure the compliance of the information security system, the Group is actively engaged in information security certification. The Group has obtained the Level 3 certificate of the *Measures for Administration of Classified Protection of Information Security*. During the Reporting Period, the Group completed the "2024 security protection filing assessment". Our system was rated as the Level 2 management system for communication network security protection in accordance with the *Measures for Administration of Communication Network Security Protection*. In addition, in order to implement laws and regulations, the Group conducted and passed the compliance assessment for the official website.



编号：[redacted]

通信网络安全防护
定级备案证明

依据《通信网络安全防护管理办法》的有关规定，上海齐屹信息科技有限公司的"上海齐屹信息科技有限公司齐家网官网门户综合网站系统"网络单元已在通信网络安全防护管理系统完成定级备案，安全级别为2级。

2024年07月

信息系统安全等级保护
备案证明

依据《信息安全等级保护管理办法》的有关规定，上海齐屹信息科技有限公司单位的：

第 三 级 齐家网 系统

予以备案。

证书编号：[redacted]

中华人民共和国公安部监制

备案公安机关公章

[redacted]

Level 2 Communication Network Security Protection and Level 3 Certificate of Classified Protection of Information Security

The Group regularly follows up on internal and external information security audits. During the Reporting Period, the Group conducted a number of internal audits, including special audit on information security, special assessment and audit on data security risks, and special audit on personal privacy and user rights and interests. By comprehensively assessing information security risks through multiple rounds of special inspections, the Group managed to carry forward information security risk control. To comprehensively assess the compliance and effectiveness of information security, the Group received a number of external audits, including security assessment for the protection and management system for communication network security, and security assessment for classified protection.

In response to the special campaign "Data Security in Shanghai" organised by the Shanghai Communications Administration, the Group intensifies regular detection and trace for data security incidents. We have built an independent internal data audit platform, and enhance our internal emergency response system and daily management, so as to continuously improve our data security regulation capabilities and strengthen our governance of data security risks. During the Reporting Period, the Group took the initiative to carry out self-inspection and self-correction for the security protection of personal information and important data. We strengthened the supervision and inspection of the construction and implementation of the data security system, and promoted the classified protection mechanism for various types of data to improve the data protection measures.

The Group continuously conducts information security related training for employees to expand their knowledge base and enhance their ability to cope with information security risks. In 2024, the Group endeavoured to enhance the information security literacy of employees in all aspects through internal publicity and external training. The Group organised internal experience sharing sessions for all employees to deepen their understanding and alertness to information security risks through case studies. At the same time, the Group actively cooperated with external organisations specialising in the field of information security. During the Reporting Period, the Group participated in four information security and data security training sessions organised by the Shanghai Communications Administration. Through the training, we broadened the horizons of our employees, ensuring that our information security training system could keep pace with the industry.

**Case: Information Security Awareness Training for Employees**

In 2024, in response to the increasingly severe information security challenges, the Group organised an information security awareness training for employees. The training covered basic concepts, laws and regulations, internal and external threats, practical lessons, and daily cybersecurity habits. During the training, basic knowledge was explained to improve preventive skills; relevant laws and regulations were interpreted to enhance legal awareness. Meanwhile, internal and external threats were analysed to provide coping strategies; real cases were studied to raise employees' attention to information security. In addition, daily habits such as updating passwords on a regular basis were emphasised to prevent network risks. This training was of great significance. It not only improved the information security literacy of our employees, but also built a solid defence line for corporate information security and promoted the culture of information security.

Information Security Awareness Training for Employees

**Privacy Protection**

In terms of privacy protection, while promoting the business development, the Group continuously strengthens user information protection and optimises the management measures for user rights and interests. To effectively protect the rights and interests of users, the Group promises to adhere to the principle of "lawfulness, legitimacy, and necessity", ensuring that users have the right to know and the right to choose. Before collecting information, the Group clarifies the content of the information to be collected, obtains the user's authorization, and adopts the principle of minimal collection of information. When users believe that their privacy has been infringed upon, they can refer to the *Infringement Complaint Guidelines* disclosed on the Group's website to file a complaint or report. In addition, the Group has signed confidentiality agreements with suppliers and employees, which clearly stipulate the scope of information that should be kept confidential and the confidentiality obligations of each party in the course of cooperation or employment relationship, as well as the consequences of violating the confidentiality obligations. The Group regularly reviews the privacy policies of various application services and from time to time updates and discloses the security risks, personal information security impact assessment reports and other relevant contents on its official website to ensure that users' private information is strictly protected.

## 1.4 Intellectual Property Management

The Group attaches great importance to the protection and efficient management of intellectual property rights. We have established comprehensive systems to provide solid protection and taken a series of management measures to strengthen the protection. We have also organised daily publicity and training to enhance employees' awareness to build a solid defence line for the protection of intellectual property rights.

The Group strictly complies with laws and regulations including the *E-Commerce Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*. The Group has also formulated regulations including the *Management Standards for Intangible Assets*, the *Application Rules of Qeeka Home Model Image*, the *VI Image Recognition Manual*, the *Application Rules of Qeeka Home IP Image "Qi Qi Li" Usage Specification* and the *Provisions on the Operation and Management of Decoration Business Partners*. The Group has clearly stipulated the criteria for the reasonable use of intellectual property rights by employees and partners in business activities to ensure that intellectual property rights are utilised legally, compliantly and efficiently. This can further raise the Group's brand image and market competitiveness.

The *Provisions on the Operation and Management of Decoration Business Partners* stipulates the rules for the use of the Group's advertising VI resources for the partners, including the expressions, use duration and scope, and non-compliance treatment. Random visits and sampling are arranged to ensure the compliance with the advertising VI resources used by the partners. The *Application Rules of Qeeka Home IP Image "Qi Qi Li" Usage Specification* stipulates the textual expressions, material use and precautions for employees when using the IP image.

While establishing and effectively protecting our IP system, we always respect others' IP rights. We carry out rigorous IP due diligence at the outset of a new project, and conduct detailed patent searches and analyses to review existing patents. This aims to avoid infringing others' IP rights. For content creation and marketing, the Group has set strict usage standards and insists on the purchase of genuine fonts and libraries. In addition, when purchasing keywords for online advertising, the Group has established a strict review mechanism and conducts trademark searches in advance through authoritative platforms such as Qichacha and trademark publication websites. This is to prevent legal risks arising from the mistaken purchase of registered trademark keywords. In collaborative projects, the Group signs agreements with partners that clearly state that any materials they provide for advertising must be original works or accompanied by legal permissions for use. In this way, we can eliminate disputes over IP infringement at the source and protect the interests of both parties from infringement.

To enhance employees' awareness of IP protection and establish a well-working IP culture, the Group regularly invites IP experts to deliver training to employees. We also updates employees on IP protection via email themed on "Legal Compliance Guidelines". Such updates will analyse and summarise typical cases of IP infringement, and list out IP laws and regulations that are easily breached in daily operations.

**Case: IP Protection Training**

In 2024, the Group engaged a law firm to provide IP training covering laws and regulations, common infringement issues, compliance strategies and rights defending measures. Through in-depth analysis of platform rules and cases, the training not only enhanced employees' sensitivity and ability to respond to IP protection, but also strengthened their legal awareness. This is a strong support for the Group to maintain healthy development in the global market and enhance international competitiveness.


IP Protection Training

The Group also collects IP cases of suspected infringement through reporting channels, and encourages employees to report suspected infringement of the Group's IP discovered in their lives and at work.

As of the end of the Reporting Period, the Group had 287 registered trademarks, 119 software copyrights, 10 copyrights of works and 18 patents.

### 1.5 Supplier Management

The Group is committed to continuous improvement in supplier management with the aim of controlling the quality of products and services at source. The Group has formulated regulations including the *Regulation for Review of Partner Qualification*, the *Criteria for Assessment of Partner Qualification*, the *Brausen Investment Inviting System*, the *Supplier Management Procedure*, the *Supplier Access and Rating Management System* and the *Brausen Supplier Cooperation Code and Assessment Review* to rigorously review our suppliers' qualifications and regularly evaluate their performance. Our supplier admission, evaluation and termination processes are tightly controlled. We also share information, technology and resources with our suppliers to build long-term, mutually beneficial relationships.

| | |
|---|---|
| Supplier access | • We require suppliers to provide qualification documents including a copy of business license, trademark certification, product testing report, bank account information, etc., so as to screen qualified suppliers;<br>• The Group conveys the concept of sustainable development by incorporating social risk indicators into supplier access, including firefighting facilities at factories, R&D team, information regarding social insurance for production technicians. |
| Supplier management | • The Group reviews suppliers in five dimensions: integrity, sales, orders, delivery, settlement and quality. We provide a comprehensively score from their integrity performance, product quality, contract performance, on-site management, documents preservation, customer complaints and environmental performance. |
| Supplier elimination | • Based on the score, the Group promptly penalises and eliminates disqualified suppliers due to non-compliance. |

Supplier Management Process

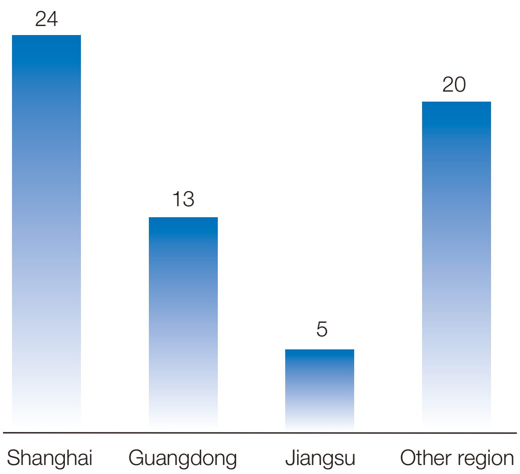
In order to continuously improve the effectiveness of our supplier management, we are constantly improving our supplier management system and implementing a refined hierarchical management strategy. Suppliers are classified into Category I (strategic partners), Category II (regional partners) and Category III (others). This helps to optimise resource allocation and sharpen our competitive edge in the supply chain.

We are committed to creating a sustainable supply chain and raising safety and environmental standards. We are strict in selecting auxiliary materials suppliers to ensure that a big proportion of their products have acquired China Compulsory 3C certification or EU CE certification, to protect product quality and safety. In addition, the Group is continuously introducing greener building materials through the "Qi Qi Li Auxiliary Materials Platform". This aims to contribute to a greener supply chain, provide customers with eco-friendly and competitive products, and enhance risk resilience.

3C and CE Certification

For cross-border business, we are active in seeking more suppliers. We value co-development and mutual benefit with suppliers, and support them with technical assistance and through standard alignment, to help them produce products that meet stricter overseas requirements and effectively expand their overseas sales channels. By working hand in hand and growing together with our suppliers, we not only facilitate the steady expansion of our own business, but also contribute to the internationalisation of the upstream and downstream players in the supply chain.

As of the end of the Reporting Period, the Group had a total of 62 suppliers by geographical regions:




In 2024, the Group reviewed 62 suppliers (with audit coverage of 100%), and eliminated 14 suppliers due to business restructuring and product iteration.

## 2 DELIVERING WONDERFUL DECORATION EXPERIENCE

Adhering to the concept of "customer first", the Group is committed to improving the industry's efficiency and user experience. Supported by a large number of outstanding decoration service providers, we are subjecting our products to strict quality control and standardising our customer complaint handling process. The aim is to provide home decoration customers with cost-effective and high-quality decoration solutions and to promote the healthy development of the industry.

### 2.1 High-quality Services

To meet users' needs and expectations, the Group continues to optimise content and product services. We guide users in their decoration decision-making and provide them with a reassuring service experience. We also adhere to our consistent user service philosophy to respond to users' requests.

**Excellent Content and Product Services**

Our primary businesses include SaaS and marketing services, interior design and construction services, and innovative and other services. We have built strong service capabilities in the three business segments, and continue to improve our services.

For SaaS and marketing services, we have built an ever-expanding and evolving home decoration content ecosystem based on the Internet that focuses on user experience. By deepening the self-media layout, sharing images, and accumulating decoration diaries and decoration knowledge, we have accumulated a large amount of user data and high-quality home decoration content, which is a great help to users in their decision-making. For example, the Group conducts "Owner Decoration Competition" to encourage them to share decoration experience and express their feelings. This has provided guidance for services enhancement of the Group and borrowable decoration experience for other users.

The Group focuses on the research and development of production processes and manufacturing solutions and provides services such as free home measurement, design and quotation, and one-to-one construction. In addition, our innovative solutions such as "Qijia Bao", "Third-Party Supervision", and "Environmental Construction Site Material Manager" provide users with a reassuring decoration experience.

In terms of interior design and construction services, the Group positions itself as a mid-to-high-end provider, offering customers one-stop home decoration solutions. Meanwhile, the Group mainly provides interior decoration services for finished residences, hotels, commercial properties and office spaces.

In terms of innovative and other services, as the business layout adjusts, the Group is actively exploring the cross-border e-commerce business in the North American market and entering into cooperation agreements with renowned companies at home and abroad. This, as a new way to go global, is to pool each other's price, brand and service advantages, and select the optimal building materials, auxiliary materials and decorations.

**Complaint Management**

We carefully listen to users' voices and promptly respond to their needs, to effectively address their concerns. We strictly comply with laws and regulations including the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* etc. The Group has also formulated regulations including the *Policy for Handling of Customer Complaints*, the *Administrative Measures for Complaint Handling*, the *Procedures for Daily Complaint Handling by Personnel*, the *Process of Customers' Complaint Management*, and the *Process of After-decoration Services*. By doing so, we strive to protect customer rights and interests and meet their needs. During the Reporting Period, we formulated the *Executive Rotation Policy* and initiated a customer complaint handling mechanism involving key executives. They are required to understand the typical reasons and handling process for customer complaints and address the complaints. The aim is to resolve key customer complaints in a timely and effective manner, optimise our business operating system, and provide better user services and experience.

In terms of complaint handling, the Group has provided channels including 400 customer service hotline, online customer service, and direct access via APP. We track users' negative comments or feedback about the Group on new media platforms such as Rednote, Douyin, and Black Cat Complaint, and respond to users' feedback and requests in a timely manner to improve our services.

The Group has assigned corresponding customer complaint staff in different business segments to specifically address the customer's problems and needs. The customer complaint staff strictly complies with the *3.1.5 Service Commitment* and handles the customer's complaints according to the criteria of response in 3 hours, preliminary plan in 1 day, and finished processing in 5 days. The Group maintains 24-hour customer service and improves the efficiency of consumer dispute settlement.

The Group has also set KPIs for customer complaint specialists based on the *Customer Complaint Assessment Policy*, including complaint settlement rate, process optimisation rate, and customer call back rate, to continuously improve efficiency and quality of customer service. We also carry out manual quality checks to track the handling of complaints and maintain a stable and high standard of service quality.

During the Reporting Period, the Group received a total of 66 complaints from China Consumer Association and 59 complaints from media. More than 95% of these complaints had been well handled, and the rest are under processing.

## 2.2 Quality Management and Control

The Group attaches great importance to the quality assurance throughout home decoration. We strictly comply with laws and regulations including the *Product Quality Law of the People's Republic of China*, the *Code for Construction of Decoration of Housings (GB 50327-2015)*, the *Code for Construction Quality Acceptance of Building Decoration (GB 50210-2018)*. The Group has also formulated regulations including the *Standards for Construction Site Images of Qijia Bao, the Eighteen Safety Hazard Checks of Qijia Bao*, the *Daily Workflow Supervision of Qijia Bao*, the *Ten Civilised Construction Inspections of Qijia Bao*, the *Supervision Management Policy* and the *Supervision Assessment Standards of Qijia Bao*. By doing so, we ensure the quality of building materials and engineering.

In respect of material selection, the Group pays extra attention to material safety. According to the Indoor *Decorating and Refurbishing Materials – Limit of Formaldehyde Emission of Wood-based Panels and Finishing Products (GB 18580-2017) and the Formaldehyde Emission Grading for Wood-based Panel and Finishing Products (GB/T 39600-2021)*, the Group introduces board materials with lower formaldehyde emission than the mandatory national standard to provide customers with reassuring choices.

In respect of quality inspection of building materials, the quality inspector is required to verify the correspondence between the model and the quantity, and inspect the appearance, size, assembly requirements, etc. In respect of internal inspection, products are sent to a third party for professional monitoring. Parameters such as appearance and safety requirements are tested to ascertain the presence of defects and compliance with technical requirements. On this basis, the Group arranges a monthly quality inspection to check the quality performance of the shipped products and panels. The Group will initiate the product tracing process when facing a quality problem. Disqualified finished products will be returned to the manufacturer, who is responsible for compensating for the economic losses caused by such disqualification.

In respect of construction, the Group launches the user protection system "Qijia Bao", which provides users with services including funds trusteeship, third-party supervision and quality inspection, and construction insurance. The system has become the standard service for protecting users' rights and interests, leading the industry. "Qijia Bao" provides users with four supervision services to protect their rights and interests, including Project Kick-off Meeting and Briefing, as well as Inspection and Acceptance of Water and Electricity Engineering, Inspection and Acceptance of Masonry and Carpentry Works, and Final Acceptance Inspection. Within one week of the completion acceptance, the Group arranges a specialist to learn about user satisfaction on the services and the compliance of the supervision.

**Project Kick-off Meeting and Briefing**

Process description: The supervisor introduces the service standard of "Qijia Bao" to the user, and guides the user to view the service content using the APP mobile terminal.

Inspection of the original housing conditions: The Supervisor supervises the on-site material arrangements, inspects the original housing conditions in accordance with the *Standards for Construction Site Images of Qijia Bao*, and puts forward reasonable suggestions based on the owner's needs and construction plans.

Node confirmation: The Supervisor is responsible for supervising the construction duration and schedule agreed by both the construction party and the owner and providing the precautions for construction. The confirmation of the *Project Kick-off Meeting and Briefing Confirmation Form* is completed by the owner, the construction party, and the supervisor.

**Inspection and Acceptance of Water and Electricity Engineering**

Repair inspection: The Supervisor checks the repair of the original housing problems based on the previous inspection results to ensure compliance with the subsequent construction requirements.

Acceptance for water and electricity works: The Supervisor introduces the acceptance process, standards and precautions to the owner and the construction party, and performs the quality acceptance of the current phase according to the acceptance standards.

Acceptance for disqualified works: The Supervisor gives rectification advice and orders the construction party to rectify within a limited period in case of any disqualified works in construction.

On-site management for disqualified works: The Supervisor strictly inspects safety hazards in construction sites in accordance with the *Eighteen Safety Hazard Checks of Qijia Bao*, and inspects the site hygiene and material stacking in accordance with the *Ten Civilised Construction Inspections of Qijia Bao*. In addition, the Supervisor gives rectification advice and orders the construction party to rectify within a limited period.

Node confirmation: The Supervisor provides precautions for next construction phase to the owner and the construction party and signs the *Phase Acceptance Sheet of Water and Electricity Engineering* with the other two parties.

**Inspection and Acceptance of Masonry and Carpentry Works**

Acceptance for masonry and carpentry works: The supervisor introduced the acceptance process, standards and precautions to the owner and the construction party. Then the supervisor will perform the quality acceptance according to the standards of Qijia Bao in this regard.

On-site management for disqualified works: The Supervisor strictly inspects the compliance of safety hazards management, hygiene, and material stacking in construction sites in accordance with the *Eighteen Safety Hazard Checks of Qijia Bao* and the *Ten Civilised Construction Inspections of Qijia Bao*. Accordingly, the Supervisor orders the construction party to rectify disqualified works.

Rectification inspection: The Supervisor checks the disqualified works accepted in previous phase, and continues to track such works until they are qualified.

Node confirmation: The Supervisor provides precautions for next construction phase to the owner and the construction party and signs the *Phase Acceptance Sheet of Masonry and Carpentry* Works with the other two parties.

**Final Acceptance Inspection**

Final acceptance inspection: The supervisor introduces the process, standards and precautions of this acceptance to the owner and the construction party, and conducts quality acceptance in accordance with the acceptance standards of Qijiabao.

Rectification inspection: The Supervisor checks the disqualified works accepted in previous phase, and continues to track such works until they are qualified.

Node confirmation: The Supervisor signs the *Final Acceptance Inspection Sheet* with the other two parties and concludes the supervision services.

To help our decoration partners build key skills for various scenarios to meet user needs, we have launched the “Qijia Business School” training series. The training covers plumbing, carpentry, painting and tiling and their acceptance standards, and provides decoration companies with multi-dimensional improvement solutions such as training, tools, hands-on training and process modification. This helps to improve their overall reputation.

“Green”, “low carbon” and “environmental” have become important considerations for consumers when choosing household products. To seize the opportunities presented by green consumption, the Group has launched the “Green Construction Site” project. The project requires decoration companies to build effective green construction management systems and draw up green construction plans containing measures for environmental protection and for materials, water and energy conservation. The project also requires the companies to provide green training for their construction personnel, select materials with higher environmental protection grades, promote materials conservation and recycling, and conserve water and control dust, noise and harmful gases at the construction site. In this way, a green construction atmosphere can be created to improve the green performance of the entire construction process. The “Green Construction Site” project aims to raise environmental awareness in the decoration industry, create a healthier and greener living environment, and encourage the home decoration industry to develop in a more environmentally friendly manner.

During the Reporting Period, the Group did not have any products recalled for reasons of safety and health.

## 2.3 Industry Recognition

Our commitments to quality projects, innovative services, digital development and social responsibilities have earned us a number of home decoration awards in recognition of our work over the past year. Meanwhile, the Group will continue to play an active role in setting home decoration standards and promoting the high-quality development of the industry.

**Industry Honours**

| Time | Honours | Issuers |
|---|---|---|
| January 2024 | Shanghai E-Commerce Demonstration Enterprise | Shanghai Municipal Commission of Commerce |
| March 2024 | 2023 Advanced Advertising Review Unit | Shanghai Joint Conference on Combating False and Illegal Advertisements |
| May 2024 | Heino Award –2024 (Industry) Leading Brand Award | Committee of Brand Innovation and Development Conference |
| October 2024 | 2024 China's Top 100 Home Decorators | China Furniture & Decoration Chamber of Commerce |
| November 2024 | Honour Awards – 2024 Responsible Internet Companies | Committee of the Social Responsibility Conference |
| December 2024 | Most Valuable Social Service Company | Zhi Tong Finance |
| January 2025 | 2024 Digital Economy Influential Brand of the Year | 2024 5th Sci-Tech Innovation Festival |
| January 2025 | 2024 Responsible Brand of the Year | Organising Committee of the 14th Philanthropy Festival |

**Win-Win Achievements**

As an industry leader, the Group is fully committed to its leadership role. We actively engage in industry organisations, assume significant functions, and participate in the revision and formulation of industry standards to contribute to the industry development.

The Group has joined the following organisations:

- Mr. DENG Huajin, the Chairman of the Board, an Executive Director, and the Chief Executive Officer of the Group, served as the Honorary Vice President of the China Furniture & Decoration Chamber of Commerce and the President of the Home Decoration E-Commerce Special Committee. He shared the latest information with peers, and actively participated in industry exchanges to enhance the Group's competitiveness and influence.

- As the director unit of the Internet Society of Shanghai on Ageing and Accessible Information Working Committee, the Group helps the elderly and the disabled integrate into the urban digital transition. The Group has participated in the formulation of the *Specifications on Ageing and Accessible Design for Shanghai Internet Applications*, which was drafted by the Internet Society of Shanghai on Ageing and Accessible Information Working Committee. This, on one hand, aims to bridge the digital divide for the elderly and the disabled and meet their needs for integrating into the urban digital transition. On the other hand, these efforts can effectively support Shanghai's supply-side structural reform and demonstrate our social responsibility as an Internet enterprise in Shanghai.

- As the vice president unit of Shanghai Association of Foreign Investment Enterprises, the Group timely captured industry dynamics, grasped the pulse of the market, actively promoted the healthy development of the industry, established a good corporate image, enhanced the competitiveness and influence of the Group in the industry, and achieved win-win symbiosis with the industry.

The Group has built a diversified industry exchange platform with the aim of promoting continuous innovation in the industry. By means of this platform, partners can achieve advantageous growth through better service and establish a robust reputation.

**Case: "Liveability Art – Design for Life" The 7th Designer Contest**

The Designer Contest is the Group's blockbuster event. The Group joins hands with decoration companies and outstanding designers, providing them with a platform and opportunities to showcase themselves. The contest demonstrates the strengths of the Group and the talents of the designers, together creating a new era of home decoration.

In June 2024, the 7th Designer Contest was officially launched. The event was hosted by Qeeka Home, co-organised by the Chinese Home Decoration Building Materials Association, with strategic support from Pacific Home. "Liveability Art" is the core concept of this contest, with an emphasis on the perfect combination of practicality and aesthetic value of design. Based on the concept, we delve into and showcase how, through innovative design, to craft a living space that is both aesthetically pleasing and highly functional, turning homes into genuine spiritual sanctuaries. According to statistics, hundreds of decoration enterprises and thousands of designers participated in this contest. They presented numerous wonderful design works, adding countless highlights to the event. In the end, after the strict evaluation by the professional jury and user judges, a total of 14 decoration companies and 43 designers won various awards.

The 7th Designer Contest

### Case: "Building Homes with Ingenuity and Quality" The 5th Construction Site Competition

In October 2024, the 5th Construction Site Competition with the theme of "Building Homes with Ingenuity and Quality", was launched. This competition aims to elevate the expertise and construction management competency of home decoration practitioners. Meanwhile, this event endeavours to propel the standard construction on site and enhance the core competitiveness of partners. Since the launch of the event, the official platform of Qeeka Home has witnessed numerous active registrations from home decoration practitioners and enterprises. These applicants included experienced craftsmen, energetic beginners, and corporate teams committed to improving the quality of home decoration. With their enthusiasm and dedication to the home decoration, they showcased their competence in this competition about craftsmanship.

The 5th Construction Site Competition

### Case: "Service First for Great Reputation" Merchant Summits

"Qeeka Home Innovation Mechanism Launch and Reputation Alliance" have initiated three merchant summits in East China, North China and West China. Executives from hundreds of home decoration companies have gathered to jointly explore the development of the home decoration market. The summits, with the core theme of "Service First for Great Reputation", brought together the wisdom and strength of the local home decoration industry. Through the summits, we explored further pathways for service innovation and reputation building, injecting new vitality into the sustainable and healthy development of the home decoration market. At the summit venue, multiple heads of decoration companies shared their successful experiences in cooperating with Qeeka Home. They also expressed their expectation to deepen cooperation with Qeeka Home, jointly promoting the continuous development and prosperity of the home decoration industry.

Merchant Summits

## 3 PRACTISING GREEN AND LOW-CARBON OPERATION

Committed to the concept of green and sustainable development, the Group actively explores and implements efficient and feasible environmental protection strategies to minimise the negative impact on the natural environment. The Group continuously saves resources, manages emissions and proactively responds to climate change. The Group has also set environmental targets related to energy, water, waste and climate change, and regularly reviews the effectiveness of environmental initiatives and progress towards these targets. Meanwhile, the Group has strengthened environmental management and enhanced operational efficiency, all in a bid to build a low-carbon, green and sustainable operating model.

**Summary of environmental objectives:**

- Energy: We promote energy saving awareness, encourage employees to actively seek energy saving opportunities in their daily work and gradually reduce energy consumption intensity.
- Water: We continue to improve our water use and management system to reduce water consumption and ensure that all wastewater discharges comply with national and local environmental regulations.
- Non-hazardous waste: We strengthen waste sorting and has established a clear sorting system. We also enhance employees' awareness of waste sorting to ensure that waste can be effectively recycled and treated.
- Climate change: We are progressively integrating climate change related factors into our business strategy. This not only ensures that we remain flexible and adaptable in response to climate change, but also enables us to effectively manage and gradually reduce the greenhouse gas emission intensity within the organisational boundaries.

### 3.1 Resource Management

The Group strictly complies with laws and regulations including the *Energy Conservation Law of the People's Republic of China* and the *Water Law of the People's Republic of China*. We have formulated regulations including the *Measures for the Management of Air Conditioner Use* to strengthen energy and water management and actively promotes a green office culture.

- **Equipment selection:** Priority is given to the use of environmentally friendly and energy-saving equipment. For example, LED lamps are used in the customer service centres, warehouses and headquarters offices to reduce energy consumption.
- **Equipment maintenance:** We strengthen daily inspection and maintenance of water-using equipment to eliminate water waste caused by leakage.
- **Awareness raising:** We issue regular notices on electricity and water saving to enhance employees' awareness of energy saving and water conservation. Such measures include controlling the air conditioner temperature, turning off electrical appliances in time when leaving, turning off lamps in case of sufficient natural light, turning off computers in time after work, and saving water resources.

| Resource utilisation[1,2,3] | 2024 | 2023 |
|---|---|---|
| Total direct energy consumption (MWh) | **144.64** | 144.57 |
| Total indirect energy consumption (MWh) | **1,598.78** | 978.07 |
| Total energy consumption (MWh)[4] | **1,743.42** | 1,122.64 |
| Energy consumption intensity (MWh per capita) | **2.47** | 1.73 |
| Total water consumption (tonnes)[5] | **6,529** | 5,870 |
| Total water consumption intensity (tonnes per capita) | **9.23** | 9.04 |

Notes:

1. As the operation of the Group does not use packaging materials, the KPI A2.5 (total packaging material used for finished products) is not applicable.

2. As the Group does not involve in consuming other environmental and natural resources during operation, KPI A3 (the general disclosure on policies on minimising the issuer's significant impact on the environment and natural resources) and KPI A3.1 (description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them) are not applicable, so they are not disclosed herein.

3. In 2024, the Group expanded the scope of environmental data collection, adding environmental data from multiple sources such as Brausen, Jumei, and Qihong. As a result, the data on energy consumption and water consumption increased accordingly.

4. Total energy consumption is calculated based on the consumptions of electricity and fuel and the default parameter values related to fossil fuel as shown in Attached Table 1 to the *Accounting Methods and Reporting Guide for Greenhouse Gas Emissions from Public Building Operators* issued by the National Development and Reform Commission.

5. The Group's water consumption is mainly for domestic use, and the water is sourced from municipal water supply system, which can meet the water demand of daily operation.

## 3.2 Emission Management

The Group strictly complies with laws and regulations including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the *Law of the PRC on the Prevention and Control of Atmospheric Pollution*, and the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*. The Group has actively implemented a series of measures to reduce emissions and waste to comprehensively improve the treatment of wastewater, exhaust gas and waste and reduce greenhouse gas emissions. Such efforts ensure that all pollutant discharges are legal and compliant. The Group also incorporates the concept of environmental protection into its culture. On the other hand, the Group enhance education on emissions and waste reduction to strengthen the environmental responsibility of employees and foster a favourable internal atmosphere for green development and low-carbon emission.

- **GHG emissions management:** We reduce GHG emissions intensity by taking measures such as improving energy efficiency, and advocating environment-friendly transport as an alternative to private car for commute. We also strengthen GHG statistics and reporting to ensure the accuracy and completeness of the data.

- **Wastewater management:** We adopt water conservation measures, such as putting up water-saving posters, strengthening the routine maintenance of water-using equipment in office areas, and reducing the discharge of domestic wastewater.

- **Exhaust gas management:** We strictly manage the use of vehicles and reduce unnecessary travels to control atmospheric pollutant emissions.

- **Waste management:** We encourage paperless office to minimise copy and printing of paper document and advocate double-sided printing and paper reuse to avoid unnecessary waste of paper and reduce the non-hazardous waste. We also conduct waste sorting by hazardous waste, kitchen waste, recyclable waste and non-recyclable waste.

| Emissions[1] | 2024 | 2023 |
|---|---|---|
| $NO_x$ emissions (kg)[2] | **93.59** | 84.36 |
| $SO_2$ emissions (kg)[2] | **0.24** | 0.24 |
| PM emissions (kg)[2] | **8.97** | 8.08 |
| Wastewater emissions (tonnes)[3] | **5,223.01** | 4,696.00 |
| Scope 1: Direct greenhouse gas emissions ($tCO_2e$)[4] | **35.36** | 35.35 |
| Scope 2: Energy indirect greenhouse gas emissions ($tCO_2e$)[5] | **857.91** | 557.79 |
| Total greenhouse gas emissions ($tCO_2e$) | **893.27** | 593.14 |
| Intensity of greenhouse gas emission ($tCO_2e$ per capita) | **1.26** | 0.91 |
| Total non-hazardous waste emission (tonne)[6] | **28.96** | 29.26 |
| Intensity of non-hazardous waste (tonnes per capita) | **0.04** | 0.05 |

Notes:

1. In 2024, the Group expanded the scope of environmental data collection, adding environmental data from multiple sources such as Brausen, Jumei, and Qihong. As a result, the data on wastewater emission and greenhouse gas emission increased accordingly.

2. Taking into account the Group's business characteristics, the Group's emissions of atmospheric pollutants mainly include Nitrogen Oxides ($NO_x$), Sulphur Dioxide ($SO_2$) and Particulate Matter (PM) generated from vehicle fuel.

3. The Group's wastewater mainly includes domestic wastewater generated from offices, which is discharged to municipal sewage treatment plants for centralised treatment.

4. The Group's GHG emissions (Scope 1) are mainly from petrol consumption and calculated according to the *Accounting Methods and Reporting Guide for Greenhouse Gas Emissions from Public Building Operators* issued by the National Development and Reform Commission.

5. The Group's GHG emissions (Scope 2) mainly come from consumption of electricity purchased. The average carbon dioxide emission factor of the national electricity grid is from the *Announcement on the Release of 2022 Carbon Dioxide Emission Factors for Electricity* issued by the Ministry of Ecology and Environment of the People's Republic of China.

6. The Group's hazardous waste includes a small amount of toner cartridges, and waste ink cartridges generated by office printers, all of which are recycled by qualified recyclers. Hazardous waste is not disclosed as the amount is relatively small. The Group's non-hazardous waste includes kitchen waste, recyclable waste and non-recyclable waste, all of which are collected, transported and disposed of by municipal health departments.

## 3.3 Climate Change

As global climate change becomes an increasingly serious challenge, strengthening climate risk management has become a key factor in ensuring sustainable business development. The Group recognises that proactively addressing the risks posed by climate change is a strategic option for maintaining the long-term business competitiveness and achieving sound development. Therefore, the Group regards climate change related risks as one of the considerations in corporate strategic planning and operational management. Moreover, the Group fully integrates climate risk management into daily decision-making and management processes. Additionally, the Group closely monitors the potential impacts and challenges posed by climate change trends and the dynamics of domestic and international regulation.

The Group takes the initiative to identify and respond to the transition and physical risks posed by climate change. The Group formulates appropriate countermeasures for various types of potential risks and actively responds to the possible effects of climate change, striving for comprehensive identification, scientific assessment, effective prevention and orderly control. In addition, the Group is continuously exploring new products and services to promote industrial transformation, enhance the ability to withstand climate change risks and ensure sustainable operations.

| Risk category | Risk description | Risk response |
|---|---|---|
| **Transformation Risks** | **Regulatory tightening:** China pledges to continue to push for carbon peaking and carbon neutrality goals. The Chinese government is advocating and demanding emissions reductions across all industries. Companies that do not accelerate the development of management and production practices that are conducive to carbon reduction face compliance risks and increased operating costs. | The Group pays attention to relevant policies and regulations, and formulates, revises and implements relevant internal systems in a timely manner to minimize the risk of compliance with carbon related policies, laws and regulations.<br><br>The Group has actively implemented energy management measures and advocated green office for its employees.<br><br>The Group recommends environmentally friendly and low-carbon products to its customers and introduces the latest low-carbon and environmentally-friendly products and services in a timely manner. |
| | **User green preference:** Some of the environmental performance of the home improvement industry (e.g., formaldehyde emission, benzene emission, etc.) is closely watched by users, and with the increasing concern of users about climate change, low-carbon consumption is expected to become a disruptive force and an important value-driven force in the future. | The Group continuously upgrades the environmental protection grade of the building materials it introduces to promote the further reduction of indoor air pollutant emissions.<br><br>The Group maintains a high degree of sensitivity to the market and users' needs, maintains high-frequency communication with users, pays attention to users' consumption preferences and cooperates with partners to develop green service solutions. |
| | **Shortage of raw materials from suppliers:** The home decoration industry has a high demand for raw materials such as timber. When suppliers are affected by higher regulatory requirements due to climate change and fluctuations in raw material prices, the prices of building materials sold by the Group and the availability of products are indirectly affected. | The Group cooperates with a number of factories to enrich the diversity of sources of building materials.<br><br>The Group is actively exploring new products to the market that offer a stable supply of affordable, safe and environmentally friendly building materials. |

| Risk category | Risk description | Risk response |
|---|---|---|
| **Physical Risks** | **Increase in average temperature:** As global warming intensifies, sustained high temperatures may affect the continuity of supply of raw materials and processing costs of suppliers, which in turn may affect the Group's selling prices of building materials and the willingness of customers to purchase them.<br><br>Long and hot summers may lead to a significant increase in the electricity consumption of the Group's air-conditioners, which in turn may increase operating costs. | The Group builds a sustainable supply chain and enhances the robustness and resilience of the supply chain.<br><br>The Group prefers air-conditioner models with higher energy efficiency ratings and maintains them regularly to prevent excessive power consumption. |
| | **Water scarcity:** Water scarcity is becoming a regional problem. Water scarcity and pollution may reduce or interrupt a supplier's production capacity and affect the supplier's upstream supply of raw materials. | The Group focuses on the water-saving features of its products and has joined the production of products with lower water consumption to enrich the choices of users.<br><br>The Group builds a sustainable supply chain and enhances the robustness and resilience of the supply chain. |
| | **Frequency of extreme weather:** The frequency of extreme weather such as heavy rainfall and typhoons may lead to interruption of the Group's operations, impact on the production and transportation of the suppliers' products and prolongation of the construction period of the home improvement works, which in turn may result in the risk of failure to complete the construction of the home improvement works and the provision of building materials of the agreed models on time. | The Group pays timely attention to the extreme weather warning situation, communicates with users in light of the actual situation, and reasonably plans the construction period. Before and after the occurrence of extreme weather, the Group promptly determines the situation of building materials and arranges for timely remediation in case of losses. |

## 4 PROMOTING TALENT DEVELOPMENT

The Group attaches great importance to the development of talents, and is committed to safeguarding their legitimate rights and interests as well as to creating an equal and inclusive workplace. By continuously improving the competitiveness of compensation and benefits packages, the Group is able to attract, motivate and retain talents. Meanwhile, the Group focuses on employees' career development, competence enhancement, as well as health and safety. This aims to create a comprehensive growth environment for employees, promoting the sustainable development of both the Group and employees.

### 4.1 Talent Employment

The Group adheres to the principles of legal compliance, equality, and respect in talent employment. We strictly comply with laws and regulations including the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Provisions on Prohibition of Using Child Labour*. The Group has also formulated regulations including the *Recruitment Management Process*, the *Staff Attendance Management Policy* and the *Internal 180 Management Policy* to clearly defines the management principles in aspects such as recruitment and dismissal, compensation and promotion, working hours and leaves. Moreover, the Group signs the *Labour Contract* with all regular employees to fully safeguard their legitimate rights and interests.

Through diversified recruitment channels and a rigorous interview process, the Group ensures an accurate match between positions and talents, increasing the efficiency of talent acquisition. To attract outstanding talents, the Group has established various recruitment channels, including campus recruitment, social recruitment and internal referral. In 2024, the Group amended the *Internal Referral Management Policy* to further strengthen internal referrals and facilitate the Group's business development. In addition, the Group specifically recruited campus management trainees to support and enhance the development of cross-border business.

The Group adheres to the principle of equal employment. We clearly stipulate that recruitment, hiring, training, promotion, and compensation policies must be based on the principles of "fair recruitment, open recruitment, equal competition, merit-based recruitment". We strictly prohibit discrimination against any employee due to personal characteristics such as race, gender, colour, age, family background, national tradition, religion, physical attribute and original nationality.

The Group strictly adheres to the principle of lawful employment. We explicitly prohibit the use of child labour and forced labour. In specific, we rigorously verify the identity information of applicants in the recruitment process, to ensure a legal and compliant hiring process, thereby preventing the employment of child labour. If any violation of the employment policy is detected, we will take timely measures to maintain a lawful employment environment. The Group strictly observes legal working hours, we adopt fixed working hour system, comprehensive working hour system, and flexible working hour system, and encouraged employees to complete their duties within normal working hours. If working overtime is a must, employees should apply and get approved in advance, and employers should offer them compensatory time off or overtime pay in accordance with the law, with overtime meal allowance and transportation subsidy provided.

As of the end of the Reporting Period, the employee distribution and employee turnover ratio are as follows:

| | | Total headcount | Employee turnover ratio |
|---|---|---|---|
| By Gender | Male | 340 | 47% |
| | Female | 367 | 42% |
| By Type | Full-time | 707 | 45% |
| | Part time | 0 | 0% |
| By Age | Under 30 years old | 181 | 61% |
| | 30-50 years old | 488 | 37% |
| | Above 50 years old | 38 | 10% |
| By Region | Shanghai | 403 | 36% |
| | Sanming | 88 | 12% |
| | Rizhao | 55 | 70% |
| | Hefei | 34 | 41% |
| | Other areas | 127 | 59% |

### 4.2 Compensation and Benefits

Competitive compensation and benefits are essential for the Group to attract and retain top talents. We continuously enhance our compensation and benefits system to boost employees' sense of gain and belonging. Our current compensation structure includes basic salary, job salary/performance bonus, and post allowance. For special posts, we offer additional confidential salary or competitive restriction compensation. Employees can also enjoy a series of welfare benefits including meal allowance, transportation subsidy, business communication fee and blessing fee. The Group pays various social insurance contributions for employees in accordance with local regulations.

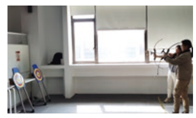
To drive the long-term growth of our talent pool, the Group uses scientific and reasonable performance evaluations to guide differentiated incentives. At the end of each year, the Group assesses the performance of employees, and will offer outstanding employees a job promotion or a pay raise according to their business capability and the nature of their position, fully recognising and rewarding employees for their hard work and contributions.

To better boost employee productivity, creativity, and job satisfaction, we are dedicated to building a happy workplace for every employee. The Group places a high value on employee well-being. We organise a wide range of cultural activities to help employees achieve a healthy work-life balance. Furthermore, we also provide daily care and conveniences to enhance employee happiness across the board.

**Case: Celebration for International Women's Day**

In 2024, the Group held a celebration for International Women's Day, which not only strengthened team collaboration among employees, but also made our female colleagues feel truly valued. The event inspired employees to pursue excellence and make a positive impact, both in their careers and in life.


Fun Roller Game

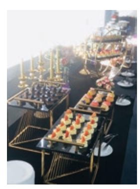
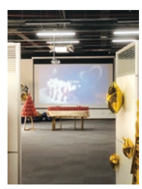
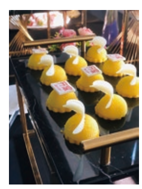

Archery Challenge


Tangram Challenge


Leaf Toss Game

**Case: Staff Birthday Party Activities**

The Group regularly organizes staff birthday party activities to send blessings, gifts and benefits to the birthday staff, creating a relaxing and pleasant atmosphere, making the staff feel care and warmth, and enhancing the staff's sense of belonging.




Staff Birthday Party

**Case: Celebration for 6th Anniversary of Going Public**

In 2024, the Group held a spectacular celebration to mark our 6th anniversary of going public. We looked back on our journey of the past six years and prepared an exquisite cake for all employees to share in the sweetness and joy together.

Celebration Scene

**Case: Hobby Club**

The Group encourages its staff to cultivate their hobbies and interests by encouraging them to set up staff clubs on their own initiative and providing support with a quarterly allowance of $200 per person. Currently, the Group has a number of staff clubs, including badminton, basketball, board games, cooking, hiking, yoga, e-sports and flower arrangement, among other topics, offering a vibrant and diverse platform for employees' spare activities, further strengthening team cohesion.


Badminton Club Activities


Board Game Club Activities

### Case: "Summer Refreshment" Campaign to Support Frontline Workers

In 2024, the Group initiated the "Summer Refreshment" campaign. We went to construction sites and provided watermelons and beverages to frontline employees, passing on the Group's warmth and care with tangible actions. By doing so, we not only acknowledged their dedication but also expressed our heartfelt respect.


"Summer Refreshment" Campaign – Care for Frontline Workers

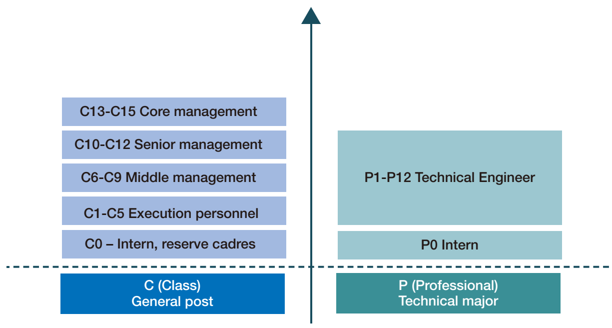
### Case: Nursing Room

In alignment with social concerns on the rights and interests of female employees, the Group has established nursing rooms to offer a private and comfortable space, thereby protecting their rights and interests and promoting gender equality in the workplace. By doing so, we foster a warm and supportive working environment and demonstrate our deep respect and care for the female employees.


Nursing Room

## 4.3 Development and Training

The Group attaches importance to staff development and training, and has formulated systems such as the Internal Competition Management Regulations. We advance recruitment through mechanism of "open selection, competition for positions, internal priority". The Group has set up two main posts, i.e., the general posts and the technical professional posts and established transparent and diverse career development paths, offering employees fair and reasonable opportunities for promotion to motivate and energise them at work and maximise their potential.




Employee Promotion Channel

The Group is committed to developing a sustainable talent cultivation system. We tailor multi-dimensional training courses to meet the career development needs of employees at every stage. Additionally, we provide comprehensive and specialised leadership development courses for all employees, empowering them to unlock their full leadership potential. For those promoted across different business units or functions, we offer sufficient leadership development resources. Furthermore, we encourage employees to take initiative in learning and sharing and support their ongoing growth and improvement, striving to advance together.

**Case: Orientation Training for New Recruits**

In 2024, the Group significantly upgraded the orientation training for new recruits. We introduced fixed-cycle live courses, with refined content and a newly added feedback mechanism for each stage, significantly improving learning efficiency. The training model integrates centralised training, self-study, and one-on-one mentorship, forming a systematic development system.

We have strengthened process management in orientation training. New recruits need to submit daily reports to a designated group after each training session. The mentors then provide instant feedback, highlighting strengths and areas for improvement, thereby helping new recruits get up to speed. According to feedback, the upgraded training courses have been highly recognised by all employees, not only expediting personal development but also building a strong foundation for our talent pipeline.

**Case: Employee Training Project – "Reserve Cadres Training Camp"**

The Group is committed to building a reserve cadre team that recognises corporate culture and is qualified with integrity and talent. For this purpose, we conducted the training project – "Reserve Cadres Training Camp", powering our sustainable development with a constant influx of motivated talent. The project focuses on enhancing trainees' professional and management competence, including corporate culture, team project management, and data analysis. At the same time, the Group adopted a mentorship approach, ensuring trainees hone their professional skills and gain practical experience. The trainee's growth will be assessed through stringent application selection, structured courses, periodic evaluations and debriefing. Those who qualify as reserve cadres will receive exclusive allowances and have priority in the cadre competition.

The "Reserve Cadres Training Camp" has successfully completed its fourth run, drawing 43 applicants from various departments. After a thorough assessment, 21 participants were chosen to join the project. The ongoing implementation of the project marks a significant stride in our talent cultivation strategy, reinforcing the foundation for our long-term growth.

### Case: Training Series Under the "Dandelion Project"

To continuously improve the level of operation employees, the Group continues to conduct a series of employee training sessions under the "Dandelion Project", including management training, data analysis, and teaching skills. A one-day internship was arranged to deepen the participants' understandings of the operations and improve their performance. Employees who complete this training will rapidly qualify for a reserve team leader, offering strong support for department development and significantly improving user operation services.

One-Day Internship Under the "Dandelion Project"

### Case: Monthly Management Sharing Sessions

The Group holds monthly management sharing sessions, where department heads take turns to share their management insights and innovative practices. These sessions not only foster communication among employees across departments but also offer all employees valuable learning opportunities. In this way, intellectual exchanges across teams are facilitated to continuously refine our management practices, thereby propelling us towards steady advancement.


Monthly Management Sharing Sessions

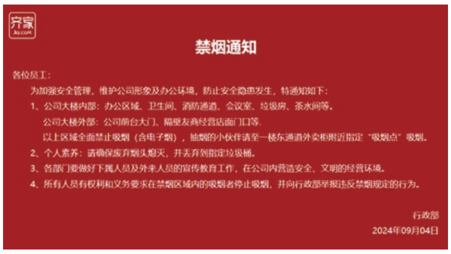
As of the end of the Reporting Period, the training-related KPIs are shown as follows:

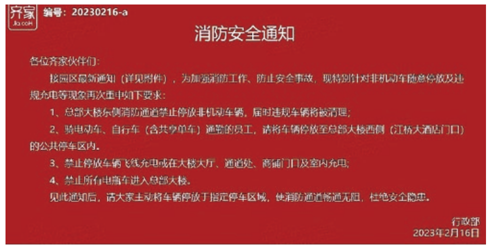
| | | Percentage of employees receiving training | The average hours of training per employee |
|---|---|---|---|
| By gender | Male | 48.09% | 38.21 |
| | Female | 51.91% | 37.15 |
| By type | Senior management | 1.70% | 47.92 |
| | Middle management | 9.62% | 82.94 |
| | Junior staff | 88.68% | 32.55 |

## 4.4 Health and Safety

The Group complies with laws and regulations including the *Work Safety Law of the People's Republic of China*, and has formulated regulations including the *Eighteen Safety Hazard Checks of Qijia Bao*, the *Safety and Environmental Protection Site Management Policy*, and the *Ten Civilised Construction Inspections of Qijia Bao* and the *Eighteen Safety Hazard Checks of Qijia Bao*. We have established daily workplace management standards, implemented stringent acceptance standards, and promptly identified and eliminated potential safety hazards to ensure the safety and health of employees and partners.

The Group conducts monthly fire safety inspections on the office buildings to ensure that the firefighting equipment can work properly, thus reducing fire risks. At the same time, the Group regularly informs employees of various fire safety publicities, including non-motor vehicles parking areas, non-smoking areas and smoking spots, to enhance their safety awareness and skills and eliminate fire hazards.




Non-smoking and Fire Safety Notices

The Group also pays attention to the health and safety of third-party decoration personnels. We have specified various types of hazards and corresponding safeguards at the construction site. Additionally, the Group requires the decoration company to focus on construction safety issues, and inspect safety hazards at each acceptance phase to ensure workers' safety on site.

The Group had 0 work-related fatalities occurred in the past three years. During the Reporting Period, the Group has 0 lost days due to work injury.

## 5 GIVING BACK TO THE SOCIETY

The Group actively engages in social welfare initiatives. We are committed to offering assistance and support to various social groups, thereby enhancing their quality of life. In 2024, we maintained our focus on the elderly and students in poverty-stricken areas, practising our social responsibility with tangible actions. By improving the living conditions of the elderly and supporting educational development in such areas, we aim to create more social value, and pass on love and care, contributing to the building of a harmonious society.

### Case: Elderly-Friendly Project in Xianxia Street

In 2024, the Group, as the director unit of the Internet Society of Shanghai on Ageing and Accessible Information Working Committee, was deeply involved in elderly-friendly public welfare activities. We have actively responded to the national call for effective solutions to the issue of social ageing. The Group opened a store in Xianxia Street, and launched elderly-friendly transformation services centring on "caring for the elderly". Such services aim to provide community residents with elderly-friendly renovation and maintenance of household electrical appliances. We strive to meet the diverse needs of the elderly for home-based care, and facilitate house repairs and barrier-free renovations for them to create a safe, comfortable, and convenient living environment.

Elderly-friendly Transformation Services

### Case: "Passing Love, the Renewable Computer Classroom"

As a responsible enterprise, the Group is consistently concerned about educational resources in poverty-stricken areas, especially the provision of teaching equipment. Since December 2019, the Group has been donating computers to the "Passing Love, the Renewable Computer Classroom" public project organised by Shanghai Zhonggu Charity for six consecutive years. Our aim is to meet the office and learning requirements of local teachers and students, so as to stimulate students' learning interests and motivation and broaden their horizons. Through the project, we not only extend the service life of electronic equipment, but also help to alleviate the serious shortage of computers in poverty-stricken areas. This has also improved local children's educational conditions.


"Passing Love, the Renewable Computer Classroom" Computer Donation Site

## APPENDIX: INDEX TO THE HKEX'S ESG REPORTING GUIDE

| Aspect | Description | Title of sections |
|---|---|---|
| **A1** | **Emissions** | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | PRACTISING GREEN AND LOW-CARBON OPERATION > Emission Management |
| A1.1 | The types of emissions and respective emissions data. | PRACTISING GREEN AND LOW-CARBON OPERATION > Emission Management |
| A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | PRACTISING GREEN AND LOW-CARBON OPERATION > Emission Management |
| A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | PRACTISING GREEN AND LOW-CARBON OPERATION > Emission Management |
| A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | PRACTISING GREEN AND LOW-CARBON OPERATION > Emission Management |
| A1.5 | Description of emission target(s) set and steps taken to achieve them. | PRACTISING GREEN AND LOW-CARBON OPERATION > Emission Management |
| A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | PRACTISING GREEN AND LOW-CARBON OPERATION > Emission Management |
| **A2** | **Use of Resources** | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | PRACTISING GREEN AND LOW-CARBON OPERATION > Resource Management |
| A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | PRACTISING GREEN AND LOW-CARBON OPERATION > Resource Management |

| Aspect | Description | Title of sections |
|---|---|---|
| A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | PRACTISING GREEN AND LOW-CARBON OPERATION > Resource Management |
| A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | PRACTISING GREEN AND LOW-CARBON OPERATION > Resource Management |
| A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | PRACTISING GREEN AND LOW-CARBON OPERATION > Resource Management |
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | PRACTISING GREEN AND LOW-CARBON OPERATION > Resource Management |
| **A3** | **The Environment and Natural Resources** | |
| General Disclosure | Policies on minimising the issuer's significant impacts on the environment and natural resources. | PRACTISING GREEN AND LOW-CARBON OPERATION > Resource Management |
| A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | PRACTISING GREEN AND LOW-CARBON OPERATION > Resource Management |
| **A4** | **Climate Change** | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | PRACTISING GREEN AND LOW-CARBON OPERATION > Climate Change |
| A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | PRACTISING GREEN AND LOW-CARBON OPERATION > Climate Change |
| **B1** | **Employment** | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | PROMOTING TALENT DEVELOPMENT > Talent Employment |

| Aspect | Description | Title of sections |
|---|---|---|
| B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | PROMOTING TALENT DEVELOPMENT > Talent Employment |
| B1.2 | Employee turnover rate by gender, age group and geographical region. | PROMOTING TALENT DEVELOPMENT > Talent Employment |
| **B2** | **Health and Safety** | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | PROMOTING TALENT DEVELOPMENT > Health and Safety |
| B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | PROMOTING TALENT DEVELOPMENT > Health and Safety |
| B2.2 | Lost days due to work injury. | PROMOTING TALENT DEVELOPMENT > Health and Safety |
| B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | PROMOTING TALENT DEVELOPMENT > Health and Safety |
| **B3** | **Development and Training** | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | PROMOTING TALENT DEVELOPMENT > Development and Training |
| B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | PROMOTING TALENT DEVELOPMENT > Development and Training |
| B3.2 | The average training hours completed per employee by gender and employee category. | PROMOTING TALENT DEVELOPMENT > Development and Training |

| Aspect | Description | Title of sections |
|---|---|---|
| **B4** | **Labour Standards** | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | PROMOTING TALENT DEVELOPMENT > Talent Employment |
| B4.1 | Description of measures to review employment practices to avoid child and forced labour. | PROMOTING TALENT DEVELOPMENT > Talent Employment |
| B4.2 | Description of steps taken to eliminate such practices when discovered. | PROMOTING TALENT DEVELOPMENT > Talent Employment |
| **B5** | **Supply Chain Management** | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | ENHANCING RESPONSIBLE OPERATION > Supplier Management |
| B5.1 | Number of suppliers by geographical region. | ENHANCING RESPONSIBLE OPERATION > Supplier Management |
| B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | ENHANCING RESPONSIBLE OPERATION > Supplier Management |
| B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | ENHANCING RESPONSIBLE OPERATION > Supplier Management |
| B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | ENHANCING RESPONSIBLE OPERATION > Supplier Management |

| Aspect | Description | Title of sections |
|---|---|---|
| **B6** | **Product Responsibility** | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | DELIVERING WONDERFUL DECORATION EXPERIENCE > Quality Management and Control |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | DELIVERING WONDERFUL DECORATION EXPERIENCE > Quality Management and Control |
| B6.2 | Number of products and service related complaints received and how they are dealt with. | DELIVERING WONDERFUL DECORATION EXPERIENCE > High-quality Services |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights. | ENHANCING RESPONSIBLE OPERATION > Intellectual Property Management |
| B6.4 | Description of quality assurance process and recall procedures. | DELIVERING WONDERFUL DECORATION EXPERIENCE > Quality Management and Control |
| B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | ENHANCING RESPONSIBLE OPERATION > Information Security and Privacy Protection |
| **B7** | **Anti-corruption** | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | ENHANCING RESPONSIBLE OPERATION > Integrity Culture |
| B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | ENHANCING RESPONSIBLE OPERATION > Integrity Culture |
| B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | ENHANCING RESPONSIBLE OPERATION > Integrity Culture |

| Aspect | Description | Title of sections |
|---|---|---|
| B7.3 | Description of anti-corruption training provided to directors and staff. | ENHANCING RESPONSIBLE OPERATION > Integrity Culture |
| **B8** | **Community Investment** | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | GIVING BACK TO THE SOCIETY |
| B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | GIVING BACK TO THE SOCIETY |
| B8.2 | Resources contributed (e.g. money or time) to the focus area. | GIVING BACK TO THE SOCIETY |

# Report of the Directors

The Board is pleased to present this annual report and the audited financial statements of the Group for the year ended 31 December 2024.

## PRINCIPAL BUSINESSES AND ACTIVITIES

The Group is one of the leading providers of SaaS solution in interior design and construction industry in China. The principal activities of the Group are (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**").

The Company acts as an investment holding company and the principal activities of its subsidiaries are set out in Note 35 to the consolidated financial statements. There were no significant changes in the nature of Group's activities during the Reporting Period.

## BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2024 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" from pages 5 to 8 and pages 9 to 17 of this annual report. Description of principal risks and uncertainties that the Group may be facing can be found in the sections headed "Report of the Directors – Risks Relating to the Contractual Arrangements" on page 90 of this annual report. An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company is set out in the "Environmental, Social and Governance Report" on pages 34 to 71 of this annual report.

## PROSPECT

A review of the business of the Group during the year and a discussion on the Group's future business development, particulars of important events affecting the Group that have occurred since the end of the financial year are set out in the "Chairman's Statement" on pages 5 to 8 of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the "Key Financial and Operation Data" on page 4 of this annual report.

The Company's compliance with relevant laws and regulations which have a significant impact on the Group are provided in the section headed "Compliance with Laws and Regulations" of this report of the Directors. An account of the Company's relationship with its employees, customers, and suppliers is disclosed in the section headed "Relationship with Stakeholders" of this report of the Directors.

## RESULTS

The consolidated results of the Group for the year ended 31 December 2024 are set out in the Consolidated Statement of Comprehensive Income on page 102 of this annual report. The financial condition of the Group as at 31 December 2024 is set out in the Consolidated Balance Sheet on pages 103 to 104 of this annual report. The consolidated cash flows of the Group for the year ended 31 December 2024 is set out in the Consolidated Statement of Cash Flows on page 106.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Group during the year are set out in "Management Discussion and Analysis" of this annual report on pages 9 to 17.

## DIVIDEND POLICY

The dividend policy of the Company, adopted by the Board on 19 December 2018, is set out as follows:

Subject to the Companies Law of the Cayman Islands and the Memorandum and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalizing dividends or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (including in the repurchase by the Company of its own securities or the giving of any financial assistance for the acquisition of its own securities) as the Board may from time to time think fit, and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve, carry forward any profits which it may think prudent not to distribute by way of dividend.

## FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2024.

## ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting will be held on Wednesday, 4 June 2025, and its notice and all other relevant documents will be published and despatched to shareholders in April 2025.

The register of members of the Company ("**Register of Members**") will be closed during the following periods and during these periods, no transfer of shares will be registered.

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the AGM, the Registers of Members will be closed from 30 May 2025 to 4 June 2025, both days inclusive.

In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar ("**Branch Share Registrar**") of the Company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 29 May 2025.

## SHARE CAPITAL

As at 31 December 2024, the authorised share capital of the Company was US$200,000, divided into 2,000,000,000 shares of US$0.0001 each. Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in Note 23 to the consolidated financial statements.

## SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 35 to the consolidated financial statements.

## AUDIT AND RISK MANAGEMENT COMMITTEE

The Company established the Audit and Risk Management Committee with written terms of reference in compliance with the CG Code. The Audit and Risk Management Committee comprises three members, namely Mr. WONG Man Chung Francis, Mr. ZHANG Lihong and Mr. CAO Zhiguang. Mr. WONG is the chairman of the Audit and Risk Management Committee. The Audit and Risk Management Committee has reviewed the Group's 2024 annual results announcement, this annual report and the audited financial statements for the year ended 31 December 2024 prepared in accordance with the IFRS.

## RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2024 are set out in the Consolidated Statement of Changes in Equity.

## DISTRIBUTABLE RESERVES

As at 31 December 2024, the amount of reserves available for distribution of the Company was approximately RMB2,017.7 million (2023: RMB2,015.5 million).

## DONATIONS

During the year ended 31 December 2024, the Company and its subsidiaries made charitable donations of approximately RMB5,000 (2023: RMB5,467).

## BORROWINGS

During the Reporting Period, short-term borrowings are comprised of bank borrowings and other loans, with balance of RMB25.7 million and RMB81.4 million respectively. Borrowings decreased by 49.6% from RMB212.8 million as of 31 December 2023 to RMB107.1 million as of 31 December 2024, primarily due to (i) a reduction of RMB78.2 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 RMB12.3 million in bank loan borrowed by Shanghai Qiyi Information Technology Co., Ltd. and RMB15.0 million bank loan borrowed by Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.

As at 31 December 2024, we had total bank borrowings principal of RMB25.7 million and the interest rate of the borrowings was from 2.45% to 3.45% per annum. Among them, (i) RMB17.7 million of which was guaranteed by Shanghai Qiyu Information Technology Co., Ltd., and (ii) approximately RMB8.0 million is a loan collateralized by the property of Zhang Fan, the wife of Yang Weihan, a non-controlling shareholder of Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.

## PLEDGE OF ASSETS

As at 31 December 2024, RMB15,580,000 of term deposits were pledged as security to issue notes payables (2023: nil).

## 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 at 31 December 2024.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, purchases from the Group's five largest suppliers accounted for 20.6% of the Group's total purchases. In addition, purchases from the Group's single largest supplier accounted for 5.1% of the Group's total purchases during the same period.

For the year ended 31 December 2024, the Group's five largest customers accounted for 40.4% of the Group's total revenue. In addition, revenue from the Group's single largest customer accounted for 32.1% of the Group's total revenue during the same period.

During the year ended 31 December 2024, none of the Directors or any of their close associates or any Shareholders (which, to the knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in the Group's five largest customers and suppliers.

## PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment of the Company are set out in note 12(a) to the consolidated financial statements.

## DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were:

### Executive Directors

Mr. DENG Huajin *(Chairman and Chief Executive Officer)*
Mr. TIAN Yuan
Ms. SUN Jie[1]
Mr. GAO Wei[2]

### Non-executive Directors

Mr. ZHOU Wei[3]
Mr. XIE Tian[4]
Mr. ZHAO Guibin
Mr. LI Gabriel[5]
Mr. XIAO Yang[6]

### Independent Non-executive Directors

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

Notes:

1. Ms. SUN Jie was appointed as an executive Director of the Company on 17 June 2024.
2. Mr. GAO Wei resigned as an executive Director of the Company on 17 June 2024.
3. Mr. ZHOU Wei was appointed as a non-executive Director of the Company on 19 November 2024.
4. Mr. XIE Tian was appointed as a non-executive Director of the Company on 29 November 2024.
5. Mr. LI Gabriel resigned as a non-executive Director of the Company on 19 November 2024.
6. Mr. XIAO Yang resigned as a non-executive Director of the Company on 29 November 2024.

## BIOGRAPHICAL DETAILS OF DIRECTORS

The Board comprises nine Directors in total. For details, please refer to the section headed "Board of Directors and Senior Management" above. There are four members of senior management in total, including Mr. DENG Huajin, Mr. TIAN Yuan, Ms. SUN Jie and Mr. QIU Zhenyi.

Information about the details of the Directors and senior management of the Company is set out in the section headed "Board of Directors and Senior Management".

## CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent.

## SERVICE CONTRACTS OF DIRECTORS

The Company has entered into service contracts with all Directors for a term of three years following each Director's respective appointment date or until the third annual general meeting of the Company since the Listing Date, whichever ends earlier, or which shall be terminated pursuant to relevant terms of respective contracts or letters of appointment.

None of the Directors has entered into any service contract with the Company or any of its subsidiaries which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save for service contracts and the Contractual Arrangements, there were no other transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which none of the Directors or its connected entities had a material interest, whether directly or indirectly, as at the end of the year.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

## INTERESTS OF DIRECTORS IN BUSINESSES COMPETING WITH THE COMPANY

The Directors has confirmed that other than business of the Group, none of the Directors holds any interest in business which directly or indirectly competes or is likely to compete with the business of the Group.

## INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

### (i) Interest in Shares of the Company

| Name of Director | Nature of interest | Number of ordinary Shares | Total number of Shares | Approximate percentage of the issued voting Shares of the Company |
|---|---|---|---|---|
| Mr. Deng(1) | Interest in controlled corporation and interest of spouse | 308,377,140 | 308,377,140 | 26.93% |
| Ms. Sun Jie(2) | Interest in controlled corporation and interest of spouse | 308,377,140 | 308,377,140 | 26.93% |
| Mr. Tian Yuan(3) | Interest in controlled corporation | 4,578,876 | 4,578,876 | 0.40% |

Notes:

(1) Mr. Deng holds 100% equity interests of Qeeka Holding, which in turn directly holds 294,789,530 Shares. Accordingly, Mr. Deng is deemed to be interested in the 294,789,530 Shares held by Qeeka Holding. Mr. Deng is the spouse of Ms. Sun Jie ("**Ms. Sun**"), and is deemed to be interested in the 13,587,610 Shares of Ms. Sun held through Qeeka Sunjie Home Holding Limited ("**Sunjie Home**"), representing approximately 1.19% interest in the Company.

(2) Ms. Sun wholly-owns Qeeka Sunjie Home Holding Limited and is deemed to be interested in the 13,587,610 shares in the Company held by Qeeka Sunjie Home Holding Limited under the SFO. In addition, Ms. Sun is the spouse of Mr. Deng and is therefore deemed to be interested in the 294,789,530 shares in the Company of Mr. Deng held through Qeeka Holding.

(3) Mr. Tian Yuan holds 100% equity interests of Qeeka Tianyuan Home Holding Limited ("**Tianyuan Home**"), which in turn directly holds 4,578,876 Shares. Accordingly, Mr. Tian Yuan is deemed to be interested in the 4,578,876 Shares held by Tianyuan Home.

Save as disclosed above, as of 31 December 2024, none of the Directors and chief executives of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code.

### (ii) Interest in associated corporations

Save as disclosed above, so far as the Directors are aware, as at 31 December 2024, none of the Directors or chief executive of the Company and their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company, or (ii) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 31 December 2024, the following persons had interest or short positions in the shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company:

| Name of Shareholders | Nature of interest | Number of shares[1] | Approximate percentage of shareholding in the Company |
|---|---|---|---|
| Mr. Deng[2] | Interest in a controlled corporation and interest of spouse | 308,377,140 (L) | 26.93% |
| Ms. Sun[3] | Interest in a controlled corporation and interest of spouse | 308,377,140 (L) | 26.93% |
| Qeeka Holding[2] | Beneficial owner | 294,789,530 (L) | 25.75% |
| Suzhou Oriza Holdings Co., Ltd[4] | Interest in a controlled corporation | 152,433,580 (L) | 13.31% |
| Suzhou Industrial Park Economic Development Co., Ltd.[4] | Interest in a controlled corporation | 152,433,580 (L) | 13.31% |
| Suzhou Industrial Park Administrative Committee[4][8] | Interest in a controlled corporation | 152,433,580 (L) | 13.31% |
| Baidu HK[5] | Beneficial owner | 124,981,861 (L) | 10.92% |
| Baidu Holdings Limited[5] | Interest in a controlled corporation | 124,981,861 (L) | 10.92% |
| Baidu, Inc.[5] | Interest in a controlled corporation | 124,981,861 (L) | 10.92% |
| Teng Yue Partners GP, LLC[6] | Interest in a controlled corporation | 105,186,500 (L) | 9.19% |
| Teng Yue Partners Holdings GP, LLC[6] | Interest in a controlled corporation | 105,186,500 (L) | 9.19% |
| Teng Yue Partners Holdings, LLC[6] | Interest in a controlled corporation | 105,186,500 (L) | 9.19% |
| Teng Yue Partners Master Fund, L.P.[6] | Beneficial owner | 105,186,500 (L) | 9.19% |
| Teng Yue Partners, L.P.[6] | Investment manager | 105,186,500 (L) | 9.19% |
| Mr. Li Tao[6] | Interest in a controlled corporation | 105,186,500 (L) | 9.19% |
| Hua Yuan International[4] | Beneficial owner | 101,912,750 (L) | 8.90% |

| Name of Shareholders | Nature of interest | Number of shares[1] | Approximate percentage of shareholding in the Company |
|---|---|---|---|
| China-Singapore Suzhou Industrial Park Ventures Co., Ltd.[4] | Interest in a controlled corporation | 101,912,750 (L) | 8.90% |
| Clinton Global Limited[7] | Beneficial owner | 94,000,000 (L) | 8.21% |
| Areo Holdings Limited[7] | Interest in a controlled corporation | 94,000,000 (L) | 8.21% |
| Mr. Gabriel Li[7] | Interest of spouse | 94,000,000 (L) | 8.21% |
| Ms. Lam Lai Ming[7] | Interest in a controlled corporation | 94,000,000 (L) | 8.21% |
| OAVI Holdings, L.P.[7] | Interest in a controlled corporation | 89,000,000 (L) | 7.8% |
| Orchid Asia V Group Management, Limited[7] | Interest in a controlled corporation | 89,000,000 (L) | 7.8% |
| Orchid Asia V Group, Limited[7] | Interest in a controlled corporation | 89,000,000 (L) | 7.8% |
| Orchid Asia VI GP, Limited[7] | Interest in a controlled corporation | 89,000,000 (L) | 7.8% |
| Orchid Asia VI, L.P.[7] | Interest in a controlled corporation | 89,000,000 (L) | 7.8% |

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Qeeka Holding is wholly-owned by Mr. Deng, therefore Mr. Deng is deemed to be interested in the 294,789,530 Shares held by Qeeka Holding under the SFO. In addition, Mr. Deng is the spouse of Ms. Sun and therefore is deemed to be interested in the 13,587,610 Shares which Ms. Sun is interested in under the SFO.

(3) Qeeka Sunjie Home Holding Limited is wholly-owned by Ms. Sun, therefore Ms. Sun is deemed to be interested in the 13,587,610 Shares held by Sunjie Home under the SFO. In addition, Ms. Sun is the spouse of Mr. Deng and is therefore deemed to be interested in the 294,789,530 Shares which are interested by Mr. Deng under the SFO.

(4) Hua Yuan International Limited is wholly-owned by China-Singapore Suzhou Industrial Park Ventures Co., Ltd., which is wholly-owned by Suzhou Oriza Holdings Co., Ltd., which is owned as to 60% by Suzhou Industrial Park Economic Development Co., Ltd., as to 20% by Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. and as to 20% by Jiangsu Guoxin Investment Group Limited. Suzhou Industrial Park Economic Development Co., Ltd. is majority-owned by Suzhou Industrial Park Administrative Committee. Under the SFO, China-Singapore Suzhou Industrial Park Ventures Co., Ltd., Suzhou Oriza Holdings Co., Ltd., Suzhou Industrial Park Economic Development Co., Ltd. and Suzhou Industrial Park Administrative Committee are deemed to be interested in the 101,912,750 Shares held by Hua Yuan International Limited.

SIP Oriza Qijia PE Enterprise (Limited Partnership) beneficially owns 50,520,830 Shares in the Company. The general partner of SIP Oriza Qijia PE Enterprise (Limited Partnership) is SIP Oriza PE Fund Management Co., Ltd., which is owned as to 49% by Suzhou Oriza Holdings Co., Ltd.  Under the SFO, Suzhou Oriza Holdings Co., Ltd., Suzhou Industrial Park Economic Development Co., Ltd. and Suzhou Industrial Park Administrative Committee are deemed to be interested in the Shares 50,520,830 Shares held by SIP Oriza Qijia PE Enterprise (Limited Partnership).

(5) Baidu (Hong Kong) Limited is an investment holding company wholly-owned by Baidu Holdings Limited, which is wholly-owned by Baidu, Inc., a company listed on the Nasdaq Stock Market and Hong Kong Stock Market (NASDAQ: BIDU; HKEX: 9888). Under the SFO, Baidu, Inc. and Baidu Holdings Limited are deemed to be interested in the Shares held by Baidu (Hong Kong) Limited.

(6) Teng Yue Partners Master Fund, L.P., holds 105,186,500 Shares, which is wholly owned by Teng Yue Partners GP, LLC. Teng Yue Partners GP, LLC. is wholly owned by Teng Yue Partners Holdings GP, LLC, a company which is owned as to 99% by Mr. Li Tao. Teng Yue Partners, L.P. is controlled by Teng Yue Partners Holdings, LLC, a company which is owned as to 99% by Mr. Li Tao. Accordingly, based on the above disclosure, Teng Yue Partners Master Fund, L.P., Teng Yue Partners GP, LLC, Teng Yue Partners Holdings GP, LLC, Teng Yue Partners Holdings, LLC, Teng Yue Partners, L.P. and Mr. Li Tao are deemed to be interested in the Shares held by Teng Yue Partners Master Fund, L.P.

(7) Clinton Global Limited (previously known as Orchid Asia) is owned as to 95% by Orchid Asia VI, L.P., and as to 5% by Orchid Asia V Co-Investment Limited. The general partner of Orchid Asia VI, L.P. is OAVI Holdings, L.P., and the general partner of OAVI Holdings, L.P. is Orchid Asia VI GP, Limited. Orchid Asia VI GP, Limited is wholly owned by Orchid Asia V Group Management, Limited, which is wholly owned by Orchid Asia V Group, Limited. Orchid Asia V Group, Limited is wholly owned by Areo Holdings Limited, a company which is wholly owned by Ms. Lam. Under the SFO, Orchid Asia VI, L.P., OAVI Holdings, L.P., Orchid Asia VI GP, Limited, Orchid Asia V Group Management, Limited, Orchid Asia V Group, Limited, Areo Holdings Limited and Ms. Lam are deemed to be interested in the Shares held by Clinton Global Limited. Mr. Gabriel Li is the spouse of Ms. Lam, and is deemed to be interested in the Shares held by Ms. Lam in Clinton Global Limited.

(8) Suzhou Industrial Park Administrative Committee: formerly named "Suzhou Industrial Zone Management Committee".

## DEBENTURE ISSUED

The Company has not issued any debentures during the year ended 31 December 2024.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate for the Reporting Period.

## EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, the Company did not enter into any equity-linked agreement during the year ended 31 December 2024.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Memorandum and Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force during the Reporting Period.

The Company has maintained appropriate liability insurance for its Directors and senior management. The permitted indemnity provisions are set out in such liability insurance.

## LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

During the Reporting Period, the Company promised to provide guarantee of financial support for the continuing operations of its affiliated company, Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd. so as to enable it to meet its liabilities as they fall due and carry on its business without a significant curtailment of operations. Apart from that, the company did not provide any financial assistance or guarantee to its affiliated companies during the Reporting Period, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Company did not enter into any loan agreement with covenants relating to specific performance of its controlling Shareholder nor breach the terms of any loan agreements during the Reporting Period.

## PRE-IPO SHARE OPTION SCHEME

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

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

The price per Share at which a Grantee may subscribe for Shares on the exercise of an option shall be determined by the Board from time to time and shall be set out in an offer letter (the "**Offer Letter**").

As at 31 December 2024, no outstanding options were exercisable and no further options shall be granted under the Scheme.

## 2021 RSU SCHEME

### Restricted Share Unit Scheme

The post-IPO Restricted Share Unit Scheme (the "**2021 RSU Scheme**") was approved and adopted by the Board on 15 January 2021 (the "**Adoption Date**"). The RSU Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. The purposes of the 2021 RSU Scheme are to attract, and retain and incentivize the best personnel and senior management of the Group, and to promote the value of the Company by offering these individuals an opportunity to acquire Shares and a proprietary interest in the success of the Company, thereby linking their interests with the Company's performance.

Persons eligible to receive RSUs under the 2021 RSU Scheme are existing employees, directors or officers of the Company (the "**RSU Eligible Persons**"). Our Board selects the RSU Eligible Persons to receive RSUs under the 2021 RSU Scheme at its discretion. There is no maximum entitlement for each RSU Eligible Person under the rules of the 2021 RSU Scheme.

Subject to any termination as may be determined by the Board pursuant to the terms of the rules of the 2021 RSU Scheme (the "**Rules**"), the 2021 RSU Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date. As at 31 December 2024, the remaining life the 2021 RSU Scheme is approximately six (6) years.

No Shares shall be subscribed for and/or purchased pursuant to the 2021 RSU Scheme, nor any amounts paid to the Trustee for the purpose of making such a subscription and/or purchase, if as a result of such subscription and/or purchase, the number of Shares administered under the 2021 RSU Scheme and the Pre-IPO Share Option Scheme shall exceed in total 7.5% of the number of the Company's shares in issue from time to time (the "**Scheme Limit**").

As at 1 January 2024 and at 31 December 2024, the maximum number of RSUs available for grant under the 2021 RSU Scheme was both 50,113,070. No service provider sublimit was set under the 2021 RSU Scheme. As at 31 December 2024 and as at the date of the Annual Report, the total number of Shares in respect of which RSUs may be granted under the 2021 RSU Scheme is 50,113,070 Shares, representing approximately 4.4% of the Shares in issue as at that date.

A Selected Participant shall not have any contingent interest in the Shares which are referable to him until such RSUs have been vested as Shares in accordance with the Rules. Tricor Trust (Hong Kong) Limited was appointed as the independent trustee for the administration of the 2021 RSU Scheme (the "**RSU Trustee**"). The Trustee shall hold the Shares awarded until they are vested to the relevant Selected Participants in accordance with the terms of the RSUs.

The vesting criteria of the RSUs is based on the satisfaction of specified criteria relating generally to the Company and the Selected Participant. The Board may from time to time while the 2021 RSU Scheme is in force determine any other vesting criteria or conditions for the RSUs to be vested or credited.

## Details of grant of RSUs under the 2021 RSU Scheme

There were no grants of RSUs during the period ended 31 December 2024. Details of movements in the RSUs previously granted during the period ended 31 December 2024 were as follows:

| Grantee (note 1) | Date of grant | Balance as at 01/01/2024 | Granted during the period ended 31 December 2024 | Vested during the period ended 31 December 2024 | Weighted average closing price immediately before the dates on which RSUs were vested HK$ | Cancelled during the Reporting vested Period | Lapsed during the Reporting Period | Balance as at 31/12/2024 |
|---|---|---|---|---|---|---|---|---|
| Other employee participants | 2021/3/19 | 3,791,000 | – | 118,783 (note 2) | 0.32 | – | 2,152,842 | 1,519,375 |
| Total | | 3,791,000 | – | 118,783 | 0.32 | – | 2,152,842 | 1,519,375 |

Notes:

(1) None of the directors nor the five highest paid individuals have any outstanding RSUs as of 31/12/2024 and during the period ended 31 December 2024.

(2) The transfers of 118,783 RSUs vested on 31 March 2024 were completed in May 2024.

### Vesting period

RSUs in respect of an aggregate of 28,522,540 Shares and 7,237,221 Shares were granted under the 2021 RSU Scheme on 19 March 2021 and 14 December 2021, respectively. For details, please refer to the announcements issued by the Company dated 22 March 2021 and 14 December 2021, respectively.

Vesting period for the 28,522,540 RSUs granted on 19 March 2021 were as follows:

a. 4,292,040 RSUs shall vest on 12 August 2021;

b. 3,435,125 RSUs shall vest on 31 March 2022;

c. 1,350,000 RSUs shall vest on 1 June 2022;

d. 3,473,625 RSUs shall vest on 31 March 2023;

e. 1,575,000 RSUs shall vest on 1 June 2023;

f. 3,417,625 RSUs shall vest on 31 March 2024;

g. 1,800,000 RSUs shall vest on 1 June 2024;

h. 3,354,125 RSUs shall vest on 31 March 2025;

i. 1,800,000 RSUs shall vest on 1 June 2025; and

j. 4,025,000 RSUs shall vest on 1 June 2026.

Vesting period for the 7,237,221 RSUs granted on 14 December 2021 were one month following the date of grant, which was 14 January 2022.

### Consideration payable on acceptance and exercise of the RSUs

There were no consideration payable on acceptance of RSUs granted.

Apart from the 11,000,000 RSUs granted to one grantee which was exercisable at HK$1.00 per Share, other grantees of the RSUs were not required to pay for the exercise of the RSUs. The Board determined the exercise price of these RSUs awarded to this grantee based on the market price of the Shares of the Company with a discount to attract and incentivize the grantee. All the outstanding RSUs of this grantee have lapsed during the year ended 31 December 2022.

## 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 annual report, which was in line with the requirement under the Listing Rules.

## 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 (as defined under the Listing Rules)) during the Reporting Period and up to the date of this announcement.

As of 31 December 2024, there were no treasury shares held by the Company.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Memorandum and Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

## TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's listed securities.

## EMPLOYEES, REMUNERATION AND PENSION SCHEME

For the whole year of 2024, the Group had 822 full-time employees[1] (2023: 1,041) in China. The Group remunerates the employees based on their performance, work experience and market rates. In addition, performance bonus is granted on a discretionary basis. Other employees benefits include provision fund, insurance and medical coverage. The Company has adopted the Pre-IPO Share Option Scheme, see the section headed "Pre-IPO Share Option Scheme" for details.

Pursuant to the 2021 RSU Scheme which was adopted on 15 January 2021 and the grant of RSUs as disclosed in the announcement dated 22 March 2021, Tricor Trust (Hong Kong) Limited was appointed as the RSU Trustee. Until the year ended 31 December 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. No shares have been purchased by the RSU Trustee during the Reporting Period. As of 31 December 2024, RSUs in respect of an aggregate of 1,519,375 Shares (representing approximately 0.1% of the total issued share capital of the Company as at the date of this report) granted by the Company under the 2021 RSU Scheme remained outstanding. Further details of the 2021 RSU Scheme, together with, among others, the RSUs granted under the 2021 RSU Scheme, are set out in the section headed "2021 RSU SCHEME" above.

Remuneration of the Directors is determined based on their roles and duties and with reference to the Company's remuneration policy and the prevailing market conditions. Details of remuneration of Directors and the five highest paid individuals of the Company for the year ended 31 December 2024 are set out in Note 34 to the consolidated financial statements.

The Company participates in the national pension plans as defined by the laws of the PRC in which it has operations. Subsidiaries within the Group which are established and operate in China are required to provide certain staff pension benefits to their employees under existing regulations of the PRC (the "**PRC Pension Plan**"), whereby the Company is required to make contributions to the PRC Pension Plan based on certain percentages of the eligible employees' salaries. The Company's contributions to the PRC Pension Plan are vested fully with the employees upon the contributions are made and hence no forfeited contributions arise when the employees leave the respective plan. Accordingly, no forfeited contribution was utilised during the year ended 31 December 2024, and as at 31 December 2024, there was no forfeited contribution available which may be used to reduce the Group's existing level of contributions to the retirement benefit plans (2023: nil).

## CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors and their respective associates had an interest in any business which competes or may compete with the business in which the Group is engaged during the year.

Note:

1. The number of employees is based on the average number for the whole year of 2024.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE 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 business and operations 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 C1 to the Listing Rules as the basis of the Company's corporate governance practices during the Reporting Period.

Save for code provision C.2.1 of part 2 of the CG Code, the Company has complied with all the code provisions as set out in the CG Code during the Reporting Period.

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.

## 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.

## AUDITORS

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire at the conclusion of the forthcoming AGM.

The Company will propose a resolution to re-appoint PricewaterhouseCoopers as the Company's auditor at the forthcoming AGM.

## CONTINUING CONNECTED TRANSACTIONS

### Connected Person

Mr. Deng is the chairman, chief executive officer, executive Director and a substantial shareholder of the Company and is therefore a connected person of the Company under the Listing Rules.

## CONNECTED TRANSACTION

During the year ended 31 December 2024, save as disclosed in this annual report, no related party transaction disclosed in Note 31 to the consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules for which disclosure is required.

## Continuing Connected Transactions

### Referral Services Agreement

On September 22, 2023, Shanghai Qihong, a wholly owned subsidiary of the Company, entered into the Qihong Referral Services Agreement with Shanghai Qijia E-commerce, pursuant to which Shanghai Qijia E-commerce will work with certain construction materials and household products suppliers, to sell customized construction materials and furniture packages to end-clients introduced by Shanghai Qihong. In return for the referral services provided by Shanghai Qihong, Shanghai Qijia E-commerce will pay commission to Shanghai Qihong.

The Qihong Referral Services Agreement was effective from September 22, 2023 to September 21, 2024.

Annual caps and basis amounts receivable by Shanghai Qihong under the Qihong Referral Services Agreement for each of the year ending December 31, 2023 and December 31, 2024 were subject to a cap of RMB200,000 and RMB400,000, respectively. The annual cap was set based on the anticipated number of packages referred and the estimated selling price of the construction materials and furniture packages to end-clients and the home-sizes involved. The actual commission received by Shanghai Qihong under the Qihong Referral Services Agreement was Nil for the year ended December 31, 2024. No actual transactions occurred in 2024 due to business realignment.

Pursuant to the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions and the report of the auditor and confirmed that the continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to (or from) independent third parties; and (iii) in accordance with the agreements governing it on terms that are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions with regard to the agreements in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Listing Rule 14A.56.

## Non-Exempt Continuing Connected Transactions – Contractual Arrangements

As disclosed in the Prospectus, the following transactions of the Group constituted continuing connected transactions for the Company during the Reporting Period. For further details, please refer to the section headed "Connected Transactions – Non-exempt Continuing Connected Transactions" of the Prospectus.

As disclosed in the section headed "Contractual Arrangements" of the Prospectus due to regulatory restrictions on foreign ownership in the PRC, we conduct a substantial portion of our business through Shanghai Qijia, a consolidated affiliated entity of the Company, in China. Shanghai Qijia is currently held by Mr. Deng as to 58.0%, Shanghai Qixin and Shanghai Qisong as to 6.0% and 5.5% respectively, and the onshore affiliates of the Series A Investors in aggregate as to 30.5%.

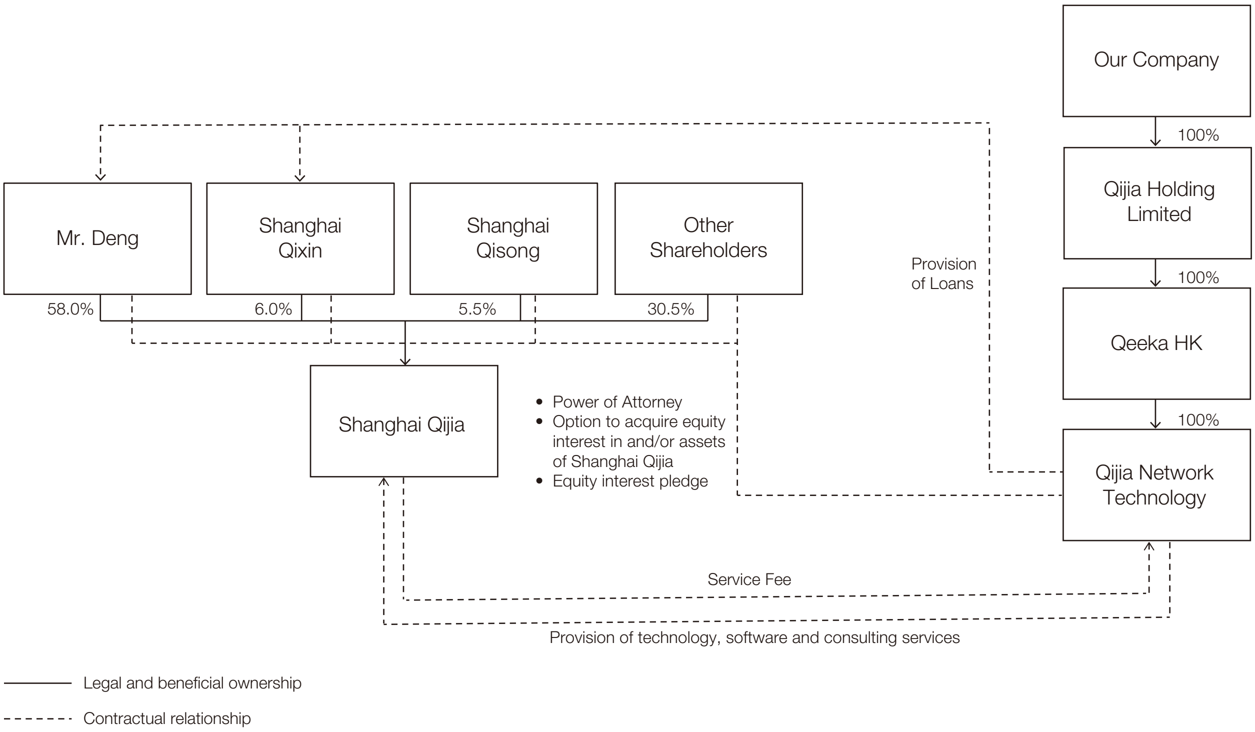
We do not hold any equity interests in Shanghai Qijia. Rather, through the Contractual Arrangements, we effectively control Shanghai Qijia and its subsidiary, Shanghai Qiyi, and are able to derive all of their economic benefits, and expect to continue to do so. The aggregate revenue and net assets value of the Shanghai Qijia and its subsidiary, Shanghai Qiyi that are subject to the Contractual Arrangements amounted to approximately RMB334.6 million for the year ended 31 December 2024 and approximately RMB349.7 million as at 31 December 2024 respectively.

To comply with PRC laws and regulations, the Group conduct substantially all of the online interior design and construction platform business and provision of internet information services in China through of the Contractual Arrangements, which enable the Group to (i) have the power to direct the activities that most significantly affect the economic performance of the PRC Operating Entities; (ii) receive substantially all of the economic benefits from the PRC Operating Entities in consideration for the services provided by the Shanghai Qijia; (iii) have an exclusive option to purchase all or part of the equity interests in the PRC Operating Entities when and to the extent permitted by PRC law, or request any Registered Shareholder to transfer all or part of the equity interest in the PRC Operating Entities to another PRC person or entity designated by the Group at any time at its discretion; and (iv) have the pledged equity interests in Shanghai Qijia to ensure the performance of the above items.

On 27 December 2019, pursuant to an equity transfer agreement entered into between Suzhou Kunrong Venture Capital Co., Ltd. ("**Suzhou Kunrong**") and Suzhou Dingrong Investment Management Co., Ltd. ("**Suzhou Dingrong**"), Suzhou Kunrong transferred its 0.88% equity interest in Shanghai Qijia to Suzhou Dingrong. Pursuant to a succession agreement entered into on the same day amongst Shanghai Qijia, Qijia Network Technology, Suzhou Kunrong, Suzhou Dingrong, Mr. Deng, Shanghai Qisong Investment Management Co., Ltd., Shanghai Qixin Venture Capital Center (Limited Partnership), Cowin Venture Capital Co., Ltd., Horgo Kaifeng Jinqu Venture Capital Co., Ltd. (previously named as Suzhou Kaifeng Jinqu Venture Capital Co., Ltd.), GF Xinde Investment Management Co., Ltd. ("**GF Xinde**") and Beijing Baidu Netcom Science Technology Co., Ltd., Suzhou Dingrong assumed all the rights and obligations of Suzhou Kunrong under the Contractual Arrangements while Suzhou Kunrong remained jointly liable for such obligations arising from the Contractual Arrangements. Suzhou Kunrong is an indirect wholly-owned subsidiary of Suzhou Dingrong, and therefore the Directors (including the independent non-executive Directors) are of the view that the transfer of equity between Suzhou Kunrong and Suzhou Dingrong does not constitute any material change to the Contractual Arrangements.

On 30 August 2021, pursuant to an equity transfer agreement entered into between GF Xinde and Mr. Deng, GF Xinde transferred its 3.51% equity interest in Shanghai Qijia to Mr. Deng. Pursuant to a succession agreement (the "**Succession Agreement**") entered into on the same day amongst Shanghai Qijia, Qijia Network Technology and each of the shareholders of Shanghai Qijia, namely Mr. Deng, Shanghai Qixin Venture Capital Center (Limited Partnership), Shanghai Qisong Investment Management Co., Ltd., Beijing Baidu Netcom Science Technology Co., Ltd., Cowin Venture Capital Co., Ltd., Tibet Cowin Jinqu Venture Capital Co., Ltd. (previously named as Horgo Kaifeng Jinqu Venture Capital Co., Ltd.), Suzhou Dingrong Investment Co., Ltd. and GF Xinde, Mr. Deng assumed all the rights and obligations of GF Xinde under the Contractual Arrangements. As Mr. Deng, an existing controlling shareholder of Shanghai Qijia, has assumed all the rights and obligations of GF Xinde pursuant to the Succession Agreement and the rights and obligations of all shareholders of Shanghai Qijia remain unchanged, the Directors (including the independent non-executive Directors) are of the view that the transfer of equity between GF Xinde and Mr. Deng does not constitute any material change to the Contractual Arrangements. GF Xinde has completed release of the equity pledge, and Mr. Deng has completed registration of the new part of the equity pledge in 2022.

The following simplified diagram illustrates the flow of economic benefits from the PRC Operating Entities to the Group stipulated under the Contractual Arrangements:




A brief description of each of the specific agreements comprises the Contractual Arrangements is set out as follows:

**Exclusive Technological Services Agreement**
Pursuant to the exclusive technological services agreement dated 26 February 2018 between Shanghai Qijia and Qijia Network Technology (the "**Exclusive Technological Services Agreement**"), Shanghai Qijia agreed to engage Qijia Network Technology as its exclusive provider of technical support, consulting services and software services in exchange for service fees.

Under the Exclusive Technological Services Agreement, the service fee shall consist of (a) an amount to be determined by Qijia Network Technology and Shanghai Qijia in writing through negotiation, considering factors such as: (i) the complexity of the services; (ii) the seniority of and the time spent by employees of Qijia Network Technology on providing the services; (iii) the content and value of the services; (iv) the market price of similar types of services; (v) the operating conditions of Shanghai Qijia; and (vi) necessary costs, expenses, taxes and statutory reserves or retaining funds and (b) an amount equivalent to the depreciation costs of the equipments actually used by Shanghai Qijia to be calculated based on the value of the equipments and the depreciable life.

The Exclusive Technological Services Agreement shall remain effective unless terminated (a) in writing by Qijia Network Technology; or (b) in the event that the entire equity interests held by the Relevant Shareholders in Shanghai Qijia or the entire assets of Shanghai Qijia have been transferred to Qijia Network Technology or its appointee(s) pursuant to the Exclusive Option Agreement.

**Exclusive Option Agreement**
Shanghai Qijia and each of the Relevant Shareholders entered into an exclusive option agreement with Qijia Network Technology on 26 February 2018 (the "**Exclusive Option Agreement**"), pursuant to which the Relevant Shareholders granted Qijia Network Technology an irrevocable and exclusive right to purchase, or designate one or more persons or entities (each, a "**designee**")

to purchase the equity interests in Shanghai Qijia (the "**Optioned Interest**") then held by the Relevant Shareholders once or at multiple times at any time in part or in whole at Qijia Network Technology's sole and absolute discretion to the extent permitted under the applicable PRC laws. Where Qijia Network Technology chooses to purchase the Optioned Interest, the Relevant Shareholders shall cause Shanghai Qijia to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving the Relevant Shareholder's transfer of the Optioned Interests to Qijia Network Technology and/or its designee.

The purchase price to be paid by Qijia Network Technology or its designee upon exercise of the option by Qijia Network Technology or its designee in respect to: (i) Mr. Deng's Optioned Interest is RMB100.5 million or another amount as separately agreed among the Qijia Network Technology and the transferee; (ii) Shanghai Qixin's Optioned Interest is RMB16.88 million or another amount as separately agreed among Qijia Network Technology and the transferee; and (iii) all other Optioned Interests held by the Relevant Shareholders except Mr. Deng and Shanghai Qixin, is the minimum price permitted under applicable PRC laws. If Qijia Network Technology or its designee exercises the option to purchase part of the Optioned Interests held by the respective shareholders in Shanghai Qijia, then the purchase price shall be calculated on a pro rata basis. Shanghai Qijia shall use its best endeavors to obtain any required authorization from governmental authorities or any Independent Third Party and complete any required registration or filings under PRC laws at the time Qijia Network Technology or its designee, exercises its equity purchase option. Subject to applicable PRC laws, the Relevant Shareholders have undertaken to return all purchase price received from Qijia Network Technology or its designee, upon Qijia Network Technology's request within 10 days after the Relevant Shareholders receives the purchase price; provided that the purchase price received by Mr. Deng and Shanghai Qixin, that is, RMB100.5 million and RMB16.88 million, respectively, shall be used to offset their respective loans due to Qijia Network Technology under the Loan Agreements.

**Equity Pledge Agreements**

Qijia Network Technology and each of the Relevant Shareholders entered into equity pledge agreements on 26 February 2018 (the "**Equity Interest Pledge Agreements**"). Under the Equity Interest Pledge Agreements, the Relevant Shareholders agreed to pledge all their respective equity interests in Shanghai Qijia that they own, including any interest or dividend paid for the shares, to Qijia Network Technology as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts of Shanghai Qijia and the Relevant Shareholders under the Exclusive Technological Services Agreement, the Exclusive Option Agreement, the Power s of Attorney, and the Loan Agreements (as applicable).

The pledge in respect of Shanghai Qijia takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until after all the contractual obligations of the Relevant Shareholders and Shanghai Qijia under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Relevant Shareholders and the Consolidated Affiliated Entity under the relevant Contractual Arrangements have been fully paid.

**Powers of Attorney**

Shanghai Qijia, each of the Relevant Shareholders and Qijia Network Technology entered into a power of attorney on 26 February 2018 (the "**Powers of Attorney**"). Under the Powers of Attorney, each of the Relevant Shareholders irrevocably appointed Qijia Network Technology (as well as its successors, including a liquidator, if any, replacing Qijia Network Technology) or its designee(s) (including its directors) as its sole exclusive agent to exercise on its behalf, certain powers, including without limitation: (i) exercise all shareholder's rights and shareholder's voting rights in accordance with law and the constitutional documents of the Consolidated Affiliated Companies, including but not limited to the sale, transfer, pledge or disposal of any or all of the shares in Shanghai Qijia, (ii) to attend shareholders' meetings of Shanghai Qijia and to execute any and all written resolutions and meeting minutes in the name and on behalf of such shareholder, and (iii) to file documents with the relevant companies registry.

**Loans Agreement**

As part of our Contractual Arrangement, in February 2018, Mr. Deng entered into a loan agreement with Qijia Network Technology, pursuant to which Qijia Network Technology agreed to lend him RMB100.5 million for purposes of enabling the settlement of CDH Arrangement. For details on the CDH Arrangement, see "History and Corporate Structure – Pre-IPO Investments – 1. Overview." of Prospectus.

In addition, around the same time, Shanghai Qixin entered into a loan agreement with Qijia Network Technology pursuant to which Qijia Network Technology agreed to lend Shanghai Qixin RMB16.88 million for purposes of settling the loan lent to Shanghai Qixin by Shanghai Qijia (such loans collectively, the "**Loan Agreements**").

To secure the performance of all the obligations of Mr. Deng and Shanghai Qixin under the Loan Agreements, respectively, Mr. Deng and Shanghai Qixin have each entered into an Equity Pledge Agreement with Qijia Network Technology, whereby, among other things, Mr. Deng and Shanghai Qixin have pledged all his/its equity interests in Shanghai Qijia to Qijia Network Technology.

Each loan will become due and payable upon Qijia Network Technology's demand under any of the following circumstances: (i) Mr. Deng resigns or is being removed from the various positions held by him with the Group, (ii) the death or incapacity of Mr. Deng, (iii) Mr. Deng being engaged or involved in criminal activities, (iv) Mr. Deng becoming insolvent or incurring any other significant personal debt which may affect his ability to repay the loan, or (v) Qijia Network Technology or its Designee exercising its option to purchase all or part of the equity interests in Shanghai Qijia held by Mr. Deng or Shanghai Qixin, respectively, to the extent permitted by PRC laws and regulations as soon as the PRC foreign ownership restrictions applicable to the Group's value-added telecommunications business have been lifted, in which case the exercise price shall be settled against any portion of the loan repayable and Qijia Network Technology is not require to remit any fund for such exercise.

## Reasons for adopting the Contractual Arrangements

From the perspective of operating the Group's existing business in a manner that is in compliance with applicable PRC laws and regulations, given the current policy of the relevant PRC government authorities and as advised by PRC legal advisors, the Company is currently unable to hold a shareholding interest in the PRC Operating Entities, which hold the license and permit required for the provision of internet information services through website and mobile based-apps. In order for the Company, as a foreign investor under the current regulatory regime, to maintain its business operations while complying with the PRC laws and regulations, Shanghai Qijia, and the Registered Shareholders entered into the Contractual Arrangements. For details of the foreign investment restrictions relating to the Contractual Arrangements, please refer to the sections headed "Contractual Arrangements – PRC Laws and Regulations relating to Foreign Ownership Restrictions" and "Contractual Arrangements – Development in the PRC Legislation on Foreign Investment" of the Prospectus.

The Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to the Group's legal structure and business, that such transactions have been and will be entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by any of the PRC Operating Entities and any member of the Group (the "**New Intergroup Agreements**" and each of them, a "**New Intergroup Agreement**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that, given that the Group is placed in a special position in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to the Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the reporting, annual review, announcement and the independent

Shareholders' approval requirements. In view of the Contractual Arrangements, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, and (ii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject to the conditions as set out in the Prospectus.

## Risks Relating to the Contractual Arrangements

There are certain risks that are associated with the Contractual Arrangements, including:

- If the PRC government finds that the agreements establishing the structure for operating the businesses of the Group in China do not comply with applicable PRC laws and regulations, or should these regulations or the interpretations change, the Group could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of its interests in the Operating Entities.

- The Group relies on Contractual Arrangements for its business operations in China, which may not be as effective in providing operational control or enabling the Group to derive economic benefits as through direct ownership of controlling equity interest. The Operating Entities or the Registered Shareholders may fail to perform their obligations under the Contractual Arrangements, which could adversely affect the results of operations and financial condition of the Group.

- The Group may cease to benefit from assets and licenses held by the Operating Entities that are critical to the operation of its business if the Operating Entities were to declare bankruptcy or become subject to a dissolution or liquidation proceeding.

- The Registered Shareholders may potentially have a conflict of interest with the Group, and they may breach or attempt to amend their contracts with the Group in a manner contrary to the interests of the Group.

- The Contractual Arrangements with the PRC Operating Entities may result in adverse tax consequences to the Group.

- Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the Draft PRC Foreign Investment Law and how it may impact the viability of the current corporate structure, corporate governance and business operations of the Group.

- If the Group exercises the option to acquire the equity ownership and assets of the PRC Operating Entities, the ownership or asset transfer may subject the Group to certain limitations and substantial costs.

For further details, please refer to the section headed "Risk Factors – Risks relating to Our Corporate Structure" of the Prospectus.

The management of the Company works closely with the external legal counsels and advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Contractual Arrangements. Besides, the Company has adopted the following measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and the compliance with the Contractual Arrangements:

- major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

- the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

- the Company will disclose the overall performance and compliance with the Contractual Arrangements in annual reports; and

- the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board with reviewing the implementation of the Contractual Arrangements, and review the legal compliance of the WFOE and the Operating Entities to deal with specific issues or matters arising from the Contractual Arrangements.

### Listing Rules Implications and Waivers from the Stock Exchange

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company under the Listing Rules as Mr. Deng, the Director, to the Contractual Arrangements, is a connected person of the Company.

In respect of the Contractual Arrangements, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted to the Company, a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Rules 14A.04 and 14A.105 of the Listing Rules, and (ii) the requirement of setting an annual cap for the transaction under the Contractual Arrangements under Rule 14A.53 of the Listing Rules subject to the following conditions:

(a) No change to the Contractual Arrangements (including with respect to any fees payable to the Shanghai Qijia) will be made without the approval of the independent non-executive Directors.

(b) Save as described in paragraph (d) below, no change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval.

(c) The Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by the PRC Operating Entities through (i) the Group's option (if and when so allowed under the applicable PRC laws) to acquire all or part of the entire equity interests and assets at a consideration which shall be the higher of (A) a nominal price or (B) the lowest price as permitted and applicable under PRC laws, (ii) the business structure under which the profit generated by the PRC Operating Entities is retained by the Group (after deduction of any accumulated deficit of the Operating Entities in the preceding financial year(s), working capital, expenses, taxes and other statutory contributions), such that no annual cap shall be set on the amount of service fees payable to the WFOE by the Operating Entities under the Exclusive Business Cooperation Agreement, and (iii) the Group's right to control the management and operation of, as well as the substance of, all of the voting rights of the Operating Entities.

(d) On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has a direct shareholding, on one hand, and the PRC Operating Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements.

(e) The Company will disclose details relating to the Contractual Arrangements on an on-going basis.

### Annual review by the Independent Non-Executive Directors and the Auditor

The independent non-executive Director have reviewed the Contractual Arrangements and confirmed that:

(a) the transactions carried out during the Reporting Period had been entered into accordance with the relevant provisions of the Contractual Arrangements;

(b) no dividends or other distributions had been made by the Operating Entities to the holders of its equity interests which were not otherwise subsequently assigned or transferred to the Group;

(c) other than the Succession Agreement described before, no new contracts had been entered into, renewed and/or reproduced between the Group and the Operating Entities during the Reporting Period; and

(d) the Contractual Arrangements had been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable in the interest of the Group and the Shareholders as a whole.

The Auditor has confirmed in a letter to the Board with a copy to the Stock Exchange confirming that the transactions carried out pursuant to the Contractual Arrangements during the Reporting Period had received the approval of the Directors, had been entered in accordance with the relevant Contractual Arrangements, and that no dividends or other distributions had been made by the Operating Entities to the holders of the equity interests which were not otherwise subsequently assigned or transferred to the Group.

## SIGNIFICANT LEGAL PROCEEDINGS

During the Reporting Period, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

## TAX ALLOWANCES

The Company is not aware of any particular tax allowances granted to the Shareholders due to their interests in its securities.

## CONSTITUTIONAL DOCUMENTS

On 22 May 2023, the Company adopted a new memorandum and articles of association for the purposes of (i) make certain amendments to the memorandum and articles of association for the purpose of, among others, reflecting the core shareholder protection standards as set out in the Listing Rules which took effect on 1 January 2022; and (ii) adopt the new amended and restated memorandum and articles of association incorporating and consolidating all the proposed amendments.

For details, please refer to the announcement of the Company dated 27 March 2023 and the circular of the Company dated 26 April 2023, respectively. The new Memorandum and Articles of Association are available for viewing on the websites of the Company and the Stock Exchange.

## SUBSEQUENT EVENTS

There were no material subsequent events during the period from 31 December 2024 to the approval date of these financial statements by the Board of Directors on 26 March 2025.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licenses. The Group has allocated system and staff resources to ensure ongoing compliance with rules and regulations and to maintain well relationships with regulators effectively through effective communications. During the year ended 31 December 2024, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Company.

## PRINCIPAL RISKS AND UNCERTAINTIES

Details of principal risks and uncertainties that the Group may be facing can be found in the sections headed "Report of Directors – Risks relating to the Contractual Arrangement" on page 90 of this annual report.

## RELATIONSHIP WITH STAKEHOLDERS

The Group acknowledges the importance of stakeholders to the Group's development and always pays attention to matters of concern to stakeholders including the government and regulators, shareholders and investors, employees, business partners, customers and the community. The Group maintains transparent and bilateral exchange, strengthens mutual trust and cooperation and establishes harmonious relationship with its stakeholders.

The Group has always treated compliance to laws and regulations as a basic requirement for operations, and maintains good communication with the government and regulatory agencies through voluntary reporting, cooperating with reviews and investigations, and recommending optimal industry standards. The Group treats the realization of the interests of Shareholders and investors as an important business objective, establishes communication channels such as shareholder meetings and timely announcements, and delivers sound financial performance to Shareholders and investors. The Group regards employees as valuable assets, motivates employees with a competitive salary and transparent promotion mechanism, and provides them with a fair working environment. The Group also supports their career development skills with various forms of training support. The Group regularly exchanges visits and undergoes communication related to the industry with its business partners, and maintains real-time interaction in daily operations with them in order to develop long-term and stable cooperation. The Group innovates to meet customers' needs and is committed to providing customers with high-quality and reliable services. The Group provides various online and offline channels to enable timely and accurate communication with customers, assisting them in their long-term development. The Group also maintains a sound communication mechanism with the community, develops innovative models, strengthens school-enterprise cooperation, conducts public welfare activities, and promotes the stable development of the community.

For details of the Group's relationship with stakeholders, please refer to the annual environmental, social and governance report of the Group, which is set out in the "Environmental, Social and Governance Report" on pages 34 to 71 of this annual report.

By order of the Board
**Qeeka Home (Cayman) Inc.**

**DENG Huajin**
*Chairman and Chief Executive Officer*

Shanghai, the PRC
26 March 2025

# Independent Auditor's Report

羅兵咸永道

**To the Shareholders of Qeeka Home (Cayman) Inc.**
*(incorporated in the Cayman Islands with limited liability)*

## OPINION

### What we have audited

The consolidated financial statements of Qeeka Home (Cayman) Inc. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 101 to 187, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong*
*T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Expected credit losses of trade receivables and contract assets
- Impairment assessment of investments accounted for using the equity method

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| ***Expected credit losses of trade receivables and contract assets*** | |
| Refer to Note 3.1.2(a), Note 4(a) and Note 20 to the consolidated financial statements. As at 31 December 2024, the carrying amounts of trade receivables and contract assets amounted to RMB172,496,000 and RMB256,485,000 respectively, with loss allowances amounted to RMB34,430,000 and RMB29,985,000 respectively.<br><br>Provision for credit loss allowance of trade receivables and contract assets was made based on an assessment of the lifetime expected credit losses. For trade receivables and contract assets which have impaired, the Group assessed individually and provided for credit losses allowance. For the remaining balance, the trade receivables and contract assets were grouped based on shared credit risk characteristics and the days past due, and assessed collectively for credit losses allowance. When measuring expected credit loss, the Group considers its own credit loss incurred in past history, existing market conditions as well as forward looking estimates at the end of the reporting period. In assessing forward-looking information, the Group considers factors including economic policies, macroeconomic indicators and industry risks. | Our procedures in relation to the expected credit losses of trade receivables and contract assets included:<br><br>– We obtained an understanding of management's internal control and assessment process of expected credit losses of trade receivables and contract assets, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud;<br><br>– We evaluated and tested the relevant controls in place on management's assessment on the expected credit losses of trade receivables and contract assets; |

## KEY AUDIT MATTERS (continued)

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| ***Expected credit losses of trade receivables and contract assets (continued)*** | |
| Based on the impairment assessment, provision of impairment of trade receivables and contract assets amounting to RMB10,751,000 and RMB13,671,000 were charged to consolidated income statement for the year ended 31 December 2024 respectively.<br><br>We focused on auditing the expected credit losses of trade receivables and contract assets because the judgment and estimation of expected credit losses is subject to high degree of estimation uncertainty. The inherent risk in relation to the expected credit losses of trade receivables and contract assets is considered significant due to the subjectivity of significant assumptions and estimates used. Therefore, we identified the expected credit losses of trade receivables and contract assets as a key audit matter. | – For trade receivables and contract assets assessed individually, on a sample basis, we reviewed management's assessment of financial position and creditworthiness of customers, historical payment and settlement records and forecasted future economic conditions; we also corroborated management's assessment against available evidence, including searching for customers' background, historical transactions with the Group, respective collection and settlement pattern, to assess the reasonableness of expected credit loss allowance provided by management; and<br><br>– For trade receivables and contract assets collectively assessed based on shared credit risk characteristics and the days past due, we assessed the reasonableness of the grouping and the respective expected credit loss based on the historical credit loss on a sample basis incurred including the historical payment and settlement pattern of debtors, age profile of trade receivables and contract assets, current conditions and forward looking factors. We recalculated the historical default rate, evaluated the basis of determining forward-looking adjustment, and tested the accuracy of the aging of the trade receivables and contract assets on a sample basis, and assessed the mathematical accuracy of calculation of the expected credit loss allowance.<br><br>Based on our work, we considered that the significant judgments and estimates made by management in relation to the expected credit losses of trade receivables and contract assets were supportable by the evidence obtained and procedures performed. |

## KEY AUDIT MATTERS (continued)

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| ***Impairment assessment of investments accounted for using the equity method*** | |
| Refer to Note 4(b) and Note 16 to the consolidated financial statements relating to estimation of impairment provision for investments accounted for using the equity method. As at 31 December 2024, the gross amount of investments accounted for using the equity method amounted to RMB260,829,000 and the provision of impairment losses amounted to RMB144,255,000.<br><br>Investments accounted for using the equity method are tested for impairment at each reporting date if impairment indicators are noted. In carrying out the impairment tests, significant judgments and estimates were adopted by the Group's management in estimating the recoverable amount of these investments, being the higher of the fair value less costs of disposal and value in use. Management reviewed and ensured the reasonableness of these key assumptions such as revenue growth rates, terminal growth rates and the discount rates. The management also engaged independent valuer to assist in the impairment test for Group's significant investments.<br><br>Based on the results of impairment test, recoverable amounts were determined by the fair value less costs of disposal, and provision of impairment losses amounting to RMB30,710,000 were charged to consolidated income statement for the year ended 31 December 2024. | Our procedures in relation to the impairment assessment of investments accounted for using the equity method included:<br><br>– We obtained an understanding of the management's internal control and process of impairment assessment for investments accounted for using the equity method and evaluated the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk such as complexity, subjectivity, changes and susceptibility to management bias or fraud;<br><br>– We evaluated and tested the key controls over the impairment assessment for investments accounted for using the equity method conducted by management;<br><br>– We evaluated the outcome of prior period's impairment assessment of investments accounted for using the equity method to assess the effectiveness of management' estimation process;<br><br>– We evaluated the external valuer's competence, capabilities and objectivity;<br><br>– We involved our internal valuation expert to assess the appropriateness of valuation model adopted;<br><br>– We verified the data inputs used in the impairment assessments to respective supporting evidence such as historical results, share price of the listed investment and other market data from other sources; |

## KEY AUDIT MATTERS (continued)

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| ***Impairment assessment of investments accounted for using the equity method (continued)*** | |
| We focused on auditing the impairment assessment of investments accounted for using the equity method because the investment balances are significant and the estimation of recoverable amounts are subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment is considered significant due to the model adopted, inputs and assumptions used involved significant management judgments and estimations, which could give a material impact to the outcome. | – We assessed the reasonableness of those key assumptions adopted in determining value in use such as revenue growth rates and net profit margin rates by comparing them to historical results of the investees and market available economic and industry forecasts. We also involved our internal valuation expert in assessing the terminal growth rate by comparing it with the relevant economic forecasts, and assessing the discount rates adopted by making reference to relevant market data;<br><br>– We reviewed the sensitivity analyses performed by the independent valuer on the key assumptions to ascertain that the selected adverse changes of key assumptions would not cause significant change in value in use; and<br><br>Based on the procedures performed, we considered that the risk assessment of impairment assessments remained appropriate and the valuation model adopted and the assumptions used by management in relation to these impairment assessments to be supportable by the available evidence we obtained. |

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

---

The engagement partner on the audit resulting in this independent auditor's report is Mang, Kwong Fung Frederick.

**PricewaterhouseCoopers**
*Certified Public Accountants*

Hong Kong, 26 March 2025

# Consolidated Income Statement

For the year ended 31 December 2024

| | Notes | Year ended 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Revenue** | 5 | **1,055,639** | 1,186,994 |
| Cost of sales | 6 | **(642,605)** | (691,536) |
| **Gross profit** | | **413,034** | 495,458 |
| Selling and marketing expenses | 6 | **(417,143)** | (430,047) |
| Administrative expenses | 6 | **(64,276)** | (75,926) |
| Research and development expenses | 6 | **(28,245)** | (37,148) |
| Net impairment losses on financial assets | 20(e) | **(24,694)** | (9,791) |
| Other losses – net | 8 | **(30,463)** | (52,582) |
| **Operating loss** | | **(151,787)** | (110,036) |
| Finance income | 9 | **39,311** | 40,322 |
| Finance costs | 9 | **(6,447)** | (7,293) |
| Finance income – net | 9 | **32,864** | 33,029 |
| Share of results of investments accounted for using the equity method | 16 | **(9,848)** | (17,907) |
| **Loss before income tax** | | **(128,771)** | (94,914) |
| Income tax expenses | 10 | **(3,459)** | (4,147) |
| **Loss for the year** | | **(132,230)** | (99,061) |
| **Loss attributable to:** | | | |
| Equity holders of the Company | | **(126,957)** | (96,869) |
| Non-controlling interests | | **(5,273)** | (2,192) |
| | | **(132,230)** | (99,061) |
| **Losses per share for loss attributable to equity holders of the Company** | | | |
| Basic losses per share (RMB) | 11 | **(0.1130)** | (0.0863) |
| Diluted losses per share (RMB) | 11 | **(0.1130)** | (0.0863) |

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

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

| | Notes | Year ended 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Loss for the year** | | **(132,230)** | (99,061) |
| **Other comprehensive income/(loss) for the year** | | | |
| *Items that may be reclassified to profit or loss:* | | | |
| Share of other comprehensive (loss)/income of investments accounted for using the equity method | 16, 24 | **(1,696)** | 45 |
| Loss allowance on debt investments at FVOCI | 3.1.2(c) | **(41)** | 85 |
| Exchange differences on translation of foreign operations | | **168** | 146 |
| | | **(1,569)** | 276 |
| *Items that will not be reclassified to profit or loss:* | | | |
| Changes in the fair value of equity investments at fair value through other comprehensive income | 17, 24 | **–** | (35,133) |
| Exchange differences on translation of foreign operations | | **7,886** | 8,841 |
| | | **7,886** | (26,292) |
| Total other comprehensive income/(loss) for the year, net of tax | | **6,317** | (26,016) |
| **Total comprehensive loss for the year** | | **(125,913)** | (125,077) |
| **Total comprehensive loss for the year is attributable to:** | | | |
| Equity holders of the Company | | **(120,627)** | (122,912) |
| Non-controlling interests | | **(5,286)** | (2,165) |
| | | **(125,913)** | (125,077) |

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

# Consolidated Balance Sheet

As at 31 December 2024

| | Notes | As at 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 12(a) | **21,025** | 25,900 |
| Right-of-use assets | 12(b) | **33,395** | 29,340 |
| Intangible assets | 13 | **1,814** | 2,353 |
| Goodwill | 14 | **2,361** | 2,361 |
| Deferred tax assets | 15 | **–** | 3,173 |
| Investments accounted for using the equity method | 16 | **116,574** | 162,024 |
| Contract assets | 20 | **8,525** | 5,948 |
| Term deposits | 22 | **164,002** | 232,596 |
| **Total non-current assets** | | **347,696** | 463,695 |
| **Current assets** | | | |
| Inventories | 18 | **24,909** | 4,506 |
| Trade and other receivables and prepayments to suppliers | 20 | **219,300** | 172,162 |
| Contract assets | 20 | **217,975** | 236,066 |
| Financial assets at fair value through other comprehensive income ("FVOCI") | 17 | **72,481** | 143,121 |
| Financial assets at fair value through profit or loss ("FVPL") | 21 | **25,094** | 44,034 |
| Term deposits | 22 | **581,933** | 525,310 |
| Restricted cash | 22 | **82,659** | 21,779 |
| Cash and cash equivalents | 22 | **119,151** | 259,612 |
| **Total current assets** | | **1,343,502** | 1,406,590 |
| **Total assets** | | **1,691,198** | 1,870,285 |
| **EQUITY** | | | |
| Share capital | 23 | **761** | 761 |
| Share premium | 23 | **2,199,577** | 2,224,710 |
| Other reserves | 24 | **(261,034)** | (267,342) |
| Treasury shares | 23(a) | **(35,367)** | (35,575) |
| Accumulated losses | | **(1,017,838)** | (890,881) |
| **Equity attributable to equity holders of the Company** | | **886,099** | 1,031,673 |
| **Non-controlling interests** | | **(18,522)** | (13,236) |
| **Total equity** | | **867,577** | 1,018,437 |

| | Notes | As at 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | 12(b) | **22,718** | 21,314 |
| **Total non-current liabilities** | | **22,718** | 21,314 |
| **Current liabilities** | | | |
| Short-term borrowings | 27 | **107,145** | 212,776 |
| Trade and other payables | 28 | **574,041** | 418,336 |
| Contract liabilities | 28 | **62,288** | 140,676 |
| Lease liabilities | 12(b) | **10,296** | 11,613 |
| Income tax liabilities | | **47,133** | 47,133 |
| **Total current liabilities** | | **800,903** | 830,534 |
| **Total liabilities** | | **823,621** | 851,848 |
| **Total equity and liabilities** | | **1,691,198** | 1,870,285 |

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

The consolidated financial statements on pages 107 to 187 were approved by the Board of Directors on 26 March 2025 and were signed on its behalf.

| | |
|---|---|
| **Deng Huajin** | **Tian Yuan** |
| *Director* | *Director* |

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

| | | Attributable to the equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Notes | Share capital RMB'000 | Share Premium RMB'000 | Other reserves (Note 24) RMB'000 | Treasury shares RMB'000 | Accumulated losses RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| **At 1 January 2023** | | 761 | 2,254,288 | (241,275) | (35,987) | (794,012) | 1,183,775 | (13,242) | 1,170,533 |
| Loss for the year | | – | – | – | – | (96,869) | (96,869) | (2,192) | (99,061) |
| Other comprehensive (loss)/income | | – | – | (26,043) | – | – | (26,043) | 27 | (26,016) |
| **Total comprehensive loss** | | – | – | (26,043) | – | (96,869) | (122,912) | (2,165) | (125,077) |
| **Transaction with owners:** | | | | | | | | | |
| – Share-based compensation under Restricted Stock Units (RSUs) | 25 | – | – | 207 | – | – | 207 | – | 207 |
| – Issue of shares under RSU scheme | | – | (181) | (231) | 412 | – | – | – | – |
| – Dividends | 26 | – | (29,397) | – | – | – | (29,397) | – | (29,397) |
| – Acquisition of subsidiaries | | – | – | – | – | – | – | 2,171 | 2,171 |
| **At 31 December 2023** | | 761 | 2,224,710 | (267,342) | (35,575) | (890,881) | 1,031,673 | (13,236) | 1,018,437 |

| | | **Attributable to the equity holders of the Company** | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Notes | **Share capital (Note 23) RMB'000** | **Share Premium (Note 23) RMB'000** | **Other reserves (Note 24) RMB'000** | **Treasury shares (Note 23(a)) RMB'000** | **Accumulated losses RMB'000** | **Total RMB'000** | **Non-controlling interests RMB'000** | **Total equity RMB'000** |
| **At 1 January 2024** | | **761** | **2,224,710** | **(267,342)** | **(35,575)** | **(890,881)** | **1,031,673** | **(13,236)** | **1,018,437** |
| Loss for the year | | **-** | **-** | **-** | **-** | **(126,957)** | **(126,957)** | **(5,273)** | **(132,230)** |
| Other comprehensive income/(loss) | | **-** | **-** | **6,330** | **-** | **-** | **6,330** | **(13)** | **6,317** |
| **Total comprehensive loss** | | **-** | **-** | **6,330** | **-** | **(126,957)** | **(120,627)** | **(5,286)** | **(125,913)** |
| **Transaction with owners:** | | | | | | | | | |
| – Share-based compensation under Restricted Stock Units (RSUs) | 25 | **-** | **-** | **94** | **-** | **-** | **94** | **-** | **94** |
| – Issue of shares under RSU scheme | 23, 24 | **-** | **(92)** | **(116)** | **208** | **-** | **-** | **-** | **-** |
| – Dividends | 26 | **-** | **(25,041)** | **-** | **-** | **-** | **(25,041)** | **-** | **(25,041)** |
| **At 31 December 2024** | | **761** | **2,199,577** | **(261,034)** | **(35,367)** | **(1,017,838)** | **886,099** | **(18,522)** | **867,577** |

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

# Consolidated Statement of Cash Flows

For the year ended 31 December 2024

| | | Year ended 31 December | |
|---|---|---|---|
| | | **2024** | 2023 |
| | Notes | **RMB'000** | RMB'000 |
| **Cash flows from operating activities** | | | |
| Cash used in operations | 29(a) | **(68,904)** | (252,207) |
| Interest received | | **2,889** | 5,593 |
| Income tax paid | | **(286)** | (765) |
| **Net cash used in operating activities** | | **(66,301)** | (247,379) |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 12(a) | **(3,089)** | (9,530) |
| Proceeds from disposal of property, plant and equipment | 29(b) | **221** | 47 |
| Purchase of intangible assets | 13 | **(510)** | (885) |
| Net decrease/(increase) in term deposits | | **22,349** | (173,104) |
| Interest received on term deposits | | **32,894** | 27,731 |
| Purchase of financial assets at FVPL | 21(c) | **(164,052)** | (360,512) |
| Dividends received from financial assets at FVPL | 8 | **281** | 958 |
| Proceeds from disposal of financial assets at FVPL | 21(c) | **182,579** | 408,237 |
| Acquisition of subsidiaries | | **–** | (710) |
| Dividends received from investments accounted for using the equity method | 16 | **1,195** | – |
| Disposal of investment in an associate | 16(d) | **1,869** | – |
| Disposal of subsidiaries, net of cash disposed | | **–** | 5,000 |
| Loans provided to a related party | 31(b) | **(1,750)** | – |
| Repayment of loans by a related party | 31(b) | **1,545** | – |
| Net repayments of loans from third parties | | **60** | 46,216 |
| Interest received from loans | | **–** | 26 |
| **Net cash generated from/(used in) investing activities** | | **73,592** | (56,526) |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | **112,135** | 222,551 |
| Interest paid for borrowings | | **(5,550)** | (5,683) |
| Repayments of borrowings | | **(217,601)** | (47,950) |
| Payment for lease liabilities (including interest component) | 29(d) | **(12,779)** | (22,019) |
| Dividends paid | 26 | **(25,147)** | (29,274) |
| **Net cash (used in)/generated from financing activities** | | **(148,942)** | 117,625 |
| **Net decrease in cash and cash equivalents** | | **(141,651)** | (186,280) |
| Effect on exchange rate difference | 29(d) | **1,190** | 463 |
| **Cash and cash equivalents at the beginning of the year** | 22 | **259,612** | 445,429 |
| **Cash and cash equivalents at the end of the year** | 22 | **119,151** | 259,612 |

The above consolidated statement of cash flows 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 Palm Grove Unit 4, 265 Smith Road, George Town, P.O. Box 52A Edgewater Way, #1653, Grand Cayman KY1-9006, 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.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2025.

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

### 2.1 Basis of preparation

**(i) Compliance with IFRS Accounting Standards and HKCO (as defined below)**

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards and disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards,
- IAS Standards, and
- Interpretations developed by the IFRS Interpretations Committee (IFRIC interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

Accounting policies applied in the preparation of these consolidated financial statements have been consistently applied, unless otherwise stated. Other than these material accountingly policies which are disclosed in the notes to the relevant financial line items or transactions in these consolidated financial statements, other accounting policies have been set out in the summary in Note 36.

**(ii) Historical cost convention**

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

### 2.1 Basis of preparation (continued)

**(iii) New and amended standards adopted by the Group**

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 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.

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.

**(iv) New and amended standards and interpretations not yet adopted**

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below.

| | | **Effective for annual periods beginning on or after** |
|---|---|---|
| Amendments to IAS 21 | Lack of Exchangeability | 1 January 2025 |
| Amendments to IFRS 9 and IFRS 7 | Classification and Measurement of Financial Instruments | 1 January 2026 |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |
| IFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 |

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 and IFRS 19 are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group will apply the new standard IFRS 18 from its mandatory effective date of 1 January 2027 and does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. Retrospective application is required, and so the comparative information for the year ended 31 December 2026 will be restated in accordance with IFRS 18.

# 3 FINANCIAL RISK MANAGEMENT

## 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group. The Group currently does not use any derivative financial instruments to hedge certain risk exposure.

### 3.1.1 Market risk

***(a) 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 currency. The Company's functional currency is USD. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency.

The Group operates mainly in the PRC with most of the transactions settled in RMB, management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

***(b) Cash flow and fair value interest rate risk***

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets and liabilities except for short-term borrowing, term deposits and cash and cash equivalents, details of which have been disclosed in Note 27 and Note 22 respectively. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. The directors of the Group believe that there is no material interest rate risk because most of interest-bearing liabilities have fixed interest rates.

### 3.1.2 Credit risk

***Risk Management***

Credit risk arises from cash and cash equivalents, term deposits, restricted cash, contract assets, trade and other receivables and debt investments at FVOCI. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, cash and cash equivalent, term deposits and bank acceptance bills are mainly placed with state-owned and reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are immaterial.

## 3 FINANCIAL RISK MANAGEMENT (continued)

### 3.1 Financial risk factors (continued)

#### 3.1.2 Credit risk (continued)

***Risk Management*** *(continued)*

The Group has policies in place to ensure that trade receivables and contract assets with credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. For other receivables and debt investments at FVOCI, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group's investment in debts at FVOCI are the trade receivables in nature and transferred receivables under factoring arrangements, and they are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

***Impairment***

The Group has four types of financial assets that are subject to the expected credit loss model:

- trade receivables,
- contract assets,
- other receivables, and
- debt investments at FVOCI.

While cash and cash equivalents, term deposits and bank acceptance bills are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(a) *Trade receivables and contract assets*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates of trade receivables and contract assets are based on the payment pattern of debtors with similar risk profiles and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

## 3 FINANCIAL RISK MANAGEMENT (continued)

### 3.1 Financial risk factors (continued)

#### 3.1.2 Credit risk (continued)

***Impairment*** *(continued)*

(a) *Trade receivables and contract assets (continued)*

On that basis, the loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows for both trade receivables and contract assets:

| | | Overdue | | | |
|---|---|---|---|---|---|
| | **Current RMB'000** | **Within 1 year RMB'000** | **Over 1 year and within 2 years RMB'000** | **Over 2 years RMB'000** | **Total RMB'000** |
| **31 December 2024** | | | | | |
| **Collectively assessed** | | | | | |
| Expected loss rate | **5.78%** | **8.75%** | **61.72%** | **93.75%** | **9.15%** |
| Gross carrying amount – trade receivables | **56,850** | **77,248** | **6,975** | **6,789** | **147,862** |
| Gross carrying amount – contract assets | **213,916** | **–** | **–** | **–** | **213,916** |
| Loss allowance | **15,660** | **6,757** | **4,305** | **6,365** | **33,087** |
| **Individually assessed** | | | | | |
| Expected loss rate | | | | | **46.62%** |
| Gross carrying amount – trade receivables | | | | | **24,634** |
| Gross carrying amount – contract assets | | | | | **42,569** |
| Loss allowance | | | | | **31,328** |
| Total loss allowance | | | | | **64,415** |

## 3 FINANCIAL RISK MANAGEMENT (continued)

### 3.1 Financial risk factors (continued)

#### 3.1.2 Credit risk (continued)

***Impairment** (continued)*

(a) *Trade receivables and contract assets (continued)*

| | | Overdue | | | |
|---|---|---|---|---|---|
| | Current RMB'000 | Within 1 year RMB'000 | Over 1 year and within 2 years RMB'000 | Over 2 years RMB'000 | Total RMB'000 |
| **31 December 2023** | | | | | |
| **Collectively assessed** | | | | | |
| Expected loss rate | 2.42% | 5.75% | 45.44% | 100.00% | 4.48% |
| Gross carrying amount – trade receivables | 57,661 | 28,463 | 5,933 | 3,335 | 95,392 |
| Gross carrying amount – contract assets | 232,938 | – | – | – | 232,938 |
| Loss allowance | 7,030 | 1,638 | 2,696 | 3,335 | 14,699 |
| **Individually assessed** | | | | | |
| Expected loss rate | | | | | 55.02% |
| Gross carrying amount – trade receivables | | | | | 20,586 |
| Gross carrying amount – contract assets | | | | | 25,390 |
| Loss allowance | | | | | 25,294 |
| Total loss allowance | | | | | 39,993 |

## 3 FINANCIAL RISK MANAGEMENT (continued)

### 3.1 Financial risk factors (continued)

#### 3.1.2 Credit risk (continued)

***Impairment** (continued)*

*(b) Other receivables*

Other receivables mainly include loans, deposits and others.

The following table explains the changes in the loss allowance for other receivables between the beginning and the end of the year:

| | **Performing 12-month ECL** RMB'000 | **Under-performing lifetime ECL** RMB'000 | **Non-performing lifetime ECL** RMB'000 | **Total** RMB'000 |
|---|---|---|---|---|
| Loss allowance as at 31 December 2023 | (988) | – | (7,558) | (8,546) |
| (Increase)/decrease in impairment | (418) | – | 105 | (313) |
| Loss allowance as at 31 December 2024 | **(1,406)** | **–** | **(7,453)** | **(8,859)** |

The gross carrying amount of other receivables, and thus the maximum exposure to loss, is as follows:

| | **31 December 2024 RMB'000** |
|---|---|
| Performing | **32,420** |
| Non-performing | **7,453** |
| Total gross other receivables | **39,873** |
| Less: loss allowance | **(8,859)** |
| Total net other receivables | **31,014** |

## 3 FINANCIAL RISK MANAGEMENT (continued)

### 3.1 Financial risk factors (continued)

#### 3.1.2 Credit risk (continued)

***Impairment** (continued)*

(c) *Debt investment at fair value through other comprehensive income*

The loss allowance for debt investments at FVOCI is recognised in profit or loss and in other comprehensive income rather than reducing the carrying amount of the debt investments. The loss allowance for debt investments at FVOCI as at 31 December 2024 and 2023 reconciles to the opening loss allowance as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **At the beginning of the year** | **85** | – |
| (Decrease)/increase in impairment | **(41)** | 85 |
| **At the end of the year** | **44** | 85 |

(d) Contract assets, trade receivables and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 3 years past due.

Impairment losses on contract assets, trade receivables, other receivables and debt investment at fair value through other comprehensive income are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

## 3 FINANCIAL RISK MANAGEMENT (continued)

### 3.1 Financial risk factors (continued)

#### 3.1.3 Liquidity risk

The objective of liquidity risk management is to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| | Less than 1 year RMB'000 | Between 1 and 2 years RMB'000 | Between 2 and 5 years RMB'000 | More than 5 years RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| **As at 31 December 2024** | | | | | |
| Financial liabilities included in trade and other payables (excluding staff salaries and welfare payables and tax payables) | **485,804** | **–** | **–** | **–** | **485,804** |
| Borrowings (principal and interest) | **107,603** | **–** | **–** | **–** | **107,603** |
| Lease liabilities | **11,015** | **10,340** | **14,254** | **–** | **35,609** |
| | **604,422** | **10,340** | **14,254** | **–** | **629,016** |
| **As at 31 December 2023** | | | | | |
| Financial liabilities included in trade and other payables (excluding staff salaries and welfare payables and tax payables) | 323,224 | – | – | – | 323,224 |
| Borrowings (principal and interest) | 213,810 | – | – | – | 213,810 |
| Lease liabilities | 13,211 | 7,549 | 14,979 | 70 | 35,809 |
| | 550,245 | 7,549 | 14,979 | 70 | 572,843 |

### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholders, or issue new shares or sell assets to reduce debt.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. In the opinion of the directors of the Company, the Group does not have material capital risk.

## 3 FINANCIAL RISK MANAGEMENT (continued)

### 3.3 Fair value estimation

#### (i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

| | Level 1<br>RMB'000 | Level 2<br>RMB'000 | Level 3<br>RMB'000 | Total<br>RMB'000 |
|---|---|---|---|---|
| **As at 31 December 2024** | | | | |
| – Financial assets at FVPL (Note 21) | **15,077** | **–** | **10,017** | **25,094** |
| – Financial assets at FVOCI (Note 17) | **–** | **–** | **72,481** | **72,481** |
| | **15,077** | **–** | **82,498** | **97,575** |
| **As at 31 December 2023** | | | | |
| – Financial assets at FVPL (Note 21) | 16,752 | – | 27,282 | 44,034 |
| – Financial assets at FVOCI (Note 17) | – | – | 143,121 | 143,121 |
| | 16,752 | – | 170,403 | 187,155 |

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year ended 31 December 2024 (2023: nil).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

## 3 FINANCIAL RISK MANAGEMENT (continued)

### 3.3 Fair value estimation (continued)

**(ii) Valuation techniques used to determine fair values**

Specific valuation techniques used to value financial instruments include:

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

There were no change in valuation techniques in determining the level 3 fair values during the year ended 31 December 2024 (2023: nil).

**(iii) Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the year ended 31 December 2024 and 31 December 2023:

| | Financial assets at FVOCI | | Financial assets at FVPL | | |
|---|---|---|---|---|---|
| | Equity investment RMB'000 | Debt investment RMB'000 | Wealth management products RMB'000 | Private equity funds RMB'000 | Total RMB'000 |
| As at 1 January 2023 | 34,926 | – | 49,403 | 4,451 | 88,780 |
| Acquisitions | – | 143,121 | 378,501 | – | 521,622 |
| Changes in fair value | (35,133) | – | 2,021 | 893 | (32,219) |
| Currency translation differences | 207 | – | – | – | 207 |
| Disposals | – | – | (402,643) | (5,344) | (407,987) |
| As at 31 December 2023 | – | 143,121 | 27,282 | – | 170,403 |
| Net unrealised (losses)/gains at year end | (35,133) | – | 282 | – | (34,851) |
| **As at 1 January 2024** | **–** | **143,121** | **27,282** | **–** | **170,403** |
| Acquisitions | **–** | **217,728** | **156,000** | **–** | **373,728** |
| Changes in fair value | **–** | **–** | **813** | **–** | **813** |
| Disposals | **–** | **(288,368)** | **(174,078)** | **–** | **(462,446)** |
| **As at 31 December 2024** | **–** | **72,481** | **10,017** | **–** | **82,498** |
| **Net unrealised gains at year end** | **–** | **–** | **18** | **–** | **18** |

**(iv)** The carrying amounts of the Group's financial assets, including cash and cash equivalents, term deposits and trade and other receivables, and financial liabilities including trade and other payables, interest-bearing bank borrowings and lease liabilities, approximate their fair values due to their short maturities. The carrying amounts of the Group's non-current lease liabilities approximate their fair values as they are carried at an interest rate close to market rate at each year end.

## 4 CRITICAL ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will likely differ from actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### (a) Expected credit loss for receivables and contract assets

The impairment provision for trade receivables, other receivables and contract assets are based on assumptions about the expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 3.1.2. Changes in these assumptions and estimates could materially affect the result of the assessment and to may be necessary to make additional impairment charge to the consolidated income statement.

### (b) Estimation of non-financial assets impairment – Investments accounted for using the equity method

In respect of the Group's investments accounted for using the equity method, the Group tested them for impairment by estimating the recoverable amounts of these investments, being the higher of the fair value less costs of disposal and value in use as at 31 December 2024.

### (c) Revenue from interior design and construction contracts

For most of the Group's decoration contracts, the Group completes satisfaction of the relevant performance obligations over time and the revenue is recognised during the contract period based on the performance progress, which is determined by input method. The Group's management makes reasonable estimates on the expected total contract revenue and total contract costs based on the budgets prepared for construction operations to determine the performance progress. Due to the nature of activities associated with decoration contracts, the Group has to continuously review and revise budget prepared for each decoration contracts throughout the contract period. Revision may have effect on revenue, profit and other items related to decoration contracts during the period when the revision incurred.

### (d) Estimation of goodwill impairment

The Group tests goodwill for impairment on an annual basis. For the year ended 31 December 2024 and 2023, the recoverable amount of cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in Note 14. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in Note 14.

## 4 CRITICAL ESTIMATES AND JUDGMENTS (continued)

### (e) Current and deferred income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgment is required in determining the provision for income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

## 5 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:

- 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.

## 5 SEGMENT INFORMATION (continued)

| Segment | SaaS and marketing service RMB'000 | Interior design and construction RMB'000 | Innovation and others RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| | Year ended 31 December 2024 | | | |
| **Revenue** | | | | |
| Segment revenue | 339,206 | 665,184 | 68,535 | 1,072,925 |
| Inter-segment sales | (5,497) | – | (11,789) | (17,286) |
| Revenue from external customers | 333,709 | 665,184 | 56,746 | 1,055,639 |
| Timing of revenue recognition | | | | |
| At a point in time | 317,208 | 2,165 | 56,055 | 375,428 |
| Over time | 16,501 | 663,019 | 691 | 680,211 |
| | 333,709 | 665,184 | 56,746 | 1,055,639 |
| **Results** | | | | |
| Segment gross profit | 325,102 | 70,683 | 17,249 | 413,034 |
| Selling and marketing expenses | | | | (417,143) |
| Administrative expenses | | | | (64,276) |
| Research and development expenses | | | | (28,245) |
| Net impairment losses on financial assets | | | | (24,694) |
| Other losses – net | | | | (30,463) |
| Finance income – net | | | | 32,864 |
| Share of results of investments accounted for using the equity method | | | | (9,848) |
| Loss before income tax | | | | (128,771) |

## 5 SEGMENT INFORMATION (continued)

| Segment | SaaS and marketing service RMB'000 | Interior design and construction RMB'000 | Innovation and others RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| | Year ended 31 December 2023 | | | |
| **Revenue** | | | | |
| Segment revenue | 452,468 | 729,671 | 57,857 | 1,239,996 |
| Inter-segment sales | (34,396) | – | (18,606) | (53,002) |
| Revenue from external customers | 418,072 | 729,671 | 39,251 | 1,186,994 |
| Timing of revenue recognition | | | | |
| At a point in time | 394,127 | 2,706 | 37,554 | 434,387 |
| Over time | 23,945 | 726,965 | 1,697 | 752,607 |
| | 418,072 | 729,671 | 39,251 | 1,186,994 |
| **Results** | | | | |
| Segment gross profit | 407,210 | 84,438 | 3,810 | 495,458 |
| Selling and marketing expenses | | | | (430,047) |
| Administrative expenses | | | | (75,926) |
| Research and development expenses | | | | (37,148) |
| Net impairment losses on financial assets | | | | (9,791) |
| Other losses – net | | | | (52,582) |
| Finance income – net | | | | 33,029 |
| Share of results of investments accounted for using the equity method | | | | (17,907) |
| Loss before income tax | | | | (94,914) |

## 5 SEGMENT INFORMATION (continued)

### (a) Revenue

The revenue for the years ended 31 December 2024 and 2023 are set out as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| SaaS and marketing service | **333,709** | 418,072 |
| Interior design and construction | **665,184** | 729,671 |
| Innovation and others | **56,746** | 39,251 |
| | **1,055,639** | 1,186,994 |

### (b) Revenue by geographical markets

Most revenue of the Group was generated in the PRC during the years ended 31 December 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 year ended 31 December 2024 and 2023.

### (d) Accounting policies of revenue recognition

#### (i) Revenue recognition

Revenue is recognised when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

## 5 SEGMENT INFORMATION (continued)

### (d) Accounting policies of revenue recognition (continued)

**(i) Revenue recognition** (continued)

When either party to a contract has performed, the Group presents the contract in the consolidated balance sheets as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

**(ii) The accounting policy for the Group's principal revenue sources**

***(a) SaaS and marketing service***

The Group provides SaaS and targeted marketing services, mainly including SaaS, targeted marketing services and inspection service to the merchants.

*(i) SaaS*

Software as a service ("SaaS") allows users to connect to and use cloud-based apps over the Internet. The Group provides SaaS based total marketing solution to merchants. The solution includes budget planning and executing, online market place, sales leads process management, customer engagement and feedback, and performance monitoring and analytics tools. The Group charges the merchants a basic subscription fee for using the total marketing solution. Marketing solution service revenues are recognised based on straight-line method during the service period as specified in the contracts.

*(ii) Targeted marketing service*

The Group provide Internet Data Center service providers with professional marketing solution to address each Internet Data Center service provider's demand of customer acquisition, the Group charges the Internet Data Center service provider for a fixed fee for each order recommended, which is the result of the Group accurate matching by targeted marketing solution. Revenue from targeted marketing service is recognised upon completion of the acceptance of the order recommendation by the Internet Data Center service provider.

For arrangements where consideration is paid in advance of service provided, the Group records a contract liability when the payment is received.

## 5 SEGMENT INFORMATION (continued)

### (d) Accounting policies of revenue recognition (continued)

**(ii) The accounting policy for the Group's principal revenue sources** (continued)

***(a) SaaS and marketing service*** *(continued)*

*(iii) Inspection service*

The Group also provides value-added services such as third-party inspection services to the individual customers to help Internet Data Center service provider enhance the service stickiness during the interior design and construction projects. The Group charges the interior design and construction service providers a fixed fee for each project. Inspection service fee revenues are recognised over time, by reference to completion of the specific transaction assessed on the results achieved up to the end of the reporting period as a percentage of total services to be provided for each contract.

***(b) Interior design and construction***

The Group provides interior design and construction services, mainly including decoration services. For revenue from decoration contracts, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, and the Group has an enforceable right to payment from the customers for performance completed to date, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract as a percentage of total decoration services to be provided for each contract.

**(iii) Practical expedients and exemptions**

The Group generally expenses contract acquisition cost when incurred because the amortisation period would have been 1 year or less. Accordingly, the Group does not capitalise any incremental costs to obtain a contract.

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all of the Group's contracts have a duration of 1 year or less.

## 6 EXPENSES BY NATURE

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

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Materials and other consumables used (Note 18(b)) | **334,199** | 313,371 |
| Outsourced labour costs | **321,741** | 396,307 |
| Advertising and promotion expenses | **281,882** | 265,691 |
| Employee benefit expenses (Note 7) | **154,581** | 189,783 |
| Travelling, entertainment and communication expenses | **13,424** | 14,366 |
| Depreciation of right-of-use assets (Note 12(b)) | **9,238** | 14,692 |
| Depreciation of property, plant and equipment (Note 12(a)) | **7,642** | 7,019 |
| Short-term leases and leases of low-valued assets (Note 12(b)) | **6,613** | 6,913 |
| Professional fee | **5,151** | 2,908 |
| Auditors' remuneration | | |
| – Audit service | **2,800** | 3,500 |
| – Non-audit service | **130** | 162 |
| Utilities and electricity expenses | **1,763** | 1,756 |
| Taxes and levies | **1,269** | 2,438 |
| Bank charges and payment platform processing fees | **1,162** | 2,726 |
| Amortisation of intangible assets (Note 13) | **1,049** | 1,394 |
| Impairment loss on slow moving inventories (Note 18(a)) | **–** | 292 |
| Miscellaneous | **9,625** | 11,339 |
| | **1,152,269** | 1,234,657 |

## 7 EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses are analysed as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Salaries, wages and bonuses | **130,995** | 161,412 |
| Pension costs – defined contribution plans (a) | **17,884** | 19,808 |
| Share-based compensation expenses (Note 25(c)) | **94** | 207 |
| Other social security costs, housing benefits and other employee benefits | **5,608** | 8,356 |
| | **154,581** | 189,783 |

### (a) Pension costs – defined contribution plans

During the year ended 31 December 2024, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2023: nil).

## 8 OTHER LOSSES – NET

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Impairment loss on investments accounted for using the equity method (Note 16) | **(30,710)** | (53,216) |
| Fair value changes of financial assets at FVPL (Note 21(c)) | **(425)** | 2,287 |
| Net foreign exchange losses | **(233)** | (6) |
| Loss on disposal of an associate (Note 16(d)) | **(132)** | – |
| Net loss on disposal of property, plant and equipment (Note 12(a)(i)) | **(101)** | (36) |
| Impairment loss on goodwill (Note 14) | **–** | (7,796) |
| Dividends received from financial assets at FVPL | **281** | 958 |
| Net gain/(loss) on termination of lease contracts (Note 12(b)(i)(1)) | **389** | (88) |
| Government grants (a) | **763** | 5,228 |
| Others | **(295)** | 87 |
| | **(30,463)** | (52,582) |

(a) Governments grants received during the year primarily comprised the financial subsidies received from local government authorities. There are no unfulfilled conditions or contingencies relating to these incomes.

## 9 FINANCE INCOME – NET

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Finance income:** | | |
| Interest income | **39,311** | 40,322 |
| **Finance costs:** | | |
| Interest expense on bank borrowings | **(1,103)** | (1,570) |
| Interest expense on other loans | **(4,282)** | (4,244) |
| Interest expense on lease liabilities | **(1,062)** | (1,479) |
| | **(6,447)** | (7,293) |
| Finance income – net | **32,864** | 33,029 |

## 10 INCOME TAX EXPENSES

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Current tax:** | | |
| Current tax for the year | **286** | 552 |
| **Deferred income tax:** | | |
| Decrease in deferred tax assets | **3,173** | 3,595 |
| **Income tax expenses** | **3,459** | 4,147 |

## 10 INCOME TAX EXPENSES (continued)

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 gain. 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 years ended 31 December 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 year ended 31 December 2024 (2023: 25%).

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 year ended 31 December 2024 (2023: 15%) 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 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 year ended 31 December 2024, the subsidiaries of the Group in the PRC do not have any profit distribution plan (2023: nil).

## 10 INCOME TAX EXPENSES (continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profit of the consolidated entities as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Loss before income tax | **(128,771)** | (94,914) |
| Tax calculated at PRC statutory income tax rate of 25% | **(32,193)** | (23,729) |
| *Tax effects of:* | | |
| Differential income tax rates applicable to certain entities comprising the Group | **(2,260)** | (5,560) |
| Income not subject to tax | **(3,683)** | (84) |
| Non-deductible expenses | **6,275** | 13,994 |
| Tax effect of preferential tax treatment | **2,882** | (4,519) |
| Research and development tax credit | **(2,454)** | (2,846) |
| Utilisation of previously unrecognised tax losses and other temporary differences | **(3,219)** | (5,872) |
| Unrecognised deferred income tax assets | **38,111** | 32,763 |
| Income tax expenses | **3,459** | 4,147 |

The unrecognised deferred tax assets are analysed as follows:

### Tax losses carried forward

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Unused tax losses for which no deferred tax asset has been recognised | **648,621** | 580,574 |
| Unrecognised deferred tax assets relating to tax losses carried forward | **146,196** | 133,728 |

The unused tax losses can be carried forward and will be expired from 2025 to 2034.

## 11 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 financial year excluding treasury shares.

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| Losses attributable to equity holders of the Company (RMB'000) | **(126,957)** | (96,869) |
| Weighted average number of ordinary shares in issue (thousand) | **1,123,232** | 1,123,156 |
| Losses per share | **(0.1130)** | (0.0863) |

### (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 years ended 31 December 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 year ended 31 December 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 year ended 31 December 2024 and 2023 were the same as basic losses per share.

## 12 PROPERTY, PLANT AND EQUIPMENT AND LEASES

### (a) Property, plant and equipment

| | Leasehold improvements RMB'000 | Buildings RMB'000 | Transportation equipment RMB'000 | Office furniture and equipment RMB'000 | Computer and electric equipment RMB'000 | Display and exhibition equipment RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|
| **As at 1 January 2023** | | | | | | | |
| Cost | 12,083 | 17,925 | 3,733 | 1,747 | 8,208 | 7,616 | 51,312 |
| Accumulated depreciation | (7,987) | (3,665) | (2,549) | (990) | (6,021) | (6,628) | (27,840) |
| Net book amount | 4,096 | 14,260 | 1,184 | 757 | 2,187 | 988 | 23,472 |
| **Year ended 31 December 2023:** | | | | | | | |
| Opening net book amount | 4,096 | 14,260 | 1,184 | 757 | 2,187 | 988 | 23,472 |
| Additions | 7,742 | – | 359 | 210 | 971 | 248 | 9,530 |
| Disposals | – | – | – | (66) | (14) | (3) | (83) |
| Depreciation | (3,787) | (1,032) | (366) | (248) | (1,235) | (351) | (7,019) |
| Net book amount | 8,051 | 13,228 | 1,177 | 653 | 1,909 | 882 | 25,900 |
| **As at 31 December 2023:** | | | | | | | |
| Cost | 19,825 | 17,925 | 4,092 | 1,819 | 8,994 | 7,857 | 60,512 |
| Accumulated depreciation | (11,774) | (4,697) | (2,915) | (1,166) | (7,085) | (6,975) | (34,612) |
| Net book amount | 8,051 | 13,228 | 1,177 | 653 | 1,909 | 882 | 25,900 |

| | **Leasehold improvements RMB'000** | **Buildings RMB'000** | **Transportation equipment RMB'000** | **Office furniture and equipment RMB'000** | **Computer and electric equipment RMB'000** | **Display and exhibition equipment RMB'000** | **Total RMB'000** |
|---|---|---|---|---|---|---|---|
| **As at 1 January 2024** | | | | | | | |
| Cost | **19,825** | **17,925** | **4,092** | **1,819** | **8,994** | **7,857** | **60,512** |
| Accumulated depreciation | **(11,774)** | **(4,697)** | **(2,915)** | **(1,166)** | **(7,085)** | **(6,975)** | **(34,612)** |
| Net book amount | **8,051** | **13,228** | **1,177** | **653** | **1,909** | **882** | **25,900** |
| **Year ended 31 December 2024:** | | | | | | | |
| Opening net book amount | **8,051** | **13,228** | **1,177** | **653** | **1,909** | **882** | **25,900** |
| Additions | **2,481** | **–** | **–** | **195** | **395** | **18** | **3,089** |
| Disposals (i) | **–** | **–** | **–** | **(25)** | **(255)** | **(42)** | **(322)** |
| Depreciation | **(4,545)** | **(1,032)** | **(416)** | **(209)** | **(1,057)** | **(383)** | **(7,642)** |
| Net book amount | **5,987** | **12,196** | **761** | **614** | **992** | **475** | **21,025** |
| **As at 31 December 2024:** | | | | | | | |
| Cost | **22,306** | **17,925** | **4,092** | **1,989** | **9,134** | **7,833** | **63,279** |
| Accumulated depreciation | **(16,319)** | **(5,729)** | **(3,331)** | **(1,375)** | **(8,142)** | **(7,358)** | **(42,254)** |
| Net book amount | **5,987** | **12,196** | **761** | **614** | **992** | **475** | **21,025** |

## 12 PROPERTY, PLANT AND EQUIPMENT AND LEASES (continued)

### (a) Property, plant and equipment (continued)

(i) During the year ended 31 December 2024, the Group disposed certain property, plant and equipment of RMB322,000 for proceeds of RMB221,000, with a net loss of RMB101,000 recorded in other losses – net (Note 8).

(ii) Depreciation of the Group's property, plant and equipment has been recognised in the consolidated income statement as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Selling and marketing expenses | **4,848** | 3,298 |
| Administrative expenses | **2,645** | 3,457 |
| Research and development expenses | **149** | 264 |
| | **7,642** | 7,019 |

### (b) Leases

**(i) Amounts recognised in the consolidated balance sheet**

The consolidated balance sheet shows the following amounts relating to leases:

| | **31 December 2024 RMB'000** | 31 December 2023 RMB'000 |
|---|---|---|
| **Right-of-use assets** | | |
| Buildings | **33,395** | 29,340 |
| **Lease liabilities** | | |
| Current | **10,296** | 11,613 |
| Non-current | **22,718** | 21,314 |
| | **33,014** | 32,927 |

## 12 PROPERTY, PLANT AND EQUIPMENT AND LEASES (continued)

### (b) Leases (continued)

**(i) Amounts recognised in the consolidated balance sheet** (continued)

The movements of right-of-use assets are listed below:

| | **Buildings** RMB'000 |
|---|---|
| **Balance at 1 January 2023** | |
| Cost | 65,406 |
| Accumulated depreciation | (37,675) |
| Net book amount | 27,731 |
| **Year ended 31 December 2023:** | |
| Opening net book amount | 27,731 |
| Additions | 19,203 |
| Amendment | (233) |
| Termination of lease contracts | (2,669) |
| Depreciation charge (Note 6) | (14,692) |
| Net book amount | 29,340 |
| **As at 31 December 2023:** | |
| Cost | 49,772 |
| Accumulated depreciation | (20,432) |
| Net book amount | 29,340 |
| **Year ended 31 December 2024:** | |
| Opening net book amount | **29,340** |
| Additions | **22,157** |
| Amendment | **(3,838)** |
| Termination of lease contracts (1) | **(5,026)** |
| Depreciation charge (Note 6) | **(9,238)** |
| Net book amount | **33,395** |
| **As at 31 December 2024:** | |
| Cost | **48,739** |
| Accumulated depreciation | **(15,344)** |
| Net book amount | **33,395** |

(1) During the year ended 31 December 2024, certain lease contracts were terminated. Right-of-use assets, lease liabilities and trade and other payables decreased by RMB5,026,000, RMB5,323,000 and RMB92,000 respectively with a gain of RMB389,000 recorded in other losses – net (Note 8).

## 12 PROPERTY, PLANT AND EQUIPMENT AND LEASES (continued)

### (b) Leases (continued)

**(ii) Amounts recognised in the consolidated income statement**

The consolidated income statement shows the following amounts relating to leases:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Depreciation charge of right-of-use assets** | | |
| Buildings | **9,238** | 14,692 |
| Interest expense (included in finance cost) (Note 9) | **1,062** | 1,479 |
| Expense relating to short-term leases (included in cost of sales and administrative expenses) (Note 6) | **6,211** | 6,141 |
| Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses) (Note 6) | **402** | 772 |
| | **7,675** | 8,392 |

The total cash outflow for leases in 2024 was RMB19,392,000 (2023: RMB28,932,000).

## 13 INTANGIBLE ASSETS

| | Trademarks and licenses RMB'000 | Domain names RMB'000 | Software RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **As at 1 January 2023** | | | | |
| Cost | 7,390 | 2,615 | 15,569 | 25,574 |
| Accumulated amortisation | (6,415) | (2,582) | (13,715) | (22,712) |
| Net book amount | 975 | 33 | 1,854 | 2,862 |
| **Year ended 31 December 2023** | | | | |
| Opening net book amount | 975 | 33 | 1,854 | 2,862 |
| Additions | 369 | – | 516 | 885 |
| Amortisation | (732) | (33) | (629) | (1,394) |
| Net book amount | 612 | – | 1,741 | 2,353 |
| **As at 31 December 2023** | | | | |
| Cost | 7,759 | 2,615 | 16,085 | 26,459 |
| Accumulated amortisation | (7,147) | (2,615) | (14,344) | (24,106) |
| Net book amount | 612 | – | 1,741 | 2,353 |
| **Year ended 31 December 2024** | | | | |
| Opening net book amount | **612** | **–** | **1,741** | **2,353** |
| Additions | **–** | **–** | **510** | **510** |
| Amortisation | **(612)** | **–** | **(437)** | **(1,049)** |
| Net book amount | **–** | **–** | **1,814** | **1,814** |
| **As at 31 December 2024** | | | | |
| Cost | **7,759** | **2,615** | **16,595** | **26,969** |
| Accumulated amortisation | **(7,759)** | **(2,615)** | **(14,781)** | **(25,155)** |
| Net book amount | **–** | **–** | **1,814** | **1,814** |

Amortisation of the Group's intangible assets has been recognised in the consolidated income statement as follows:

| | **Year ended 31 December** | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Administrative expenses | **756** | 1,026 |
| Research and development expenses | **293** | 368 |
| | **1,049** | 1,394 |

## 14 GOODWILL

| | RMB'000 |
|---|---|
| **As at 1 January 2023** | |
| Cost | 7,796 |
| Less: provision for impairment | – |
| Net book amount | 7,796 |
| **Year ended 31 December 2023** | |
| Opening net book amount | **7,796** |
| Acquisition of a subsidiary | **2,361** |
| Impairment charge | **(7,796)** |
| Net book amount | **2,361** |
| **As at 31 December 2023 and 31 December 2024** | |
| Cost | **10,157** |
| Less: provision for impairment | **(7,796)** |
| Net book amount | **2,361** |

### (a) Impairment test of goodwill

The goodwill of RMB7,796,000 as at 31 December 2024 arose from the acquisitions of Brausen (Fujian) Decoration Engineering Co., Ltd. ("Fujian Brausen"), Brausen (Xiamen) Decoration Engineering Co., Ltd. ("Xiamen Brausen") and Luoyuan Brausen Decoration Engineering Co., Ltd. ("Luoyuan Brausen") in 2015 and 2016. During the year ended 31 December 2023, a full impairment of RMB7,796,000 has been provided for CGU of Fujian Brausen, Xiamen Brausen and Luoyuan Brausen.

On 6 September 2023, the Group acquired 51% of the issued share capital of Quanzhou Jiemai Technology Co., Ltd. ("Quanzhou Jiemai") and its subsidiary Quanzhou Jingtong Yigou E-commerce Co., Ltd. ("Quanzhou Jingtong Yigou"), companies engaged in cross-boarder e-commerce business, and a goodwill of RMB2,361,000 was recognised.

As at 31 December 2024, the Group carries out its annual impairment test on goodwill by comparing the recoverable amounts to the carrying amounts. The recoverable amount was determined based on value-in-use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period with a terminal value related to the future cash flows extrapolated using the estimated growth rates stated below beyond the 5-year period. The Group believes that it is appropriate to cover a 5-year period in its cash flow projection, because it captures the development stage of the Group's businesses during which the Group expects to experience a high growth rate. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. The management leveraged their extensive experience in the industry and provided forecast based on past performance and their expectation of future business plans and market developments.

## 14 GOODWILL (continued)

**(b)** The following table sets out the key assumptions used in value-in-use calculations of Quanzhou Jiemai:

| | As at 31 December 2024 | 2023 |
|---|---|---|
| Compound annual revenue growth rate for the 5 year period (%) | **4.0%** | **37.0%** |
| Gross profit rate (%) | **42.2%** | **37.3%** |
| Terminal growth rate (%) | **2.5%** | **2.5%** |
| Discount rate (%) | **18.0%** | **18.0%** |

**(c)** The following table sets out the key assumptions used in value-in-use calculations:

Management has determined the values assigned to each of the above key assumptions as follows:

| **Assumption** | **Approach used to determining values** |
|---|---|
| Revenue growth rate for the 5 year period | The compound annual revenue growth rate for the 5-year period used in the goodwill impairment testing was determined by the management based on past performance and its expectation for market development. |
| Gross profit rate | The gross profit rate are based on the past performance and the management's expectations for the future. |
| Terminal growth rate | This is the weighted average growth rate used to extrapolate cash flows beyond the budget period and it reflects the expected long-term inflation rate. |
| Discount rate | The discount rate reflects market assessments of the time value and the specific risks relating to the industry. |

### (d) Impairment charge

As at 31 December 2024, the directors are of the view that there was no need to provide for impairment of goodwill based on assessment. The recoverable amount of Quanzhou Jiemai CGU is estimated to exceed the carrying amount of the CGU at 31 December 2024 by RMB373,000.

### (e) Impact of possible changes in key assumptions

The Directors and management have considered and assessed reasonably possible changes for key assumptions and believe there is no material risk for goodwill impairment.

## 15 DEFERRED INCOME TAX

Deferred income taxes are calculated on certain temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheets:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Deferred income tax assets: | | |
| – to be recovered within 12 months | **–** | 3,173 |

| | Accruals | Tax losses carried forward | Cultural construction fee | Total |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **As at 1 January 2023** | 3,178 | 3,249 | 341 | 6,768 |
| Charged to consolidated income statement | (5) | (3,249) | (341) | (3,595) |
| **As at 31 December 2023** | 3,173 | – | – | 3,173 |
| **As at 1 January 2024** | **3,173** | **–** | **–** | **3,173** |
| Charged to consolidated income statement | **(3,173)** | **–** | **–** | **(3,173)** |
| **As at 31 December 2024** | **–** | **–** | **–** | **–** |

(a) As at 31 December 2024, the Group did not recognise deferred income tax assets in respect of losses and deductible temporary differences of RMB293,729,000 (31 December 2023: RMB269,430,000). These tax losses will expire from 2025 to 2034.

## 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Associates | **116,574** | 162,024 |

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **At the beginning of the year** | | |
| Gross amount | **275,569** | 293,431 |
| Less: provision for impairment | **(113,545)** | (60,329) |
| Net book amount | **162,024** | 233,102 |
| At the beginning of the year – carrying amount | **162,024** | 233,102 |
| Share of results of the associates | **(9,848)** | (17,907) |
| Share of other comprehensive (loss)/income of investments accounted for using the equity method | **(1,696)** | 45 |
| Dividends received from an associate | **(1,195)** | – |
| Increase in impairment (Note 8) | **(30,710)** | (53,216) |
| Disposals (d) | **(2,001)** | – |
| At the end of the year – carrying amount | **116,574** | 162,024 |
| **At the end of the year** | | |
| Gross amount | **260,829** | 275,569 |
| Less: provision for impairment | **(144,255)** | (113,545) |
| Net book amount | **116,574** | 162,024 |

(a) Set out below is the associate of the Group as at 31 December 2024 and 2023, which, in the opinion of the directors, is material to the Group. The places of incorporation or establishment are also their principal places of business operation.

| Name | Date of incorporation/ establishment | Paid-up capital (RMB'000) | Place of incorporation/ establishment | Percentage of ownership interest attribute to the Group 31 December 2024 | 2023 | Principal activities |
|---|---|---|---|---|---|---|
| Guangzhou Seagull Kitchen and Bath Products Co., Ltd. (廣州海鷗住宅工業股份有限公司, "Seagull") (i) | 08 January 1998 | 646,056 | Guangzhou, the PRC | **6.20%** | 6.15% | Development, production and sales of high-grade plumbing equipment and hardware |

## 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(a) (continued)

(i) The Group invested in Seagull, a company listed in Shenzhen Stock Exchange in 2015. Since the Group appointed a director to the board of Seagull, which demonstrated the Group was able to exercise significant influence over the board, the investment was accounted for by using equity method.

The Group tested the investment in Seagull for impairment by estimating the recoverable amounts, being the higher of the fair value less costs of disposal and value in use as at 31 December 2024. Impairment loss of RMB30,710,000 was recognised during the year ended 31 December 2024.

(ii) Summarised financial information of the Group's associates

The tables below provide summarised financial information for the associates that is material to the Group.

| **Items** | **As at/for the year ended 31 December 2024 RMB'000** | 2023 RMB'000 |
|---|---|---|
| Assets | **3,760,850** | 4,108,849 |
| Liabilities | **2,038,032** | 2,002,794 |
| Revenue | **2,901,630** | 2,885,319 |
| Loss for the year | **(162,658)** | (292,884) |

*Reconciliation of summarised financial information*

Reconciliation of summarised financial information presented to the carrying amount of its interest in the material associate.

| **Items** | **Year ended 31 December 2024 RMB'000** |
|---|---|
| **Net assets at the beginning of the year** | **1,771,042** |
| Loss for the year | **(162,658)** |
| Other comprehensive income | **(10,413)** |
| Repurchase of shares | **(16,931)** |
| Dividends | **(1,192)** |
| **Net assets at the end of the year** | **1,579,848** |
| Net assets attributable to the Group | **98,008** |
| Goodwill | **158,782** |
| Gross value | **256,790** |
| Less: impairment | **(142,396)** |
| **Carrying value** | **114,394** |

(b) As at 31 December 2024, the aggregate carrying amount of interests in individually immaterial investments that are accounted for using the equity method was approximately RMB2,180,000.

(c) There are no contingent liabilities relating to the Group's interest in the associates.

(d) During the year ended 31 December 2024, the Group disposed 0.51% proportion of shareholding in Kuaizhu Intelligent Technology (Suzhou) Co., Ltd. (快住智能科技(蘇州)有限公司) for a consideration of RMB1,869,000. The Group recorded loss of RMB132,000 (Note 8).

## 17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Current:** | | |
| Debt investment measured at FVOCI (b) | | |
| – Trade receivables under factoring arrangements | **67,222** | 123,385 |
| – Trade receivables in hand | **5,259** | 19,736 |
| | **72,481** | 143,121 |

(a) The movements of financial assets at FVOCI are listed below:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| At the beginning of the year | **143,121** | 34,926 |
| Additions | **217,728** | 143,121 |
| Disposals | **(288,368)** | – |
| Currency translation differences | **–** | 207 |
| Changes in the fair value (Note 24) | **–** | (35,133) |
| At the end of the year | **72,481** | 143,121 |

(b) The debt investments at FVOCI are the trade receivables in nature from one customer for both held for collect and selling business models. They are within level 3 of the fair value hierarchy.

As at 31 December 2024, trade receivables with the carrying amounts of RMB67,222,000 were 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 substantially all of the risks and rewards of ownership through 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.

Other than factoring arrangement, the Group also transferred these trade receivables to other suppliers without retaining any late payment and credit risk. The Group therefore considers that held for collect and selling business models remain appropriate for these receivables and hence continues measuring them at fair value.

## 17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

(b) (continued)

The relevant carrying amounts are as follows:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Transferred receivables under factoring arrangements | **67,222** | 123,385 |
| Associated secured borrowing (Note 27(b)) | **(67,222)** | (123,385) |

(c) As at 31 December 2024 and 2023, the fair value of the equity investments at FVOCI has declined to zero.

## 18 INVENTORIES

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Finished goods | **25,768** | 5,643 |
| Less: allowance for impairment of slow moving inventories (a) | **(859)** | (1,137) |
| | **24,909** | 4,506 |

(a) Movements on the Group's allowance for impairment of slow moving inventories are as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **At the beginning of the year** | **(1,137)** | (1,160) |
| Increase in allowance | **–** | (292) |
| Write off | **278** | 315 |
| **At the end of the year** | **(859)** | (1,137) |

(b) During the year ended 31 December 2024, the cost of inventories recognised as cost of sales and included in "materials and other consumables used" amounted to RMB334,199,000 (2023: RMB313,371,000).

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Financial assets:** | | |
| Financial assets at amortised cost: | | |
| – Trade and other receivables (excluding prepayments to suppliers) (Note 20) | **170,690** | 124,705 |
| – Term deposits (Note 22) | **745,935** | 757,906 |
| – Restricted cash (Note 22) | **82,659** | 21,779 |
| – Cash and cash equivalents (Note 22) | **119,151** | 259,612 |
| Financial assets at FVPL (Note 21) | **25,094** | 44,034 |
| Financial assets at FVOCI (Note 17) | **72,481** | 143,121 |
| | **1,216,010** | 1,351,157 |
| **Financial liabilities:** | | |
| Financial liabilities at amortised cost: | | |
| – Short-term borrowings (Note 27) | **107,145** | 212,776 |
| – Financial liabilities included in trade and other payables (excluding staff salaries and welfare payables and tax payables) (Note 28) | **485,804** | 323,224 |
| – Lease liabilities (Note 12(b)) | **33,014** | 32,927 |
| | **625,963** | 568,927 |

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

## 20 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS TO SUPPLIERS AND CONTRACT ASSETS

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Notes receivables** | | |
| Bank acceptance bills (a) | **1,415** | 9,959 |
| Commercial acceptance bills (a) | **195** | – |
| | **1,610** | 9,959 |
| **Trade receivables** | | |
| Due from third parties (b) | **172,147** | 115,650 |
| Due from related parties (Note 31(d)) | **349** | 328 |
| Gross trade receivables | **172,496** | 115,978 |
| Less: provision for impairment of trade receivables | **(34,430)** | (23,679) |
| Net trade receivables | **138,066** | 92,299 |
| **Other receivables** | | |
| Project deposits | **11,336** | 10,500 |
| Staff advances | **5,731** | 5,693 |
| Loans due from third parties | **5,405** | 5,465 |
| Electronic payment platform balance | **2,136** | 5,045 |
| Rental deposits | **1,734** | 2,563 |
| Loans due from related parties (Note 31(d)) | **1,435** | 1,230 |
| Others | **12,096** | 10,456 |
| Gross other receivables | **39,873** | 40,952 |
| Less: provision for impairment of other receivables | **(8,859)** | (8,546) |
| Net other receivables | **31,014** | 32,406 |
| **Others** | | |
| Prepayments to third party suppliers and others | **48,582** | 37,498 |
| Prepayments to related parties (Note 31(d)) | **28** | – |
| | **48,610** | 37,498 |
| **Total trade and other receivables and prepayments to suppliers** | **219,300** | 172,162 |
| **Contract assets** | | |
| Due from third parties – current | **247,960** | 252,380 |
| Due from third parties – non-current | **8,525** | 5,948 |
| Gross contract assets | **256,485** | 258,328 |
| Less: provision for impairment of contract assets | **(29,985)** | (16,314) |
| Net contract assets | **226,500** | 242,014 |

## 20 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS TO SUPPLIERS AND CONTRACT ASSETS (continued)

(a) As at 31 December 2024, the carrying amounts of the notes receivables include receivables which are subject to endorsement arrangements. Under these arrangements, the Group has transferred the relevant receivables to the endorsee to repay trade payables due to them, but the Group has retained substantially all of the risks and rewards of ownership through 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 endorsement agreement is presented as trade payables.

The relevant carrying amounts are as follows:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Transferred receivables under endorsement arrangements | **1,607** | 8,891 |
| Associated trade payables (Note 28(c)) | **(1,607)** | (8,891) |

(b) As at 31 December 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 substantially all of the risks and rewards of ownership through 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:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Transferred receivables under factoring arrangements | **14,211** | 36,216 |
| Associated secured borrowing (Note 27(b)) | **(14,211)** | (36,216) |

(c) As at 31 December 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.

## 20 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS TO SUPPLIERS AND CONTRACT ASSETS (continued)

(d) The Group grants credit periods to customers ranging from 30 days to 180 days. As at 31 December 2024 and 2023, the aging analysis of the trade receivables based on invoice date were as follows:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Trade receivables – gross** | | |
| Within 1 month | **62,954** | 61,099 |
| Over 1 month and within 1 year | **84,351** | 34,361 |
| Over 1 year and within 2 years | **15,393** | 10,948 |
| Over 2 years | **9,798** | 9,570 |
| | **172,496** | 115,978 |

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

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **At the beginning of the year** | **(23,679)** | (16,725) |
| Increase in impairment | **(10,751)** | (7,226) |
| Write-off | **–** | 272 |
| **At the end of the year** | **(34,430)** | (23,679) |

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

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **At the beginning of the year** | **(16,314)** | (13,991) |
| Increase in impairment | **(13,671)** | (2,323) |
| **At the end of the year** | **(29,985)** | (16,314) |

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

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **At the beginning of the year** | **(8,546)** | (8,539) |
| Increase in impairment | **(313)** | (157) |
| Write-off | **–** | 150 |
| **At the end of the year** | **(8,859)** | (8,546) |

Note 3.1.2 sets out information about the impairment of trade and other receivables and contract assets and the Group's exposure to credit risk. As at 31 December 2024, the Group did not hold any collateral of receivables.

## 20 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS TO SUPPLIERS AND CONTRACT ASSETS (continued)

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

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Net impairment losses on financial assets | | |
| – Trade receivables | **(10,751)** | (7,226) |
| – Contract assets | **(13,671)** | (2,323) |
| – Other receivables | **(313)** | (157) |
| – Financial assets at FVOCI (Note 3.1.2(c)) | **41** | (85) |
| | **(24,694)** | (9,791) |

## 21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Current:** | | |
| Investment in listed companies (a) | **15,077** | 16,752 |
| Wealth management products (b) | **10,017** | 27,282 |
| | **25,094** | 44,034 |

(a) The fair values of investment in listed companies were based on quoted prices in active markets and are within level 1 of the fair value hierarchy.

(b) Wealth management products were denominated in RMB with expected rate of return of 1.70% to 2.80% per annum during the year ended 31 December 2024. The return on these wealth management products is not guaranteed, hence the contractual cash flow does not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss.

The fair values were based on cash flow discounted using the expected return based on management judgment and are within level 3 of the fair value hierarchy.

As at 31 December 2024, no wealth management products were pledged as security to issue notes payables (2023: RMB10,000,000).

(c) The movements of financial assets at FVPL are listed below:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **At the beginning of the year** | **44,034** | 71,212 |
| Additions | **164,052** | 378,512 |
| Currency translation difference | **12** | 10 |
| Disposals | **(182,579)** | (407,987) |
| | **25,519** | 41,747 |
| Add: fair value change (Note 8) | **(425)** | 2,287 |
| **At the end of the year** | **25,094** | 44,034 |

## 22 CASH AND CASH EQUIVALENTS

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Cash at bank | **947,687** | 1,039,262 |
| Cash on hand | **58** | 35 |
| | **947,745** | 1,039,297 |
| Less: term deposits with initial term of over three months (a) | **(745,935)** | (757,906) |
| Less: restricted cash (b) | **(82,659)** | (21,779) |
| Cash and cash equivalents | **119,151** | 259,612 |

(a) Term deposits with initial terms of over three months

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Non-current:** | | |
| Term deposits – principal | **155,000** | 225,000 |
| Term deposits – interest receivables | **9,002** | 7,596 |
| | **164,002** | 232,596 |
| **Current:** | | |
| Term deposits – principal | **575,103** | 520,602 |
| Term deposits – interest receivables | **6,830** | 4,708 |
| | **581,933** | 525,310 |
| **Total term deposits** | **745,935** | 757,906 |

Term deposits with initial terms of over three months were neither past due nor impaired and approximated to their fair value.

The Group earned interest on term deposits at rates ranged from 1.50% to 5.62% for the year ended 31 December 2024.

As at 31 December 2024, RMB15,580,000 of term deposits were pledged as security to issue notes payables (2023: nil).

## 22 CASH AND CASH EQUIVALENTS

(b) Restricted cash mainly represented funds held in a bank escrow account designated for payment settlement purposes as at 31 December 2024. The Group considered it with no impairment risk. Therefore, no further provisions were provided.

(c) Cash and cash equivalents, term deposits and restricted cash are denominated in the following currencies:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| RMB | **409,038** | 477,607 |
| USD | **534,615** | 553,796 |
| HKD | **4,092** | 7,894 |
| | **947,745** | 1,039,297 |

(d) Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Cash at bank | **119,093** | 259,577 |
| Cash on hand | **58** | 35 |
| | **119,151** | 259,612 |

## 23 SHARE CAPITAL AND SHARE PREMIUM

| | Ordinary shares | |
|---|---|---|
| | Number of ordinary shares | Nominal value of ordinary shares |
| | | US$'000 |
| **Authorised:** | | |
| **As at 31 December 2024 and 2023** | **2,000,000,000** | **200** |

| | Number of ordinary shares | Nominal value of ordinary shares | Equivalent nominal value of ordinary shares | Share premium |
|---|---|---|---|---|
| | | US$'000 | RMB'000 | RMB'000 |
| **Issued:** | | | | |
| **As at 31 December 2023** | 1,145,011,090 | 114 | 761 | 2,224,710 |
| Dividends | – | – | – | (25,041) |
| Issue of shares under RSU scheme | – | – | – | (92) |
| **As at 31 December 2024** | **1,145,011,090** | **114** | **761** | **2,199,577** |

(a) Treasury shares

| | Treasury shares | |
|---|---|---|
| | Number of treasury shares | Value of treasury shares |
| | | RMB'000 |
| **As at 31 December 2023** | 21,734,781 | 35,575 |
| Issue of shares under RSU scheme | (118,783) | (208) |
| **As at 31 December 2024** | **21,615,998** | **35,367** |

## 24 OTHER RESERVES

| | Capital reserve RMB'000 | Statutory surplus reserve RMB'000 | Currency translation differences RMB'000 | Share option reserve RMB'000 | RSUs reserve RMB'000 | FVOCI reserve RMB'000 | Others RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|---|
| **At 1 January 2023** | (209,487) | 9,841 | 22,959 | 15,309 | 416 | (63,750) | (16,563) | (241,275) |
| Currency translation differences | – | – | 8,987 | – | – | – | – | 8,987 |
| Share-based compensation under RSUs (Note 25) | – | – | – | – | 207 | – | – | 207 |
| Issue of shares under RSU scheme | – | – | – | – | (231) | – | – | (231) |
| Fair value change of financial assets at FVOCI | – | – | – | – | – | (35,133) | – | (35,133) |
| Loss allowance on debt investments at FVOCI | – | – | – | – | – | – | 58 | 58 |
| Share of other comprehensive income of investments accounted for using the equity method | – | – | – | – | – | – | 45 | 45 |
| **As at 31 December 2023** | (209,487) | 9,841 | 31,946 | 15,309 | 392 | (98,883) | (16,460) | (267,342) |
| **At 1 January 2024** | **(209,487)** | **9,841** | **31,946** | **15,309** | **392** | **(98,883)** | **(16,460)** | **(267,342)** |
| Currency translation differences | **–** | **–** | **8,054** | **–** | **–** | **–** | **–** | **8,054** |
| Share-based compensation under RSUs (Note 25) | **–** | **–** | **–** | **–** | **94** | **–** | **–** | **94** |
| Issue of shares under RSU scheme | **–** | **–** | **–** | **–** | **(116)** | **–** | **–** | **(116)** |
| Loss allowance on debt investments at FVOCI | **–** | **–** | **–** | **–** | **–** | **–** | **(28)** | **(28)** |
| Share of other comprehensive loss of investments accounted for using the equity method (Note 16) | **–** | **–** | **–** | **–** | **–** | **–** | **(1,696)** | **(1,696)** |
| **As at 31 December 2024** | **(209,487)** | **9,841** | **40,000** | **15,309** | **370** | **(98,883)** | **(18,184)** | **(261,034)** |

## 25 RESTRICTED STOCK UNITS ("RSUs")

(a) In 2021, the Group adopted the 2021 RSU Scheme. The purposes of the 2021 RSU Scheme are to attract, and retain and incentivize the best personnel and senior management of the Group, and to promote the value of the Company by offering these individuals an opportunity to acquire shares and a proprietary interest in the success of the Company, thereby linking their interests with the Company's performance.

On 19 March 2021, 114 employees of the Group were granted RSUs in respect of an aggregate of 28,522,540 ordinary shares of par value of USD0.0001 each of the shares, representing approximately 2.46% of the total issued share capital of the Company as at the date of this announcement. The closing price of the shares on the date of grant was HKD2.06 per share. The RSUs granted have the following vesting dates and shares:

| Vesting date | Shares |
|---|---|
| 12 August 2021 | 4,292,040 |
| 31 March 2022 | 3,435,125 |
| 1 June 2022 | 1,350,000 |
| 31 March 2023 | 3,473,625 |
| 1 June 2023 | 1,575,000 |
| 31 March 2024 | 3,417,625 |
| 1 June 2024 | 1,800,000 |
| 31 March 2025 | 3,354,125 |
| 1 June 2025 | 1,800,000 |
| 1 June 2026 | 4,025,000 |
| | 28,522,540 |

On 14 December 2021, the RSUs of the Company representing 7,237,221 ordinary shares with par value of USD0.0001 each of the shares were granted to 8 selected persons under the RSU Scheme. The underlying shares concerned represented 0.63% of the Company as at the date of this announcement. The closing price of the shares on the date of grant was HKD1.20 per share. These RSUs shall vest on 14 January 2022.

The RSUs included certain performance conditions, which required the employees to complete a service period and meet specified performance targets.

The Company has appointed Tricor Trust (Hong Kong) Limited as an independent trustee to assist with the administration and vesting of RSUs. The vesting of the RSUs will be satisfied partially by transfer of shares by certain senior management members of the Company (who are not connected persons of the Company) at nil consideration to the trustee and partially by on-market purchases of shares by the trustee. The Company will provide sufficient funds to the trustee as the Board may in its absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration and vesting of RSUs granted.

## 25 RESTRICTED STOCK UNITS ("RSUs") (continued)

(b) Movements in the number of RSUs outstanding are as follows:

| | Number of RSUs Year ended 31 December 2024 | 2023 |
|---|---|---|
| **At the beginning of the year** | **3,791,000** | 6,806,375 |
| Issue of shares under RSU scheme (Note 23(a)) | **(118,783)** | (234,826) |
| Forfeited | **(2,152,842)** | (2,780,549) |
| **At the end of the year** | **1,519,375** | 3,791,000 |

(c) The total expenses recognised in the consolidated income statement for RSUs are RMB94,000 for the year ended 31 December 2024 (2023: RMB207,000).

## 26 DIVIDENDS

Movements of dividend payables are as follows:

| | Year ended 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| At the beginning of the year | **123** | – |
| Dividends declared (a) | **25,041** | 29,397 |
| Dividends paid (a) | **(25,147)** | (29,274) |
| At the end of the year | **17** | 123 |

(a) An annual dividend of HKD0.0131 per share amounting to RMB13,690,000 was announced on 26 March 2024 to the shareholders of the Company, among which RMB17,000 remained as dividend payables as at 31 December 2024. Additionally, an interim dividend of HKD0.011 per share amounting to RMB11,351,000 was announced on 27 August 2024 to the shareholders of the Company and fully paid for the year ended 31 December 2024.

## 27 SHORT-TERM BORROWINGS

| | As at 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Bank borrowings – principal (a) | **25,702** | 53,000 |
| Bank borrowings – interest payables | **10** | 175 |
| Other loans (b) | **81,433** | 159,601 |
| | **107,145** | 212,776 |

### (a) Bank borrowings – principal

| | As at 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Secured bank borrowings (i) | **8,050** | 13,000 |
| Unsecured bank borrowings | **17,652** | 40,000 |
| | **25,702** | 53,000 |

(i) The secured bank borrowings are mortgaged by the property owned by Mrs. Zhang Fan, who is the wife of Mr. Yang Weihan being the non-controlling shareholder of Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.

(ii) The weighted average interest rate of bank borrowings is 3.37% for the year ended 31 December 2024 (2023: 3.58%). The carrying amounts of the bank borrowings approximated their fair values.

**(b)** The carrying amounts of other loans are the secured borrowings associated with factoring arrangements of the trade receivables and FVOCI, and the relevant carrying amounts are as follows:

| | As at 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Related to the FVOCI (Note 17(b)) | **67,222** | 123,385 |
| Related to the trade receivables (Note 20(b)) | **14,211** | 36,216 |
| | **81,433** | 159,601 |

## 28 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Trade payables (c)** | **314,965** | 212,425 |
| **Other payables** | | |
| Quality and performance guarantee deposits | **78,667** | 63,440 |
| Deposits payables (a) | **59,875** | 17,232 |
| Amount due to related parties (Note 31(d)) | **1,592** | 11 |
| Decoration payments collected on behalf of merchants | **1,161** | 786 |
| Dividend payables (Note 26) | **17** | 123 |
| Other accrued expenses and payables | **29,527** | 29,207 |
| **Total other payables** | **170,839** | 110,799 |
| **Others** | | |
| Staff salaries and welfare payables | **51,085** | 64,256 |
| Accrued taxes other than income tax | **37,152** | 30,856 |
| **Total trade and other payables** | **574,041** | 418,336 |
| **Contract liabilities (b)** | **62,288** | 140,676 |

(a) Deposits payables mainly represent security deposits from users of the Group's 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.

During the year ended 31 December 2024, RMB131,137,000 of the revenue recognised relates to carried-forward contract liabilities.

(c) The aging analysis of the trade payables based on invoice date was as follows:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Within 1 month | **88,534** | 92,694 |
| Over 1 month and within 3 months | **22,085** | 42,994 |
| Over 3 months and within 1 year | **139,440** | 32,750 |
| Over 1 year | **64,906** | 43,987 |
| | **314,965** | 212,425 |

The carrying amounts of trade payables include the amounts associated with endorsement arrangements of the notes receivables, and the relevant carrying amounts are as follows:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Related to the notes receivables (Note 20(a)) | **1,607** | 8,891 |

## 29 CASH FLOW INFORMATION

**(a)** Reconciliation from loss before income tax to cash used in operations:

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Loss before income tax | **(128,771)** | (94,914) |
| *Adjustments for:* | | |
| Finance income (Note 9) | **(39,311)** | (40,322) |
| Finance costs (Note 9) | **6,447** | 7,293 |
| Depreciation of property, plant and equipment (Note 12(a)) | **7,642** | 7,019 |
| Depreciation of right-of-use assets (Note 12(b)) | **9,238** | 14,692 |
| Amendment element of lease payments | **–** | 43 |
| Amortisation of intangible assets (Note 13) | **1,049** | 1,394 |
| Net loss on disposal of property, plant and equipment (Note 8) | **101** | 36 |
| Net loss on disposal of investments accounted for using equity method (Note 8) | **132** | – |
| Net (gain)/loss on termination of lease contracts (Note 8) | **(389)** | 88 |
| Net impairment losses on financial assets | **24,694** | 9,791 |
| Share of results of investments accounted for using equity method (Note 16) | **9,848** | 17,907 |
| Impairment loss on investments accounted for using the equity method (Note 8) | **30,710** | 53,216 |
| Impairment loss on goodwill (Note 8) | **–** | 7,796 |
| Impairment loss on slow moving inventories (Note 18) | **–** | 292 |
| Dividends received from financial assets at FVPL (Note 8) | **(281)** | (958) |
| Fair value changes of financial assets at FVPL (Note 8) | **425** | (2,287) |
| Share-based compensation (Note 25(c)) | **94** | 207 |
| *Changes in working capital:* | | |
| Increase in inventories | **(20,403)** | (1,204) |
| Decrease/(increase) in contract assets | **1,843** | (66,772) |
| Increase in trade and other receivables | **(57,812)** | (48,397) |
| Decrease/(increase) in debt investments at FVOCI | **70,640** | (143,121) |
| Increase in restricted cash | **(60,880)** | (16,305) |
| (Decrease)/increase in contract liabilities | **(78,388)** | 51,079 |
| Increase/(decrease) in trade and other payables | **154,468** | (8,780) |
| Cash used in operations | **(68,904)** | (252,207) |

## 29 CASH FLOW INFORMATION (continued)

**(b)** In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

| | Year ended 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Net book amount | **322** | 83 |
| Net loss on disposal of property, plant and equipment (Note 8) | **(101)** | (36) |
| Proceeds from disposal of property, plant and equipment | **221** | 47 |

### (c) Non-cash investing and financing activities

The Group did not have any material non-cash investing and financing activities for the years ended 31 December 2024 and 2023.

### (d) Net cash reconciliation

| | Cash and cash equivalents RMB'000 | Short-term borrowings RMB'000 | Lease liabilities RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Net cash as at 1 January 2023** | 445,429 | (38,044) | (37,035) | 370,350 |
| Cash flows | (186,280) | (168,918) | 22,019 | (333,179) |
| Acquisition – leases | – | – | (19,203) | (19,203) |
| Amendment – leases | – | – | 190 | 190 |
| Accrued interest (Note 9) | – | (5,814) | (1,479) | (7,293) |
| Termination of leases contracts (Note 12(b)(i)) | – | – | 2,581 | 2,581 |
| Foreign exchange adjustments | 463 | – | – | 463 |
| **Net cash as at 31 December 2023** | 259,612 | (212,776) | (32,927) | 13,909 |
| Cash flows | **(141,651)** | **111,016** | **12,779** | **(17,856)** |
| Acquisition – leases | **–** | **–** | **(20,965)** | **(20,965)** |
| Amendment – leases | **–** | **–** | **3,838** | **3,838** |
| Accrued interest (Note 9) | **–** | **(5,385)** | **(1,062)** | **(6,447)** |
| Termination of leases contracts (Note 12(b)(i)) | **–** | **–** | **5,323** | **5,323** |
| Foreign exchange adjustments | **1,190** | **–** | **–** | **1,190** |
| **Net cash as at 31 December 2024** | **119,151** | **(107,145)** | **(33,014)** | **(21,008)** |

## 30 COMMITMENTS

### (a) Operating lease commitments

The Group leases various offices and stores under non-cancellable operating leases expiring within 1 year to 5 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group has recognised right-of-use assets for these leases, except for short-term leases and leases of low-value assets, see Note 12(b) for further information.

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Minimum lease payments under non-cancellable operating leases not recognised in the consolidated financial statements are as follows: | | |
| Within 1 year | **952** | 901 |

## 31 RELATED PARTY TRANSACTIONS

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

(a) Saved as disclosed elsewhere in this report, the directors of the Company are of the view that the following parties/companies were related parties that had transaction or balances with the Group during the year:

| **Name of related parties** | **Relationship with the Group** |
|---|---|
| Mr. Deng | Controlling shareholder and executive director of the Company |
| Ms. Sun Jie (孫傑) | Spouse of controlling shareholder and executive director |
| Mr. Yang Weihan (楊衛涵) | Non-controlling shareholder |
| Mr. Zhang Huawei (張華巍) | Non-controlling shareholder |
| Shanghai Ruiqi Information Technology Co., Ltd. (上海瑞齊信息科技有限公司, "Shanghai Ruiqi") | Controlled by the controlling shareholder |
| Shanghai Qijia E-commerce Co., Ltd. (上海齊家電子商務有限公司, "Shanghai Qijia E-commerce") | Controlled by the controlling shareholder |
| Qeeka Zhengyi Home Holding Limited ("Qeeka Zhengyi Home") | Controlled by key management personnel |

## 31 RELATED PARTY TRANSACTIONS (continued)

### (b) Transactions in non-trade nature with related parties

| | | Year ended 31 December | |
|---|---|---|---|
| | | **2024** | 2023 |
| | | **RMB'000** | RMB'000 |
| *(i)* | *Loans provided to a related party* | | |
| | Mr. Zhang Huawei | **1,750** | – |
| | Loans provided by the Group were unsecured, interest-free and repayable on demand. | | |
| *(ii)* | *Repayment of loans received from a related party* | | |
| | Mr. Zhang Huawei | **1,545** | – |
| *(iii)* | *Lease from a related party* | | |
| | Shanghai Qijia E-commerce | **509** | 627 |
| *(iv)* | *Increased right-of-use assets from a related party* | | |
| | Ms. Sun Jie | **–** | 720 |
| *(v)* | *Interest expenses on lease liabilities to a related party* | | |
| | Ms. Sun Jie | **27** | 21 |
| *(vi)* | *Purchases of leasehold improvement from a related party* | | |
| | Shanghai Qijia E-commerce | **2,288** | – |

### (c) Transactions in trade nature with related parties

| | | | |
|---|---|---|---|
| *(i)* | *Sales of goods to a related party* | | |
| | Shanghai Ruiqi | **67** | 660 |
| *(ii)* | *Service income from a related party* | | |
| | Shanghai Qijia E-commerce | **493** | 1,672 |
| *(iii)* | *Purchases of goods from a related party* | | |
| | Qeeka Zhengyi Home | **137** | – |

In the opinion of the Company's directors, the above related party transactions were carried out in the ordinary course of the business and in accordance with the term of the underlying agreements.

## 31 RELATED PARTY TRANSACTIONS (continued)

### (d) Year-end balances with related parties

| | As at 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| *Trade receivables due from related parties:* | | |
| Shanghai Ruiqi | **349** | 328 |
| *Loans due from related parties:* | | |
| Mr. Yang Weihan | **980** | 980 |
| Mr. Zhang Huawei | **455** | 250 |
| | **1,435** | 1,230 |
| *Prepayments to related parties:* | | |
| Shanghai Qijia E-commerce | **28** | – |
| *Amounts due to related parties:* | | |
| Shanghai Qijia E-commerce | **1,455** | 11 |
| Qeeka Zhengyi Home | **137** | – |
| | **1,592** | 11 |
| *Lease liabilities due to related parties:* | | |
| Ms. Sun Jie | **541** | 638 |

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

### (e) Key management compensation

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

| | Year ended 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Salaries | **2,460** | 3,145 |
| Discretionary bonuses | **486** | 1,508 |
| Pension cost – defined contribution plans | **317** | 284 |
| Other social security costs, housing benefits and other employee benefits | **339** | 314 |
| | **3,602** | 5,251 |

## 32 CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, the Group did not have any material contingent liabilities.

## 33 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY

### Balance sheet of the Company

| | | As at 31 December | |
|---|---|---|---|
| | | **2024** | 2023 |
| | Notes | **RMB'000** | RMB'000 |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments in subsidiaries | | **277,829** | 277,735 |
| **Current assets** | | | |
| Trade and other receivables | | **184** | 178 |
| Amounts due from subsidiaries | | **1,820,431** | 1,754,199 |
| Financial assets at fair value through profit or loss ("FVPL") | | **379** | 415 |
| Term deposits | | **–** | 5,477 |
| Cash and cash equivalents | | **2,678** | 65,441 |
| **Total current assets** | | **1,823,672** | 1,825,710 |
| **Total assets** | | **2,101,501** | 2,103,445 |
| **EQUITY** | | | |
| Share capital | 23 | **761** | 761 |
| Share premium | 23 | **2,199,577** | 2,224,710 |
| Other reserves | (a) | **(50,858)** | (78,807) |
| Treasury shares | 23(a) | **(35,367)** | (35,575) |
| Accumulated losses | | **(95,604)** | (94,871) |
| **Total equity** | | **2,018,509** | 2,016,218 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Other payables | | **1,414** | 1,300 |
| Amounts due to subsidiaries | | **81,578** | 85,927 |
| **Total current liabilities** | | **82,992** | 87,227 |
| **Total liabilities** | | **82,992** | 87,227 |
| **Total equity and liabilities** | | **2,101,501** | 2,103,445 |

## 33 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY (continued)

### Note (a) Reserves movements of the Company

| | Capital reserve RMB'000 | Currency translation differences RMB'000 | Share option reserve RMB'000 | RSUs reserve RMB'000 | FVOCI reserve RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| **At 1 January 2023** | (188,495) | 115,138 | 15,309 | 416 | (51,174) | (108,806) |
| Currency translation differences | – | 30,023 | – | – | – | 30,023 |
| Share-based compensation under RSUs (Note 25) | – | – | – | 207 | – | 207 |
| Issue of shares under RSU scheme | – | – | – | (231) | – | (231) |
| **As at 31 December 2023** | (188,495) | 145,161 | 15,309 | 392 | (51,174) | (78,807) |
| **At 1 January 2024** | **(188,495)** | **145,161** | **15,309** | **392** | **(51,174)** | **(78,807)** |
| Currency translation differences | **–** | **27,971** | **–** | **–** | **–** | **27,971** |
| Share-based compensation under RSUs (Note 25) | **–** | **–** | **–** | **94** | **–** | **94** |
| Issue of shares under RSU scheme | **–** | **–** | **–** | **(116)** | **–** | **(116)** |
| **As at 31 December 2024** | **(188,495)** | **173,132** | **15,309** | **370** | **(51,174)** | **(50,858)** |

## 34 BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' and chief executive's emoluments

Remuneration of every director is set out below,

| | For the year ended 31 December 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Director's fee RMB'000 | Salaries RMB'000 | Discretionary bonuses RMB'000 | Pension cost-defined contribution plans RMB'000 | Other social security costs, housing benefits and other employee benefits RMB'000 | Share-based compensation expenses RMB'000 | Total RMB'000 |
| ***Executive Directors*** | | | | | | | |
| Mr. Deng | – | 656 | 203 | 71 | 74 | – | 1,004 |
| Mr. GAO Wei (高巍) | – | 348 | 49 | 46 | 50 | – | 493 |
| Mr. TIAN Yuan (田原) | – | 372 | 8 | 59 | 67 | – | 506 |
| Ms. SUN Jie (孫傑) | – | 267 | 141 | 71 | 74 | – | 553 |
| ***Non-executive Directors*** | | | | | | | |
| Mr. LI Gabriel (李基培) | – | – | – | – | – | – | – |
| Mr. ZHAO Guibin (趙貴賓) | – | – | – | – | – | – | – |
| Mr. XIAO Yang (肖陽) | – | – | – | – | – | – | – |
| Mr. ZHOU Wei (周偉) | – | – | – | – | – | – | – |
| Mr. XIE Tian (謝天) | – | – | – | – | – | – | – |
| ***Independent non-executive Directors*** | | | | | | | |
| Mr. ZHANG Lihong (張禮洪) | 82 | – | – | – | – | – | 82 |
| Mr. CAO Zhiguang (曹志廣) | 82 | – | – | – | – | – | 82 |
| Mr. WONG Man Chung Francis (黃文宗) | 256 | – | – | – | – | – | 256 |
| | 420 | 1,643 | 401 | 247 | 265 | – | 2,976 |

## 34 BENEFITS AND INTERESTS OF DIRECTORS (continued)

### (a) Directors' and chief executive's emoluments (continued)

| | For the year ended 31 December 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Director's fee RMB'000 | Salaries RMB'000 | Discretionary bonuses RMB'000 | Pension cost-defined contribution plans RMB'000 | Other social security costs, housing benefits and other employee benefits RMB'000 | Share-based compensation expenses RMB'000 | Total RMB'000 |
| ***Executive Directors*** | | | | | | | |
| Mr. Deng | – | 760 | 748 | 63 | 71 | – | 1,642 |
| Mr. GAO Wei (高巍) | – | 562 | 100 | 39 | 39 | – | 740 |
| Mr. TIAN Yuan (田原) | – | 517 | 40 | 63 | 71 | – | 691 |
| ***Non-executive Directors*** | | | | | | | |
| Mr. LI Gabriel (李基培) | – | – | – | – | – | – | – |
| Mr. ZHAO Guibin (趙貴賓) | – | – | – | – | – | – | – |
| Mr. XIAO Yang (肖陽) | – | – | – | – | – | – | – |
| ***Independent non-executive Directors*** | | | | | | | |
| Mr. ZHANG Lihong (張禮洪) | 82 | – | – | – | – | – | 82 |
| Mr. CAO Zhiguang (曹志廣) | 82 | – | – | – | – | – | 82 |
| Mr. WONG Man Chung Francis (黃文宗) | 252 | – | – | – | – | – | 252 |
| | 416 | 1,839 | 888 | 165 | 181 | – | 3,489 |

## 34 BENEFITS AND INTERESTS OF DIRECTORS (continued)

### (a) Directors' and chief executive's emoluments (continued)

Mr. GAO Wei (高巍) was appointed as an executive director from 2 April 2018 to 17 June 2024. Ms. SUN Jie (孫傑) was elected as an executive director of the Company on 17 June 2024.

Mr. LI Gabriel (李基培) was appointed as a non-executive directors from 2 April 2018 to 19 November 2024. Mr. XIAO Yang (肖陽) was appointed as a non-executive directors from 23 June 2022 to 29 November 2024. Mr. ZHAO Guibin (趙貴賓) was re-elected as a non-executive director of the Company on 23 May 2023. Mr. ZHOU Wei (周偉) and Mr. XIE Tian (謝天) were elected as non-executive directors of the Company on 29 November 2024.

Mr. ZHANG Lihong (張禮洪) was re-elected as an independent non-executive director of the Company on 26 May 2021. Mr. CAO Zhiguang (曹志廣) and Mr. WONG Man Chung Francis (黃文宗) were re-elected as independent non-executive directors of the Company on 23 May 2022.

No retirement or termination benefits have been paid to the Company's directors for the years ended 31 December 2024 and 2023 respectively.

Except for the loans due from related parties disclosed in Note 31(d), no loans, quasi-loans or other dealings are entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors for the years ended 31 December 2024 and 2023 respectively.

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the years ended 31 December 2024 and 2023.

No consideration was provided to third parties for making available directors' services during the years ended 31 December 2024 and 2023.

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company have waived any emoluments during the year ended 31 December 2024 (2023: nil).

## 34 BENEFITS AND INTERESTS OF DIRECTORS (continued)

### (b) Five highest paid individuals' emoluments

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024 include 1 directors whose emoluments are reflected in the analysis presented above (2023: 2). The emoluments payable to the remaining 4 individuals during the year ended 31 December 2024 respectively are as follows (2023: 3):

| | Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Salaries | **1,361** | 1,499 |
| Discretionary bonuses | **557** | 784 |
| Pension costs – defined contribution plans | **202** | 138 |
| Other social security costs, housing benefits and other employee benefits | **231** | 171 |
| Share-based compensation expenses | **–** | – |
| | **2,351** | 2,592 |

The emoluments of these individuals are within the following bands:

| | Number of individuals Year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| HKD | | |
| Nil – 1,000,000 | **4** | 3 |

## 35 SUBSIDIARIES

**(a)** Particulars of the subsidiaries of the Group during the year ended 31 December 2024 as at date of this report are set out below:

| Company name | Country/place and date of incorporation/ establishment and kind of legal entity | Issued and paid up capital or registered capital ('000) | Effective interests held by the Group% At 31 December 2024 | 2023 | Direct or indirect | Principal activities and place of operation |
|---|---|---|---|---|---|---|
| Qijia Holding Limited. | BVI, 25 November 2014 | USD 50 | **100%** | 100% | Direct | Investment holding company in BVI |
| Jia (Hong Kong) Limited. | HK, 9 December 2014 | HKD 10 | **100%** | 100% | Indirect | Investment holding company in HK |
| Qijia (Shanghai) Network Technology Co., Ltd. | PRC, 16 April 2015, LLC | USD 290,000 | **100%** | 100% | Indirect | Provision of Platform Service in Mainland China |
| Qi Home (Shanghai) Information Technology Co., Ltd. | PRC, 5 June 2015, LLC | USD 50,000 | **100%** | 100% | Indirect | Provision of Platform Service in Mainland China |
| Shanghai Qijia Network Information Technology Co., Ltd. | PRC, 9 August 2007, INC. | 50,265 | **100%** | 100% | Indirect | Provision of Platform Service in Mainland China |
| Shanghai Qiyi Information Technology Co., Ltd. | PRC, 8 September 2011, LLC | 5,000 | **100%** | 100% | Indirect | Provision of Platform Service in Mainland China |
| Shanghai Qiyu Information Technology Co., Ltd. | PRC, 23 September 2015, LLC | 325,050 | **100%** | 100% | Indirect | Information Technology Service in Mainland China |
| Shanghai Qijia Qianbao Financial Information Service Co., Ltd. | PRC, 2 December 2013, LLC | 6,000 | **75%** | 75% | Indirect | Financial Information Service in Mainland China |
| Shanghai Qixu investment and management Co., Ltd. | PRC, 22 September 2014, LLC | 1,000 | **100%** | 100% | Indirect | Investment Management in Mainland China |
| Shanghai Qisheng E-Commerce Co., Ltd. | PRC, 24 March 2010, LLC | 5,000 | **100%** | 100% | Indirect | Electronic Commerce in Mainland China |
| Fujian Qijia Network Information Technology Co., Ltd. | PRC, 9 January 2015, LLC | 30,000 | **100%** | 100% | Indirect | Provision of Supply Chain Service in Mainland China |
| Brausen (Fujian) Decoration Engineering Co., Ltd. | PRC, 23 June 2006, LLC | 50,000 | **100%** | 100% | Indirect | Provision of Self-operated interior design and construction services in Mainland China |
| Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd. | PRC, 30 August 2016, LLC | 80,000 | **67.63%** | 67.63% | Indirect | Provision of Self-operated interior design and construction services in Mainland China |
| Suzhou Qijia Jumei Supply Chain Management Co., Ltd. (Previous name: Suzhou Tea Horse Road Trading Co., Ltd.) | PRC, 22 February 2017, LLC | 1,000 | **67.63%** | 67.63% | Indirect | Provision of Self-operated interior design and construction services in Mainland China |
| Henan Qijia Jumei Decoration Design Engineering Co., Ltd. | PRC, 26 May 2017, LLC | 2,000 | **47.34%** | 47.34% | Indirect | Provision of Self-operated interior design and construction services in Mainland China |
| Quanzhou Brausen Decoration Engineering Co., Ltd. | PRC, 10 June 2014, LLC | 1,520 | **57.50%** | 57.50% | Indirect | Provision of Self-operated interior design and construction services in Mainland China |

## 35 SUBSIDIARIES (continued)

### (a) (continued)

| Company name | Country/place and date of incorporation/ establishment and kind of legal entity | Issued and paid up capital or registered capital ('000) | Effective interests held by the Group% At 31 December 2024 | 2023 | Direct or indirect | Principal activities and place of operation |
|---|---|---|---|---|---|---|
| Brausen (Xiamen) Decoration Engineering Co., Ltd. | PRC, 10 November 2014, LLC | 1,300 | **51%** | 51% | Indirect | Provision of Self-operated interior design and construction services in Mainland China |
| Beijing Brausen Home Furnishing Decoration Co., Ltd. | PRC, 6 September 2017, LLC | 5,000 | **100%** | 100% | Indirect | Provision of Self-operated interior design and construction services in Mainland China |
| Fuzhou Changle Brausen Decoration Engineering Co., Ltd. | PRC, 25 April 2017, LLC | 800 | **55%** | 55% | Indirect | Provision of Self-operated interior design and construction services in Mainland China |
| Beijing Qisu Information Technology Co., Ltd | PRC, 8 June 2018, LLC | USD 100 | **100%** | 100% | Indirect | Provision of Platform Service in Mainland China |
| Shanghai Qilai Furniture and Decorations Co., Ltd. | PRC, 31 July 2019, LLC | 50,000 | **100%** | 100% | Indirect | Provision of Supply Chain Service in Mainland China |
| Shanghai Mingqi investment and management Co., Ltd. | PRC, 5 February 2020, LLC | 10,000 | **100%** | 100% | Indirect | Investment Management in Mainland China |
| Fujian Zhixiu Information Technology Co., Ltd. | PRC, 9 March 2020, LLC | 10,000 | **100%** | 100% | Indirect | Information Technology Service in Mainland China |
| Shanghai Kangtan Information Technology Co., Ltd. | PRC, 3 September 2020, LLC | 10,000 | **100%** | 100% | Indirect | Information Technology Service in Mainland China |
| Shanghai Zhubei Information Technology Co., Ltd. | PRC, 29 September 2018, LLC | 25,000 | **100%** | 100% | Indirect | Information Technology Service in Mainland China |
| Fujian Zhubei Information Technology Co., Ltd. | PRC, 13 April 2020, LLC | 10,000 | **100%** | 100% | Indirect | Information Technology Service in Mainland China |
| Shanghai Qiyuan Intelligent Technology Co., Ltd. | PRC, 16 October 2017, LLC | 1,111 | **100%** | 100% | Indirect | Information Technology Service in Mainland China |
| Shanghai Ashen Information Technology Co., Ltd. | PRC, 11 November 2020, LLC | 5,000 | **100%** | 100% | Indirect | Information Technology Service in Mainland China |
| Qijia (Cayman) Limited. | Cayman Islands, 25 February 2021 | USD 50 | **100%** | 100% | Direct | Investment holding company in Cayman Islands |
| Shanghai Zhuqi Intelligent Technology Co., Ltd. | PRC, 24 March 2021, LLC | 5,000 | **100%** | 100% | Indirect | Provision of Self-operated interior design and construction services in Mainland China |
| Castor Rennovation Technology Limited. | HK, 25 March 2021 | – (i) | **100%** | 100% | Indirect | Operation of online stores on e-commerce platforms and sales of products overseas |

## 35 SUBSIDIARIES (continued)

### (a) (continued)

| Company name | Country/place and date of incorporation/ establishment and kind of legal entity | Issued and paid up capital or registered capital ('000) | Effective interests held by the Group% At 31 December 2024 | 2023 | Direct or indirect | Principal activities and place of operation |
|---|---|---|---|---|---|---|
| Ningbo Zhuqi Decoration Engineering Co., Ltd. | PRC, 3 June 2021, LLC | 5,000 | **100%** | 100% | Indirect | Provision of Self-operated interior design and construction services in Mainland China |
| Shanghai Qingyun Shuxiang Construction Technology Co., Ltd. | PRC, 25 August 2021, LLC | 10,000 | **N/A (ii)** | 100% | Indirect | Provision of Self-operated interior design and construction services in Mainland China |
| Shanghai Qijiadianshang Technology Co., Ltd. | PRC, 3 September 2021, LLC | 1,000 | **100%** | 100% | Indirect | Information Technology Service in Mainland China |
| Shanghai Castor Technology Co., Ltd. | PRC, 13 September 2021, LLC | USD 25,000 | **100%** | 100% | Indirect | Operation of online stores on e-commerce platforms and procurement of products in Mainland China |
| Shanghai Qihong Intelligence Technology Co., Ltd. | PRC, 2 March 2022, LLC | 10,000 | **100%** | 100% | Indirect | Provision of Self-operated interior design and construction services in Mainland China |
| Shanghai Heqi Enterprise Management Partnership (Limited Partnership) | PRC, 12 August 2022, LLP | 1,510 | **100%** | 100% | Indirect | Provision of Platform Service in Mainland China |
| Laokefei (Shanghai) Sanitary Ware Co., Ltd. | PRC, 29 September 2022, LLC | 1,000 | **100%** | 100% | Indirect | Provision of Supply Chain Service in Mainland China |
| Shanghai Brausen Decoration Engineering Co., Ltd. | PRC, 18 October 2022, LLC | 20,000 | **100%** | 100% | Indirect | Provision of Self-operated interior design and construction services in Mainland China |
| Anhui Qizhijia Human Resources Co., Ltd. | PRC, 14 December 2022, LLC | 5,000 | **N/A (ii)** | 100% | Indirect | Provision of Platform Service in Mainland China |
| Sanming Qizhijia Human Resources Co., Ltd. | PRC, 19 December 2022, LLC | 1,000 | **100%** | 100% | Indirect | Provision of Platform Service in Mainland China |
| UK Newrgy International Trade Co., Ltd. | UK, 20 February 2023 LLC | USD 10 | **100%** | 100% | Indirect | Provision of Platform Service in UK |
| Qijianet (Shandong) Human Resources Co., Ltd. | PRC, 1 March 2023, LLC | 3,000 | **100%** | 100% | Indirect | Provision of Platform Service in Mainland China |
| Quanzhou Jiemai Technology Co., Ltd. | PRC, 13 July 2023, LLC | 778 | **51%** | 51% | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Quanzhou Jingtong Yigou E-commerce Co., Ltd. | PRC, 21 July 2023, LLC | 500 | **51%** | 51% | Indirect | Operation of online stores on e-commerce platforms in Mainland China |

## 35 SUBSIDIARIES (continued)

### (a) (continued)

| Company name | Country/place and date of incorporation/ establishment and kind of legal entity | Issued and paid up capital or registered capital ('000) | Effective interests held by the Group% At 31 December 2024 | 2023 | Direct or indirect | Principal activities and place of operation |
|---|---|---|---|---|---|---|
| Shanghai Qili Information Technology Co., Ltd. | PRC, 3 April 2024, LLC | 100 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shanghai Qiyun Information Technology Co., Ltd. | PRC, 3 April 2024, LLC | 100 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shanghai Qishu Information Technology Co., Ltd. | PRC, 7 April 2024, LLC | 100 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shanghai Qiran Information Technology Co., Ltd. | PRC, 29 April 2024, LLC | 100 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shanghai Qixun Information Technology Co., Ltd. | PRC, 8 May 2024, LLC | 100 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shanghai Qiji Information Technology Co., Ltd. | PRC, 9 May 2024, LLC | 100 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shanghai Qilai Information Technology Co., Ltd. | PRC, 9 May 2024, LLC | 100 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shanghai Qixian Information Technology Co., Ltd. | PRC, 10 May 2024, LLC | 100 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shanghai Qixi Information Technology Co., Ltd. | PRC, 10 May 2024, LLC | 100 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shanghai Xinqi Information Technology Co., Ltd. | PRC, 10 May 2024, LLC | 100 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shanghai Qiqi Information Technology Co., Ltd. | PRC, 11 May 2024, LLC | 100 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shanghai Qilli Information Technology Co., Ltd. | PRC, 11 May 2024, LLC | 100 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shanghai Yuanxiang Information Technology Co., Ltd. | PRC, 19 June 2024, LLC | 100 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shanghai Zhuoyi Youcai Information Technology Co., Ltd. | PRC, 1 August 2024, LLC | 5,000 | **100% (iii)** | N/A | Indirect | Information Technology Service in Mainland China |

## 35 SUBSIDIARIES (continued)

**(a)** (continued)

| Company name | Country/place and date of incorporation/ establishment and kind of legal entity | Issued and paid up capital or registered capital ('000) | Effective interests held by the Group% At 31 December 2024 | 2023 | Direct or indirect | Principal activities and place of operation |
|---|---|---|---|---|---|---|
| Dachen Information Technology Co., Ltd., Ninghua County, Fujian Province | PRC, 5 August 2024, LLC | 30 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Shunke Information Technology Co., Ltd., Ninghua County, Fujian Province | PRC, 5 August 2024, LLC | 30 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Fujian Ninghua Youke Information Technology Co., Ltd. | PRC, 5 August 2024, LLC | 30 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Fujian Ninghua County Dimension Information Technology Co., Ltd. | PRC, 5 August 2024, LLC | 30 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Tuoda Information Technology Co., Ltd., Ninghua County, Fujian Province | PRC, 12 August 2024, LLC | 30 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |
| Yigao Information Technology Co., Ltd., Ninghua County, Fujian Province | PRC, 12 August 2024, LLC | 30 | **100% (iii)** | N/A | Indirect | Operation of online stores on e-commerce platforms in Mainland China |

(i) The registered capital of Castor Rennovation Technology Limited. is HKD1.

(ii) In May 2024, the Group liquidated Shanghai Qingyun Shuxiang Construction Technology Co., Ltd. and Anhui Qizhijia Human Resources Co., Ltd.

(iii) The Group set up Shanghai Qili Information Technology Co., Ltd., Shanghai Qiyun Information Technology Co., Ltd., Shanghai Qishu Information Technology Co., Ltd., Shanghai Qiran Information Technology Co., Ltd., Shanghai Qixun Information Technology Co., Ltd., Shanghai Qiji Information Technology Co., Ltd., Shanghai Qilai Information Technology Co., Ltd., Shanghai Qixian Information Technology Co., Ltd., Shanghai Qixi Information Technology Co., Ltd., Shanghai Xinqi Information Technology Co., Ltd., Shanghai Qiqi Information Technology Co., Ltd., Shanghai Qilli Information Technology Co., Ltd., Shanghai Yuanxiang Information Technology Co., Ltd., Shanghai Zhuoyi Youcai Information Technology Co., Ltd., Dachen Information Technology Co., Ltd., Ninghua County, Fujian Province, Shunke Information Technology Co., Ltd., Ninghua County, Fujian Province, Fujian Ninghua Youke Information Technology Co., Ltd., Fujian Ninghua County Dimension Information Technology Co., Ltd., Tuoda Information Technology Co., Ltd., Ninghua County, Fujian Province and Yigao Information Technology Co., Ltd., Ninghua County, Fujian Province during the year ended 31 December 2024.

## 35 SUBSIDIARIES (continued)

### (b) Material non-controlling interests

Summarised financial information on the subsidiary with material non-controlling interests for the year ended 31 December 2024 is as follows:

| | **Assets RMB'000** | **Liabilities RMB'000** | **Revenue RMB'000** | **Losses RMB'000** | **Deficit RMB'000** |
|---|---|---|---|---|---|
| Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd. | **505,805** | **530,019** | **583,748** | **(17,171)** | **(24,214)** |

Summarised financial information on the subsidiary with material non-controlling interests for the year ended 31 December 2023 is as follows:

| | Assets RMB'000 | Liabilities RMB'000 | Revenue RMB'000 | Losses RMB'000 | Deficit RMB'000 |
|---|---|---|---|---|---|
| Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd. | 557,445 | 564,448 | 628,321 | (7,203) | (7,003) |

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

### 36.1 Principles of consolidation and equity accounting

**(i) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.1 Principles of consolidation and equity accounting (continued)

**(i) Subsidiaries** (continued)

***(a) Subsidiaries controlled through Contractual Arrangements (as defined below)***

The wholly-owned subsidiary of the Company, Qijia (Shanghai) Network Technology Co., Ltd. (齊家網(上海)網絡科技有限公司, "Qijia WFOE"), has entered into a series of contractual arrangements (referred to as "Contractual Arrangements"), including Cooperation Agreement, Purchase Option Agreement, Equity Interest Pledge Agreement, Shareholders' Voting Rights Agreement and Irrevocable Powers of Attorney, with Shanghai Qijia Information Technology Co., Ltd. (上海齊家網信息科技股份有限公司, "Shanghai Qijia") and its equity holders, which enable Qijia WFOE and the Group to:

- govern the financial and operating policies of Shanghai Qijia;
- exercise equity holders' voting rights of Shanghai Qijia;
- receive substantially all of the economic interest returns generated by Shanghai Qijia in consideration for the technology consulting and services provided by Qijia WFOE;
- obtain an irrevocable and exclusive right to purchase all or part of the equity interests in Shanghai Qijia from the respective equity holders at a minimum purchase price permitted under People's Republic of China (the "PRC") laws and regulations. Qijia WFOE may exercise such options at any time until it has acquired all equity interests of Shanghai Qijia; and
- obtain a pledge over the entire equity interests of Shanghai Qijia from its respective equity holders as collateral security for all of Shanghai Qijia's payments due to Qijia WFOE and to secure performance of Shanghai Qijia's obligation under the Contractual Arrangements.

As a result of the Contractual Arrangements, the Group has right to exercise power over Shanghai Qijia, receive variable returns from its involvement with Shanghai Qijia, has the ability to affect those returns through its power over Shanghai Qijia and thus is considered to control Shanghai Qijia. Consequently, the Company regards Shanghai Qijia and its subsidiaries as controlled structured entities and consolidated the financial position and results of operations of these entities in the consolidated financial statements of the Group.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over Shanghai Qijia and its subsidiaries. Uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of Shanghai Qijia and its subsidiaries. The directors of the Company consider that the Contractual Arrangements among Qijia WFOE, Shanghai Qijia and its equity holders are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.1 Principles of consolidation and equity accounting (continued)

**(ii) Associates**

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights or representation on the board of directors.

Investments in associates are accounted for using the equity method of accounting (Note 16), after initially being recognised at cost.

**(iii) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in consolidated income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments is tested for impairment in accordance with the policy described in Note 4.

**(iv) Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in "other reserves" within equity attributable to equity holders of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in consolidated income statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated income statement or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to consolidated income statement where appropriate.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.1 Principles of consolidation and equity accounting (continued)

#### (v) Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- the fair values of the assets transferred,
- the liabilities incurred to the former owners of the acquired business,
- the equity interests issued by the Group,
- the fair value of any asset or liability resulting from a contingent consideration arrangement, and
- the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- the consideration transferred,
- the amount of any non-controlling interest in the acquired entity, and
- the acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in consolidated income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in consolidated income statement.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as chief executive officer of the Company.

### 36.3 Foreign currency translation

**(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is US Dollar ("USD"). The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in consolidated income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

**(iii) Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statements are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting currency translation differences are recognised in other comprehensive income/(loss).

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated income statement during the year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

| | |
|---|---|
| Buildings | 20 years |
| Transportation equipment | 4 years |
| Office furniture and equipment | 3 to 5 years |
| Computer and electric equipment | 3 to 5 years |
| Display and exhibition equipment | 3 to 7 years |
| Leasehold improvements | Over the shorter of the lease term or the estimated useful life of the asset |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 36.7).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in the consolidated income statement.

### 36.5 Intangible assets

**(i) Goodwill**

Goodwill is measured as described in Note 36.1(v). Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

**(ii) Trademarks and licenses**

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.5 Intangible assets (continued)

**(iii) Domain names**

Domain names are initially recognised and measured at costs incurred to acquire and bring to use the domain names. Domain names have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

**(iv) Software**

Costs associated with maintaining programmes are recognised as an expense as incurred. Separately acquired software are shown at historical cost. Software acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

**(v) Amortisation methods and periods**

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

| | |
|---|---|
| Trademarks and licenses | 5 to 10 years |
| Domain names | 10 years |
| Software | 3 to 5 years |

### 36.6 Research and development

Research expenditures are recognised as an expense as incurred. Costs incurred on development projects are capitalised as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

### 36.7 Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.8 Investments and other financial assets

**(i) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in consolidated income statement or in other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

**(ii) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

**(iii) Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

***Debt instruments***

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains-net, together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated income statement.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.8 Investments and other financial assets (continued)

**(iii) Measurement** (continued)

***Debt instruments*** *(continued)*

- FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains-net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains-net and impairment expenses are presented as a separate line item in the consolidated income statement.

- FVPL: assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains-net in the period in which it arises.

***Equity instruments***

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains-net in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**(iv) Impairment**

The Group assesses on a forward-looking basis the expected credit losses associated with its debt investments at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade receivables and contract assets.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.9 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises decoration materials, direct labour and other direct costs. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 36.10 Trade and other receivables

Trade receivables are amounts due from customers for goods and services sold in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade receivables and Note 3.1.2 for a description of the Group's impairment policies.

### 36.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 36.12 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Group repurchases the Company's equity instruments, for example as the result of a share buy back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity as "treasury shares" until the shares are cancelled or reissued.

### 36.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

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.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

### 36.15 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

**(i) Current income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet dates in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

**(ii) Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.17 Employee benefits

**(i) Pension obligation**

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

There were no forfeited contributions (by employers on behalf of employees who leave the defined contribution retirement benefit plans prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

**(ii) Housing funds, medical insurances and other social insurances**

The PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

**(iii) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in consolidated balance sheet.

**(iv) Employee leave entitlement**

Employee entitlement to annual leave is recognised when they have accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employees entitlement to sick leave and maternity leave are not recognised until the time of leave.

**(v) Bonus plan**

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.18 Share-based payment

Share-based compensation benefits are provided to employees via the 2021 RSU Scheme. Information relating to this scheme is set out in Note 25. The fair value of the employee services received in exchange for the grant of equity instruments is recognised as an expense on the consolidated financial statements. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions,
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the Group over a specified time period), and
- including the impact of any non-vesting conditions (such as the requirement for employees to serve).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in consolidated income statement, with a corresponding adjustment to equity.

### 36.19 Provisions

Provisions for service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### 36.20 Earnings per share

**(i) Basic earnings per share**

- the profit attributable to owners of the Company, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

**(ii) Diluted earnings per share**

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.21 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

### 36.21 Leases (continued)

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

### 36.22 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the consolidated financial statements in the year in which the dividends are approved by the entities' shareholders or directors, where appropriate.

### 36.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

### 36.24 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

# Financial Summary

The following table sets out our key financial data for the periods or as of the dates indicated.

The key financial data is extracted from the audited consolidated financial statements disclosed in the annual reports for the five last financial years.

| | For the year ended 31 December | | | | |
|---|---|---|---|---|---|
| | 2020<br>RMB'000 | 2021<br>RMB'000 | 2022<br>RMB'000 | 2023<br>RMB'000 | **2024<br>RMB'000** |
| Revenue | 916,264 | 1,106,540 | 875,735 | 1,186,994 | **1,055,639** |
| Gross profit | 520,500 | 593,423 | 473,931 | 495,458 | **413,034** |
| Profit/(loss) before income tax | 48,410 | 80,949 | (136,473) | (94,914) | **(128,771)** |
| Income tax expense | (6,529) | (9,658) | (3,793) | (4,147) | **(3,459)** |
| Profit/(loss) for the year | 41,881 | 71,291 | (140,266) | (99,061) | **(132,230)** |
| Profit/(loss) attributable to: | | | | | |
| Equity holders of the Company | 40,613 | 74,054 | (126,044) | (96,869) | **(126,957)** |
| Non-controlling interests | 1,268 | (2,763) | (14,222) | (2,192) | **(5,273)** |

| | As at 31 December | | | | |
|---|---|---|---|---|---|
| | 2020<br>RMB'000 | 2021<br>RMB'000 | 2022<br>RMB'000 | 2023<br>RMB'000 | **2024<br>RMB'000** |
| Total Assets | 2,149,605 | 2,124,714 | 1,812,362 | 1,870,285 | **1,691,198** |
| Total liabilities | 855,370 | 839,271 | 641,829 | 851,848 | **823,621** |
| Equity attributable to the equity holders of the Company | 1,312,497 | 1,297,124 | 1,183,775 | 1,031,673 | **867,577** |

# Definitions

| | |
|---|---|
| "2021 RSU Scheme" | means the award scheme of the Company adopted by the Board on 15 January 2021, in its present or any amended form |
| "AGM" | the forthcoming annual general meeting of the Company to be held on Wednesday, 4 June 2025 |
| "associate(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Audit and Risk Management Committee" | the audit and risk management committee under the Board |
| "Auditor" | PricewaterhouseCoopers, the independent auditor of the Company |
| "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 |
| "China" or "PRC" | the People's Republic of China, and for the purposes of this annual report for geographical reference only (unless otherwise indicated), excluding Taiwan, Macau and Hong Kong |
| "CIT" | corporate income tax |
| "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 |
| "GF Xinde" | GF Xinde Investment Management Co., Ltd. |
| "Group" or "our Group" | the Company (any one or more of, as the context may require) and its subsidiaries and operating entities |
| "HK$" or "HKD" | 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) |
| "Independent Third Party(ies)" | third party(ies) independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules) |
| "Innovation and others" | the provision of other initiative services, mainly including Supply Chain Service, cross-border e-commerce business and other 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 |
| "Latest Practicable Date" | 16 April 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication |
| "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 |
| "LLC" | limited liability company |
| "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 |
| "Memorandum and Articles of Association" | the amended and restated memorandum of articles of association and articles of association of our Company, conditionally adopted on 22 May 2023, and as amended from time to time |
| "Model Code" | Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules |
| "Mr. Deng" | Mr. DENG Huajin, our founder, Chairman of our Board, Executive Director, CEO and our single largest Shareholder |
| "Nomination Committee" | the nomination committee under the Board |
| "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 |

| | |
|---|---|
| "Pre-IPO Share Option Scheme" | the pre-IPO share option scheme of the Company adopted in 2011 and 2016, and was formalized in 2018. The expiry date of pre-IPO share option scheme was in 2021, replaced by another share-based compensation plan |
| "Prospectus" | the prospectus being issued in connection with the IPO |
| "Qeeka Holding" | Qeeka Holding Limited, an exempted company with limited liability incorporated in the BVI on 18 November 2014, which is wholly owned by Mr. Deng |
| "Qihong Referral Services Agreement" | the referral services agreement dated 22 September 2023 entered into between Shanghai Qihong and Shanghai Qijia E-Commerce pursuant to which Shanghai Qijia E-Commerce will work with certain construction materials and household products suppliers, to sell customized construction materials and furniture packages to end-clients introduced by Shanghai Qihong |
| "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 |
| "Remuneration Committee" | the remuneration committee under the Board |
| "Renminbi" or "RMB" | Renminbi, the lawful currency of the PRC |
| "Reporting Period" | the year ended 31 December 2024 |
| "RSU(s)" | restricted share unit(s) |
| "RSU Trustee" | Tricor Trust (Hong Kong) Limited was appointed as the independent 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 sales of high-grade sanitary ware and interior customized furnishing supplies |
| "Series A Investors" | the holders of Series A Preferred Shares, namely Series A-1 Investors, Series A-2 Investors, Series A-3 Investors, and Series A-4 Investors |
| "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 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 incorporated in the PRC with limited liability on 9 August 2007, and is controlled by our Group through the Contractual Arrangements |

| | |
|---|---|
| "Shanghai Qijia E-Commerce" | Shanghai Qijia E-Commerce Co., Ltd.* (上海齊家電子商務有限公司), a company with limited liability incorporated in the PRC, which is ultimately controlled by Mr. Deng |
| "Shanghai Qiyi" | Shanghai Qiyi Information Technology Co., Ltd.* (上海齊屹信息科技有限公司), a company incorporated in the PRC with limited liability on 8 September 2011, which is a directly wholly-owned subsidiary of Shanghai Qijia |
| "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 with limited liability on 23 September 2015, which is a wholly-owned subsidiary of the Company |
| "Share(s)" | ordinary share(s) in the share capital of the Company, with a nominal 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" | 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.