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Qeeka Home (Cayman) Inc.

齊屹科技(開曼)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1739)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Board of Directors of Qeeka Home (Cayman) Inc. (the “**Company**”) is pleased to announce the unaudited interim results of the Company, its subsidiaries and PRC Operating Entities (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”).

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

FINANCIAL SUMMARY

	Six months ended 30 June		Year-on-year Change (%)
	2023 (RMB'000)	2022 (RMB'000)	
Revenue	496,976	431,940	15.1%
Gross Profit	252,257	244,994	3.0%
Gross Margin	50.8%	56.7%	–
Net loss attributable to equity holders of the Company	(16,322)	(57,080)	(71.4%)
Adjusted net profit/(loss) attributable to equity holders of the Company ⁽¹⁾	8,202	(20,682)	N/A
Adjusted Net Margin	1.7%	N/A	N/A

Note:

- (1) Adjusted net profit/(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, share-based compensation expenses.

KEY OPERATION METRICS

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

	Six months ended 30 June	
	2023	2022
Number of active paying merchants for SaaS and Marketing Service ⁽¹⁾	5,911	6,363
Number of sales leads ⁽²⁾	437,031	344,034
Number of recommended users	338,566	292,353
Average revenue from SaaS and Marketing Service per sales lead (RMB) ⁽³⁾	516	703

Notes:

- (1) It represents the number of active paying merchants for SaaS and Marketing Service for the trailing twelve months by the ended 30 June 2023.
- (2) It represents the number of data that identifies someone as a potential demand user of Interior Design and Construction for the six months ended 30 June 2023.
- (3) It refers to the average revenue per sales lead, which equals the revenue from SaaS and Marketing Service for the six months ended 30 June 2023 divided by the sales leads as of 30 June 2023.

During the Reporting Period, (i) the number of active paying merchants for SaaS and Marketing Service decreased by 7.1% from 6,363 for the six months ended 30 June 2022 to 5,911 for the six months ended 30 June 2023, mainly due to the economic recovery situation is not optimistic as expected, and our merchants have reduced the marketing budget; (ii) the number of sales leads increased by 27.0% from 344,034 for the six months ended 30 June 2022 to 437,031 for the six months ended 30 June 2023, mainly due to user demand was released intensively in the first quarter, resulting in the number of sales leads increased compared to the same period last year; (iii) the number of recommended users increased by 15.8% from 292,353 for the six months ended 30 June 2022 to 338,566 for the six months ended 30 June 2023, primarily as a result of the increase in number of sales lead; and (iv) the average revenue from SaaS and Marketing Service per sales lead decreased by 26.7% from RMB703 for the six months ended 30 June 2022 to RMB516 for the six months ended 30 June 2023, reflecting the shortage of purchasing power and consumer turned cautious.

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.

- *SaaS and Extended Service Business*

In the first half year of 2023, the real estate market showed a trend of ascending intensively prior to slightly declining, and in the first quarter, driven by factors such as the concentrated release of backlog demand and the effect of the real estate policy, the market activity increased, especially in February and March, but with the basic release of the previous backlog of demand, the demand for house purchases fell rapidly in the second quarter, coupled with the real estate policy was not as strong as expected, the market failed to continue the recovery trend. Our business is affected by the real estate market, demand for home improvement fell after a rapid rise, users still maintain a strong wait-and-see mood, expectations are relatively poor, longer decision-making times and less willing to pay, the entire interior design and construction industry market shows a state of intensified competitive pressure but insufficient purchasing power of consumers.

We continue to promote the digital upgrade of the interior design and construction industry, and provide merchants with a SaaS-based total solutions to meet their different needs by optimizing digital tools, including but not limited to site management, marketing, customer service, material supply, etc., to help them effectively improve operational efficiency, reduce operating costs and enhance customer experience.

In the first half year of 2023, in order to match users more accurately, we adjusted the detail merchant rating and user profile layering, aiming to improve the matching accurately between merchant supply and user demand, advertising efficiency for merchants and user satisfaction by optimizing our matching model. In the process of empowering merchants, we have also continuously adjusted our business strategies and continuously enhanced our service capabilities.

As the result of foregoing, in the first half year of 2023, our revenue from SaaS and Marketing Service Business decreased by 6.9% to RMB225.3 million year-on-year.

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

In 2022, we adjusted the strategic direction of the self-operated decoration business, and recreated the mid-to-high-end decoration brand “Brausen” (the “**Brausen**”) and the partial renovation brand “Youzi” (the “**Youzi**”) in response to the demand of users for improving the living environment, we continue to explore the business model of standardized home improvement, and establish a series of standard processes in product standardization, construction standardization, delivery standardization and organizational standardization, which will help us quickly scale replication in the future. In the first half of 2023, we opened our new stores in Nanchang and Beijing through the brands of Brausen and Youzi, respectively, and achieved total contract value of RMB64.2 million and revenue of RMB43.9 million.

In addition, our public decoration brand “Jumei” (the “**Jumei**”) continued gradually transforming into commercial public decoration services, in the first half of 2023, we reduced the bidding of the refined customized service for real estate developers and continued to participate in public decoration services such as Hotel and 4S store. The revenue from refined customized service for real estate developers, accounted for the revenue of this business decreased from 91.0% for the six months ended 30 June 2022 to 53.5% for the six months ended 30 June 2023, corresponding to the revenue from hotel decoration and other business, accounted for the revenue of this business increased to 13.9% and 32.6% for the six months ended 30 June 2023, respectively.

Company Financial Highlights

For the six months ended 30 June 2023:

- Total revenue increased by 15.1% year over year to RMB497.0 million, primarily due to a decline in SaaS and Marketing Service by 6.9% to RMB225.3 million, Supply Chain Service by 12.5% to RMB13.9 million, and innovation and others by 27.4% to RMB4.6 million, respectively, offset the increase of the revenue from Interior Design and Construction service by 50.9% to RMB253.2 million.
- Total gross profit increased by 3.0% year over year to RMB252.3 million, which was attributable to our Interior Design and Construction service, increased by 200.7% to RMB32.9 million compared to the last year.
- Adjusted net profit attributable to equity holders of the Company was RMB8.2 million, compared to an adjusted net loss attributable to equity holders of the Company of RMB20.7 million.
- As of 30 June 2023, we had cash and cash equivalents of RMB269.8 million and term deposit of RMB832.6 million, compared to the balance of RMB445.4 million and RMB569.5 million, respectively as of 31 December 2022.

Company Business Outlook

Under the new market supply and demand relationship, with the gradual establishment of the system with multi-subject supply, multi-channel guarantee and rental purchase in the real estate market, the market share of the new housing in the real estate market will gradually decline, and affordable rental housing, urban village renovation, urban renewal, etc. will become an important part of the real estate market. The market scale of this part is still huge, which has brought a large market space for our business exploration.

Our sufficient cash position allows us to act quickly on such opportunities which we believe would help us better serve our users and merchants, and we are confident that we will be able to derive sustainable value for our shareholders continuously.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Revenue	496,976	431,940
Cost of sales	<u>(244,719)</u>	<u>(186,946)</u>
Gross profit	252,257	244,994
Selling and marketing expenses	(203,251)	(208,947)
Administrative expenses	(37,685)	(41,287)
Research and development expenses	(19,368)	(20,302)
Net impairment losses on financial assets	(773)	(12,965)
Other losses – net	<u>(18,765)</u>	<u>(27,088)</u>
Operating loss	(27,585)	(65,595)
Finance income	19,794	7,314
Finance costs	<u>(2,087)</u>	<u>(1,159)</u>
Finance income – net	17,707	6,155
Share of results of investments accounted for using the equity method	<u>(2,678)</u>	<u>(3,213)</u>
Loss before income tax	(12,556)	(62,653)
Income tax expenses	<u>(4,041)</u>	<u>(3,695)</u>
Loss for the year	<u>(16,597)</u>	<u>(66,348)</u>
Loss attributable to:		
Equity holders of the Company	(16,322)	(57,080)
Non-controlling interests	<u>(275)</u>	<u>(9,268)</u>
	<u>(16,597)</u>	<u>(66,348)</u>
Non-IFRS measure		
Adjusted net profit/(loss) attributable to equity holders of the Company	<u>8,202</u>	<u>(20,682)</u>

Revenue

Total revenue increased by 15.1% from RMB431.9 million for the six months ended 30 June 2022 to RMB497.0 million for the six months ended 30 June 2023, primarily due to the gradual resumption of the businesses to normal in 2023, especially our IDC business which had a positive growth trend in the first half of this year.

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

	Six months ended 30 June			
	2023		2022 (restated)	
	Amount <i>RMB'000</i>	% of total <i>revenue</i>	Amount <i>RMB'000</i>	% of total <i>revenue</i>
SaaS and Extended Service Business	239,197	48.1%	257,816	59.7%
Interior Design and Construction and others Business	257,779	51.9%	174,124	40.3%
Total	496,976	100.0%	431,940	100.0%

SaaS and Extended Service Business

The breakdown of segment revenue of SaaS and Extended Service Business is as follows:

	Six months ended 30 June			
	2023		2022 (restated)	
	Amount <i>RMB'000</i>	% of total <i>revenue</i>	Amount <i>RMB'000</i>	% of total <i>revenue</i>
SaaS and Marketing Service	225,341	94.2%	241,988	93.9%
Supply Chain Service	13,856	5.8%	15,828	6.1%
Total	239,197	100.0%	257,816	100.0%

Revenue from SaaS and Extended Service Business decreased by 7.2% from RMB257.8 million for the six months ended 30 June 2022 to RMB239.2 million for the six months ended 30 June 2023. Revenue from SaaS and Extended Service Business included:

– *SaaS and Marketing Service*

Revenue from our SaaS and Marketing Service Business decreased by 6.9% from RMB242.0 million for the six months ended 30 June 2022 to RMB225.3 million for the six months ended 30 June 2023, the decrease in revenue was mainly due to the average revenue from SaaS and Marketing Service per sales lead decreased by 26.7% from RMB703 for the six months ended 30 June 2022 to RMB516 for the six months ended 30 June 2023, and the decrease of the number of active paying merchants from 6,363 for the trailing twelve months by the ended 30 June 2022 to 5,911 for the trailing twelve months by the ended 30 June 2023.

– *Supply Chain Service*

Revenue from our Supply Chain Service Business decreased by 12.5% from RMB15.8 million for the six months ended 30 June 2022 to RMB13.9 million for the six months ended 30 June 2023, primarily due to the decline of demand for building materials due to strong competition at low prices.

Interior Design and Construction and others Business

– *Interior Design and Construction*

Revenue from Interior Design and Construction increased by 50.9% from RMB167.8 million for the six months ended 30 June 2022 to RMB253.2 million for the six months ended 30 June 2023.

Our home decorations service mainly comprise integrated renovation brand “Brausen” and partial renovation brand “Youzi” in response to the demand of users for improving the living environment, revenue from home decorations service increased by 88.9% from RMB23.2 million for the six months ended 30 June 2022 to RMB43.9 million for the the six months ended 30 June 2023, primarily due to expansion in Nanchang and Beijing, and achieved total contract value of RMB64.2 million, representing an increase of 61.4% as compared with the same period of last year.

Our public decorations service including refined customized service for real estate developers and commercial public decorations, namely “Jumei”. Revenue from public decorations service increased by 44.8% from RMB144.6 million for the six months ended 30 June 2022 to RMB209.3 million for the six months ended 30 June 2023, primarily due to (i) affected by the low base last year, the recovery of the operation resulting the growth of revenue; (ii) revenue from commercial public decorations increased by 646.6% from RMB13.0 million for the six months ended 30 June 2022 to RMB97.4 million for the six months ended 30 June 2023. Furthermore, our public decorations service achieved total contract value of RMB280.1 million, representing an increase of 168.9% as compared with the same period of last year.

– *Innovation and others*

Innovation and others business including integrated customization furniture and shared showroom services for building material suppliers. Revenue from Innovation and others decreased by 27.4% from RMB6.3 million for the six months ended 30 June 2022 to RMB4.6 million for the six months ended 30 June 2023, primarily due to the business is still at an early stage and yet to contribute sizable revenue.

Cost of sales

Cost of sales increased by 30.9% to RMB244.7 million for the six months ended 30 June 2023, compared to RMB186.9 million for the six months ended 30 June 2022, of which Interior Design and Construction Business accounted for the main part.

SaaS and Extended Service Business

Cost of sales of our SaaS and Extended Service Business decreased by 18.7% from RMB22.7 million for the six months ended 30 June 2022 to RMB18.4 million for the six months ended 30 June 2023, primarily due to the decrease in operating service cost for SaaS and extended service.

Interior Design and Construction Business

Cost of sales of our Interior Design and Construction Business increased by 40.5% from RMB156.8 million for the six months ended 30 June 2022 to RMB220.3 million for the six months ended 30 June 2023, primarily due to the increase in labor costs and raw materials cost in line with the increase in the revenue as compared with the first half of 2022.

Gross profit and gross profit margin

As a result of the foregoing, our total gross profit increased by 3.0% from RMB245.0 million for the six months ended 30 June 2022 to RMB252.3 million for the six months ended 30 June 2023.

Our overall gross profit margin decreased from 56.7% for the six months ended 30 June 2022 to 50.8% for the six months ended 30 June 2023.

	Six months ended 30 June			
	2023		2022	
	Amount	Gross	Amount	Gross
	RMB'000	Margin	RMB'000	Margin
		%		%
SaaS and Extended Service Business	220,751	92.3%	235,118	91.2%
Interior Design and Construction and others Business	31,506	12.2%	9,876	5.7%
	<u>252,257</u>	<u>50.8%</u>	<u>244,994</u>	<u>56.7%</u>

SaaS and Extended Service Business

The gross profit margin of our SaaS and extended service slightly increased from 91.2% for the six months ended 30 June 2022 to 92.3% for the six months ended 30 June 2023, primarily due to the high gross profit from supply chain service through the sales of private labels. Our SaaS and marketing service business, which is our core business, still maintained a high gross profit margin of approximate 97.1% for the six months ended 30 June 2023.

Interior Design and Construction and others Business

The gross profit margin of our interior design and construction and others increased from 5.7% for the six months ended 30 June 2022 to 12.2% for the six months ended 30 June 2023, primarily due to the recovery in revenue growth and stability in cost of sales of public decoration service as a result of cost-saving and profit-increasing.

Selling and marketing expenses

Our selling and marketing expenses slightly decreased by 2.7% from RMB208.9 million for the six months ended 30 June 2022 to RMB203.3 million for the six months ended 30 June 2023, primarily due to (i) the decrease in advertising and promotion expenses from RMB121.5 million to RMB109.9 million in respective comparative periods as a result of the cost-saving in the first half year of 2023; (ii) the increase in the staff costs for expanding Interior Design and Construction Business.

Administrative expenses

Our administrative expenses decreased by 8.7% from RMB41.3 million for the six months ended 30 June 2022 to RMB37.7 million for the six months ended 30 June 2023. It was mainly due to the organization optimization and control on staff headcount.

Research and development expenses

Our research and development expenses decreased by 4.6% from RMB20.3 million for the six months ended 30 June 2022 to RMB19.4 million for the six months ended 30 June 2023. The decrease in research and development expenses was mainly attributable to the improvement of the research and development efficiency and organization optimization of the research and development department.

Net impairment losses on financial assets

Our net impairment losses on financial assets decreased by 94.0% from RMB13.0 million for the six months ended 30 June 2022 to RMB0.8 million for the six months ended 30 June 2023, primarily due to a significant decrease in the expected credit loss on contract assets of the Interior Design and Construction projects which caused by the normalization of payments on some risky projects. After assessment by the management of the Company, net impairment losses on financial assets mainly of IDC business had been provided for RMB0.8 million for the six months ended 30 June 2023.

Other losses – net

Other net losses were RMB18.8 million for the six months ended 30 June 2023. It was mainly due to (i) impairment loss on investments accounted for using the equity method of RMB22.8 million, and (ii) government subsidies of RMB3.1 million.

Finance income – net

Our finance income for the six months ended 30 June 2023 was mainly due to the interest income from our term deposits.

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

Our share of net loss of investments accounted for using the equity method for the six months ended 30 June 2023 was mainly due to the result of losses picked up from investees.

Income tax expenses

Our income tax expenses for the six months ended 30 June 2023 was RMB4.0 million mainly due to the decrease in deferred tax assets.

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

As a result of the foregoing, our net loss was RMB16.6 million for the six months ended 30 June 2023, as compared to net loss of RMB66.3 million for the six months ended 30 June 2022.

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

Our adjusted net profit attributable to equity holders of the Company was RMB8.2 million for the six months ended 30 June 2023. The increase in adjusted net profit attributable to equity holders of the Company was mainly due to the net profit from our core business, which directly offset the net loss generated by the IDC business.

The following table reconciled our adjusted net profit/(loss) attributable to equity holders of the Company for the six months ended 30 June 2023 and 2022 to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Net loss attributable to equity holders of the Company for the year	(16,322)	(57,080)
Impairment loss on investments accounted for using the equity method	22,808	22,668
Share-based compensation expenses	278	3,504
Net fair value change on investment on financial assets at fair value through profit or loss, which exclude wealth management products and others	1,438	10,226
Adjusted net profit/(loss) attributable to equity holders of the Company	8,202	(20,682)

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 RMB269.8 million, term deposits of RMB832.6 million and restricted cash of RMB6.7 million as of 30 June 2023, compared to the balance of cash and cash equivalents, term deposits and restricted cash of RMB445.4 million, RMB569.5 million and RMB23.5 million as of 31 December 2022, respectively. We maintained a strong cash and other liquid financial resources at RMB1,109.1 million as of 30 June 2023, and a slightly increased by 6.8% from RMB1,038.4 million as of 31 December 2022.

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

	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Cash and cash equivalents	269,773	445,429
Term deposits	832,579	569,523
Restricted cash	6,698	23,474
Cash and other liquid financial resources	1,109,050	1,038,426

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

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Net cash used in operating activities	(29,351)	(134,257)
Net cash (used in)/generated from investing activities	(164,135)	45,005
Net cash generated from/(used in) financing activities	17,510	(1,281)
Net decrease in cash and cash equivalents	(175,976)	(90,533)
Effect on exchange rate difference	320	17,552
Cash and cash equivalents at the beginning of the period	445,429	548,017
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	269,773	475,036
	<hr/>	<hr/>

Net cash used in operating activities

For the six months ended 30 June 2023, our net cash used in operating activities was RMB29.4 million, which was primarily attributable to our loss before income tax of RMB12.6 million, as adjusted by (i) non-cash items, which primarily comprised depreciation and amortization of RMB12.2 million, provision for bad debt and impairment loss on investment in associate of RMB23.6 million, fair value losses on investments of RMB2.7 million; and (ii) changes in working capital, which primarily comprised an increase in trade and other receivables and prepayments to suppliers of RMB20.0 million, an increase in contract assets of RMB36.3 million and an increase in trade and other payables and contract liabilities of RMB17.5 million.

Net cash used in investing activities

For the six months ended 30 June 2023, our net cash used in investing activities was RMB164.1 million, which was mainly attributable to purchase of financial assets at fair value through profit or loss of RMB272.0 million, net increase in term deposits of RMB226.5 million and purchase of property, plant and equipment of RMB4.2 million, partially offset by proceeds from disposals of financial assets at fair value through profit or loss of RMB291.9 million and net repayments of loans from third parties of RMB46.0 million.

Net cash generated from financing activities

For the six months ended 30 June 2023, net cash generated from financing activities was RMB17.5 million, which was mainly attributable to proceeds from borrowings of RMB53.0 million, partially offset by repayment of borrowings of RMB18.0 million and payment for lease liabilities of RMB16.1 million.

Trade and other receivables and advances to suppliers

Trade and other receivables and advances to suppliers decreased by 18.1% from RMB185.9 million as of 31 December 2022 to RMB152.3 million as of 30 June 2023, primarily due to call in a loans from the third parties of RMB50.0 million, which was provided by the Group to an independent third-party individual on 15 January 2022 and recovered in January 2023.

Trade and other payables

Trade and other payables slightly decreased from RMB429.8 million as of 31 December 2022 to RMB429.3 million as of 30 June 2023, primarily due to (i) decrease of deposits payables of RMB19.0 million, which was mainly represent security deposits from users of our escrow payment services, and partially offset (ii) increase of trade payables from building materials suppliers of RMB20.0 million caused by the expansion of the IDC business.

Borrowings

Borrowings increased by 92.0% from RMB38.0 million as of 31 December 2022 to RMB73.0 million as of 30 June 2023, primarily due to a new borrowing of RMB30.0 million to Shanghai Qiyi Information Technology Co., Ltd.

As of 30 June 2023, we had total borrowings of RMB73.0 million and the interest rate of the borrowings was from 2.46% to 4.10% per annum, (i) RMB10.0 million of which was shared guaranteed by Shanghai Qiyi Information Technology Co., Ltd., Mr. Yang Weihang, who is the non-controlling shareholder of Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd. and Mrs. Zhang Fan, who is the wife of Mr. Yang Weihang, (ii) RMB13.0 million of which was pledged by the property owned by Mrs. Zhang Fan, (iii) RMB20.0 million of which was guaranteed by Shanghai Qiyi Information Technology Co., Ltd. and Qijia (Shanghai) Network Technology Co., Ltd., and (iv) RMB30.0 million of which was guaranteed by Shanghai Qiyi Information Technology Co., Ltd.

Gearing ratio

As of 30 June 2023, our gearing ratio, calculated as total borrowings divided by total equity attributable to equity holders of the Company was approximately 6.3%.

Treasury policy

We have adopted a prudent financial management approach towards our treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 June 2023. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Capital expenditure

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Purchase of property and equipment	4,218	1,249
Purchase of intangible assets	848	89
Total	5,066	1,338

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 of 30 June 2023, the Group had the following significant investment held with a value of 5% or more of the Group's total assets which was classified as investment accounted for using the equity method:

Name of the investment	Investment costs RMB'000	Net book value as at 30 June 2023 RMB'000	Number of shares of investment held as at 30 June 2023	Percentage of investment held as at 30 June 2023 (%)	Performance/ Change in share of results of investment accounted for using the Equity method for the six months ended 30 June 2023 RMB'000	Performance/ Change in share of other comprehensive loss for the six months ended 30 June 2023 RMB'000	Performance/ Change in provision of impairment for the six months ended 30 June 2023 RMB'000	Size as compared to the Group's total assets as at 30 June 2023 (%)
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	203,446	39,720,000	6.15%	(2,623)	(387)	(22,808)	11.1%

Description of the investment

In 2014, we made a minority investment in Guangzhou Seagull Kitchen and Bath Products Co. Ltd. ("Seagull"), a PRC company listed on the Shenzhen Stock Exchange (Stock code: 002084) that engages in the production and sale of high-end plumbing equipment and hardware. The investment in Seagull is not held for trading. We believe that we enjoyed strategic and synergic benefits from our investment and consider it as strategic investment. We will review our investment strategy regularly in response to the changes in market situation. The financial performance of this company has stabilized but still fell short of original projection and lowered the expectation to its future profitability and consequently affected the valuation conducted by independent valuer. As of 30 June 2023, except for the aforementioned investment, there were no other investments held with a value of 5% or more of the Group's total assets.

Financial assets at fair value through profit or loss

As of 30 June 2023, the Group had current and non-current financial assets at fair value through profit or loss of approximately RMB69.6 million (31 December 2022: approximately RMB71.2 million), mainly comprised (i) investments in wealth management products of approximately RMB49.3 million (31 December 2022: approximately RMB49.4 million); (ii) investments in listed companies of approximately RMB15.0 million (31 December 2022: approximately RMB17.4 million); and (iii) private equity funds of approximately RMB5.3 million (31 December 2022: approximately RMB4.5 million).

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Financial assets at fair value through profit or loss		
Current		
Wealth management products ⁽¹⁾	49,259	49,403
Investments in listed companies	15,037	17,358
Subtotal	<u>64,296</u>	<u>66,761</u>
Non-current		
Private equity funds	5,344	4,451
Total	<u>69,640</u>	<u>71,212</u>

(1) Wealth management products slightly decreased by 0.3% from RMB49.4 million as at 31 December 2022 to RMB49.3 million as at 30 June 2023.

Long-term investment activities

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Investments accounted for using the equity method	207,229	233,102
Financial assets at fair value through other comprehensive income	10,215	34,926
Financial assets at fair value through profit or loss	5,344	4,451
Total	<u>222,788</u>	<u>272,479</u>

We have made non-controlling interests in investments that we believe have technologies or businesses that supplement and benefit our business. Some of the investments we made were companies that do not generate meaningful revenue and profits yet. It is therefore difficult to determine the success of these investments in such early stage, and while successful investments could generate substantial returns, unsuccessful ones may need to be impaired.

As of 30 June 2023, the decrease of long-term investment activities came from the decrease in the fair value of our investment company.

Foreign exchange risk

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

Contingent liabilities

As of 30 June 2023, we did not have any material contingent liabilities.

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2023	2022
		RMB'000	RMB'000
Revenue	4	496,976	431,940
Cost of sales	5	(244,719)	(186,946)
Gross profit		252,257	244,994
Selling and marketing expenses	5	(203,251)	(208,947)
Administrative expenses	5	(37,685)	(41,287)
Research and development expenses	5	(19,368)	(20,302)
Net impairment losses on financial assets	9(c)	(773)	(12,965)
Other losses – net		(18,765)	(27,088)
Operating loss		(27,585)	(65,595)
Finance income	6	19,794	7,314
Finance costs	6	(2,087)	(1,159)
Finance income – net	6	17,707	6,155
Share of results of investments accounted for using the equity method		(2,678)	(3,213)
Loss before income tax		(12,556)	(62,653)
Income tax expenses	7	(4,041)	(3,695)
Loss for the period		(16,597)	(66,348)
Loss attributable to:			
– Equity holders of the Company		(16,322)	(57,080)
– Non-controlling interests		(275)	(9,268)
		(16,597)	(66,348)
Losses per share for loss attributable to equity holders of the Company			
Basic losses per share (RMB)	8	(0.0145)	(0.0510)
Diluted losses per share (RMB)	8	(0.0145)	(0.0510)

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Unaudited	
	Six months ended 30 June	
<i>Note</i>	2023	2022
	RMB'000	RMB'000
Loss for the period	(16,597)	(66,348)
Other comprehensive (loss)/income for the period		
<i>Items that may be reclassified to profit or loss:</i>		
Share of other comprehensive loss of investments accounted for using the equity method	(387)	(2,106)
Exchange differences on translation of foreign operations	19	22,396
	(368)	20,290
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	20,747	1,616
Changes in the fair value of equity investments at fair value through other comprehensive income	(25,354)	(11,644)
	(4,607)	(10,028)
Total other comprehensive (loss)/income for the period, net of tax	(4,975)	10,262
Total comprehensive loss for the period	(21,572)	(56,086)
Total comprehensive loss for the period attributable to:		
Equity holders of the Company	(21,297)	(46,818)
Non-controlling interests	(275)	(9,268)
	(21,572)	(56,086)

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

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2023**

	<i>Note</i>	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		24,839	23,472
Right-of-use assets		34,443	27,731
Intangible assets		3,025	2,862
Goodwill		7,796	7,796
Deferred tax assets		2,864	6,768
Investments accounted for using the equity method		207,229	233,102
Financial assets at fair value through other comprehensive income (“FVOCI”)		10,215	34,926
Financial assets at fair value through profit or loss (“FVPL”)		5,344	4,451
Term deposits		249,288	103,493
Total non-current assets		545,043	444,601
Current assets			
Inventories		2,619	2,635
Trade and other receivables and prepayments to suppliers	9	152,307	185,867
Contract assets	9	215,668	177,565
Financial assets at fair value through profit or loss (“FVPL”)		64,296	66,761
Term deposits		583,291	466,030
Restricted cash		6,698	23,474
Cash and cash equivalents		269,773	445,429
Total current assets		1,294,652	1,367,761
Total assets		1,839,695	1,812,362

	<i>Note</i>	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
EQUITY			
Share capital		761	761
Share premium		2,254,288	2,254,288
Other reserves		(245,972)	(241,275)
Treasury shares		(35,975)	(35,987)
Accumulated losses		(810,334)	(794,012)
Equity attributable to equity holders of the Company		1,162,768	1,183,775
Non-controlling interests		(13,517)	(13,242)
Total equity		1,149,251	1,170,533
LIABILITIES			
Non-current liabilities			
Lease liabilities		23,024	15,438
Total non-current liabilities		23,024	15,438
Current liabilities			
Short-term borrowings		73,040	38,044
Trade and other payables	<i>11</i>	429,328	429,807
Contract liabilities	<i>11</i>	103,553	89,597
Lease liabilities		14,026	21,597
Income tax liabilities		47,473	47,346
Total current liabilities		667,420	626,391
Total liabilities		690,444	641,829
Total equity and liabilities		1,839,695	1,812,362

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

1 GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “**Group**”) are principally engaged in (i) the provision of SaaS based total marketing solution, targeted marketing services, inspection service and others (“**SaaS and marketing service**”); (ii) the provision of building and home decoration materials supply chain services (“**Supply chain service**”); (iii) the provision of interior design and construction service (“**Interior design and construction**”); and (iv) the provision of other initiative services (“**Innovation and others**”). Mr. Deng Huajin (鄧華金, “**Mr. Deng**”) is the ultimate controlling shareholder of the Company.

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

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

The interim condensed consolidated financial information was approved by the Board of Directors on 23 August 2023.

The interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial report for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, ‘Interim financial reporting’.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by the Company during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the new and amended standards (Note 3(a)).

3 ACCOUNTING POLICY INFORMATION

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements.

(a) New and amended standards adopted by the Group

The following standards apply for the first time to financial reporting periods commencing on or after 1 January 2023:

- Insurance Contracts – IFRS 17
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Return – Pillar Two Model Rules – Amendments to IAS 12

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.

(b) New Standards, amendments to standards and interpretations not yet adopted

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

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Leases on sale and leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024

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 and that are expected to have a material impact on the Group’s financial performance and position.

4 SEGMENT INFORMATION

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

During the year ended 31 December 2022, the Group has reorganized its business segments to better allocate resources and assess performance of the operating segments. The segment information for the six months ended 30 June 2022 has been restated accordingly.

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

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

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

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

Segment	Six months ended 30 June 2023 (unaudited)				Total RMB'000
	SaaS and marketing service RMB'000	Supply chain service RMB'000	Interior design and construction RMB'000	Innovation and others RMB'000	
Revenue					
Segment revenue	234,578	21,588	253,172	8,007	517,345
Inter-segment sales	(9,237)	(7,732)	–	(3,400)	(20,369)
Revenue from external customers	<u>225,341</u>	<u>13,856</u>	<u>253,172</u>	<u>4,607</u>	<u>496,976</u>
Timing of revenue recognition					
At a point in time	216,024	13,856	1,827	2,916	234,623
Over time	<u>9,317</u>	<u>–</u>	<u>251,345</u>	<u>1,691</u>	<u>262,353</u>
	<u>225,341</u>	<u>13,856</u>	<u>253,172</u>	<u>4,607</u>	<u>496,976</u>
Results					
Segment gross profit/(loss)	<u>218,780</u>	<u>1,971</u>	<u>32,874</u>	<u>(1,368)</u>	<u>252,257</u>
Selling and marketing expenses					(203,251)
Administrative expenses					(37,685)
Research and development expenses					(19,368)
Net impairment losses on financial assets					(773)
Other losses – net					(18,765)
Finance income – net					17,707
Share of results of investments accounted for using the equity method					<u>(2,678)</u>
Loss before income tax					<u>(12,556)</u>

Segment	Six months ended 30 June 2022 (unaudited) (restated)				Total RMB'000
	SaaS and marketing service RMB'000	Supply chain service RMB'000	Interior design and construction RMB'000	Innovation and others RMB'000	
Revenue					
Segment revenue	244,868	21,535	168,067	25,474	459,944
Inter-segment sales	(2,880)	(5,707)	(287)	(19,130)	(28,004)
Revenue from external customers	<u>241,988</u>	<u>15,828</u>	<u>167,780</u>	<u>6,344</u>	<u>431,940</u>
Timing of revenue recognition					
At a point in time	215,898	15,828	1,553	3,814	237,093
Over time	<u>26,090</u>	<u>–</u>	<u>166,227</u>	<u>2,530</u>	<u>194,847</u>
	<u>241,988</u>	<u>15,828</u>	<u>167,780</u>	<u>6,344</u>	<u>431,940</u>
Results					
Segment gross profit/(loss)	<u>233,298</u>	<u>1,820</u>	<u>10,933</u>	<u>(1,057)</u>	<u>244,994</u>
Selling and marketing expenses					(208,947)
Administrative expenses					(41,287)
Research and development expenses					(20,302)
Net impairment losses on financial assets					(12,965)
Other losses – net					(27,088)
Finance income – net					6,155
Share of results of investments accounted for using the equity method					<u>(3,213)</u>
Loss before income tax					<u>(62,653)</u>

(a) **Revenue**

The revenue for the six months ended 30 June 2023 and 2022 are set out as follows:

	Unaudited	
	Six months ended 30 June	
	2023	2022
		(restated)
	<i>RMB'000</i>	<i>RMB'000</i>
SaaS and marketing service	225,341	241,988
Supply chain service	13,856	15,828
Interior design and construction	253,172	167,780
Innovation and others	4,607	6,344
	<u>496,976</u>	<u>431,940</u>

(b) **Revenue by geographical markets**

All the revenue of the Group was generated in the PRC during the six months ended 30 June 2023 and 2022.

(c) **Information about major customers**

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

5 EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Outsourced labour costs	190,097	147,721
Advertising and promotion expenses	110,120	121,816
Employee benefit expenses	93,509	92,812
Materials and other consumables used	75,282	59,541
Depreciation of right-of-use assets	8,703	7,676
Travelling, entertainment and communication expenses	7,132	5,899
Short-term leases and leases of low-valued assets	3,803	4,792
Professional fee	3,225	2,116
Depreciation of property, plant and equipment	2,844	3,324
Auditor's remuneration		
– Audit service	1,750	1,750
– Non-audit service	81	70
Bank charges and point-of-sale device processing fees	1,550	1,742
Taxes and levies	869	1,208
Amortization of intangible assets	685	1,439
Utilities and electricity expenses	590	243
Miscellaneous	4,783	5,333
	<u>505,023</u>	<u>457,482</u>

6 FINANCE INCOME – NET

	Unaudited	
	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income:		
Interest income	<u>19,794</u>	<u>7,314</u>
Finance costs:		
Interest expenses on borrowings	(1,364)	(363)
Interest expenses on lease liabilities	<u>(723)</u>	<u>(796)</u>
	<u>(2,087)</u>	<u>(1,159)</u>
Finance income – net	<u>17,707</u>	<u>6,155</u>

7 INCOME TAX EXPENSES

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current tax:		
Current tax for the period	<u>137</u>	<u>24</u>
Deferred income tax:		
Decrease in deferred tax assets	3,904	3,733
Decrease in deferred tax liabilities	<u>-</u>	<u>(62)</u>
Total deferred tax	<u>3,904</u>	<u>3,671</u>
Income tax expenses	<u>4,041</u>	<u>3,695</u>

(a) Cayman Islands

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

(b) British Virgin Islands

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

(c) Hong Kong

Hong Kong profits tax rate is 8.25% for assessable profits on the first HKD2 million and 16.5% for any assessable profits in excess. No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the six months ended 30 June 2023 and 2022.

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

CIT provision was made on the estimated assessable profits of entities within the Group incorporated/established in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the six months ended 30 June 2023 and 2022.

A subsidiary of the Group in the PRC was qualified as "High and New Technology Enterprises", and accordingly, it was subject to a reduced preferential CIT rate of 15% for the six months ended 30 June 2023 and 2022 according to the applicable CIT Law.

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

(e) Withholding tax on undistributed profits

According to CIT law, distribution of profits earned by PRC companies since 1 January 2008 is subject to withholding tax with a rate of 5% or 10%, depending on the country of incorporation of the foreign investor. During the six months ended 30 June 2023 and 2022, the PRC companies of the Group do not have any profit distribution plan.

8 LOSSES PER SHARE

(a) Basic losses per share

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
Losses attributable to equity holders of the Company (RMB'000)	(16,322)	(57,080)
Weighted average number of ordinary shares in issue (thousand)	1,123,045	1,118,925
Losses per share (RMB per share)	<u>(0.0145)</u>	<u>(0.0510)</u>

(b) Diluted losses per share

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the Group incurred losses for the six months ended 30 June 2023 and 2022, the potential ordinary shares were not included in the calculation of diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the six months ended 30 June 2023 and 2022 were the same as basic losses per share.

9 TRADE AND OTHER RECEIVABLES AND ADVANCES TO SUPPLIERS

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Trade receivables		
Due from third parties	96,058	93,124
Less: provision for impairment of trade receivables	(19,517)	(16,725)
Net trade receivables	<u>76,541</u>	<u>76,399</u>
Other receivables		
Project deposits	10,644	11,030
Electronic commercial bill receivables	6,014	2,684
Loans due from third parties	5,645	55,681
Electronic payment platform balance	5,463	–
Receivables from disposal of subsidiaries (a)	5,000	5,000
Staff advances	4,085	2,472
Rental deposits	2,093	2,630
Loans due from related parties	1,230	1,230
Receivables from disposal of Beijing Rayion	–	250
Others	9,062	8,747
Gross other receivables	49,236	89,724
Less: provision for impairment of other receivables	(8,339)	(8,539)
Net other receivables	<u>40,897</u>	<u>81,185</u>
Others		
Prepayments to third party suppliers	30,217	22,712
Prepayments to related party suppliers	31	109
Value-added tax recoverable	4,621	5,462
Total trade and other receivables and prepayments to suppliers	<u>152,307</u>	<u>185,867</u>
Contract assets		
Due from third parties	227,840	191,556
Less: provision for impairment of contract assets	(12,172)	(13,991)
Net contract assets	<u>215,668</u>	<u>177,565</u>

- (a) In July 2021, the Group disposed 100% equity interests in Shanghai Jinjie Furniture and Decorations Co., Ltd., Shanghai Zhengyi Information Technology Co., Ltd., Fujian Qiyi Information Technology Co., Ltd. and Sanming Qijia Network Information Technology Co., Ltd. The remaining receivables of RMB5,000,000 from the disposal were collected in July 2023.
- (b) As at 30 June 2023, 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.

The Group grants credit periods to customers ranging from 30 days to 180 days. As at 30 June 2023, the aging analysis of the trade receivables based on invoice date were as follows:

	Unaudited 30 June 2023 <i>RMB'000</i>	Audited 31 December 2022 <i>RMB'000</i>
Trade receivables – gross		
Within 1 month	29,902	16,210
Over 1 month and within 1 year	52,263	61,043
Over 1 year and within 2 years	3,325	5,476
Over 2 years	10,568	10,395
	<u>96,058</u>	<u>93,124</u>

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

	Unaudited Six months ended 30 June 2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At the beginning of the period	(16,725)	(8,287)
Increase in impairment	(2,792)	(2,557)
At the end of the period	<u>(19,517)</u>	<u>(10,844)</u>

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

	Unaudited Six months ended 30 June 2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At the beginning of the period	(13,991)	(8,823)
Decrease/(increase) in impairment	1,819	(9,494)
At the end of the period	<u>(12,172)</u>	<u>(18,317)</u>

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the period	(8,539)	(11,577)
Decrease/(increase) in impairment	200	(914)
	<hr/>	<hr/>
At the end of the period	(8,339)	(12,491)
	<hr/>	<hr/>

(c) Net impairment losses on financial assets are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Net impairment loss provision		
– Trade receivables	(2,792)	(2,557)
– Contract assets	1,819	(9,494)
– Other receivables	200	(914)
	<hr/>	<hr/>
	(773)	(12,965)
	<hr/>	<hr/>

10 DIVIDENDS

No dividends were paid or declared by the Company during the six months ended 30 June 2023 and 2022.

Pursuant to resolution passed by the Board on 23 August 2023, the Board declared an interim dividend of HKD0.028 per share, in an aggregate of approximately RMB30,000,000 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil). The interim dividend is expected to be paid on Friday, 22 September 2023. The interim dividend is declared after the reporting period, such dividend has not been recognised as liability as at 30 June 2023.

11 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 <i>RMB'000</i>
Trade payables (c)	198,659	178,623
Other payables		
Quality and performance guarantee deposits	68,734	75,682
Deposits payables (a)	26,291	45,263
Decoration payments collected on behalf of merchants	1,048	1,075
Loan guarantee deposits	–	4,000
Amount due to related parties	–	56
Other accrued expenses and payables	37,447	31,932
Total other payables	133,520	158,008
Others		
Staff salaries and welfare payables	60,735	64,765
Accrued taxes other than income tax	36,414	28,411
Total trade and other payables	429,328	429,807
Contract liabilities (b)	103,553	89,597

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

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 <i>RMB'000</i>
Within 1 month	108,845	87,561
Over 1 month and within 3 months	39,312	40,272
Over 3 months and within 1 year	33,076	33,507
Over 1 year	17,426	17,283
	198,659	178,623

OTHER INFORMATION

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

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

For details of the Shares purchased by the RSU Trustee (as defined below) for the purpose of the 2021 RSU Scheme during the Reporting Period, please refer to the section headed "Employee and remuneration policy" below.

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

Employee and remuneration policy

As of 30 June 2023, the Group had 989 full-time employees, most of whom were based in China, primarily at our headquarters in Shanghai, with the rest based in Beijing, Fuzhou and various other cities in China. The number of employees employed by the Group varies depending on needs and employees are remunerated based on industry practice.

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

Pursuant to the 2021 RSU Scheme which was adopted on 15 January 2021 and the grant of restricted share units ("RSUs") as disclosed in the announcement dated 22 March 2021, Tricor Trust (Hong Kong) Limited was appointed as the trustee for the administration of the 2021 RSU Scheme (the "RSU Trustee"). As of 30 June 2023, RSUs in respect of an aggregate of 4,570,826 Shares (representing approximately 0.4% of the total issued share capital of the Company as at the date of this announcement) granted by the Company under the 2021 RSU Scheme remained outstanding.

Material acquisitions and disposals of subsidiaries, associated companies and joint ventures

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

COMPARATIVE FIGURES

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

Compliance with CG Code

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

The Company has adopted the CG Code as set out in part 2 of Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

Compliance with code provision C.2.1 of the CG Code

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

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

Compliance with the Model Code for Securities Transactions by Directors

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

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Reporting Period after making reasonable enquiry.

Audit and Risk Management Committee and review of financial statements

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

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

Interim dividend

The Board has resolved to declare an interim dividend of HKD0.028 per share for the Reporting Period. The interim dividend is expected to be paid on Friday, 22 September 2023 to the Shareholders whose names are listed in the register of members of the Company on Friday, 8 September 2023, in an aggregate of approximately RMB30.0 million. The interim dividend will be distributed in Hong Kong dollars and will be calculated based on the average benchmark exchange rate of RMB against Hong Kong dollar announced by the People’s Bank of China on the date of the Board meeting held on Wednesday, 23 August 2023. The proposal for the distribution of the interim dividend above is subject to the consideration and approval of the Board.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 7 September 2023 to Friday, 8 September 2023 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all properly completed transfer documents and the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 6 September 2023.

Use of Proceeds from the IPO

The total net proceeds from the issue of new Shares by the Company in its Listing (after deducting the underwriting fees and related expenses) amounted approximately RMB949.8 million, and the net proceeds had been used up during the previous Reporting Period. As a result, the balance of unutilized net proceeds was Nil as of 30 June 2023.

Important events after the Reporting Period

As disclosed in “Interim dividend” section above, the interim dividend distribution for the six months ended 30 June 2023 of approximately RMB30.0 million will be proposed on Wednesday, 23 August 2023.

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

Sufficiency of Public float

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

Publication of the interim results announcement and interim report

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.qeeka.com. The interim report of the Company for the six months ended 30 June 2023 will be dispatched to the Shareholders and will be available on the above websites in due course.

APPRECIATION

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

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

Shanghai, the PRC, 23 August 2023

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

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

DEFINITION USED IN THIS ANNOUNCEMENT

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company
“Audit and Risk Management Committee”	the audit and risk management committee under the Board
“Board”	the board of Directors of our Company
“Brausen”, or “Fujian Brausen”	Brausen (Fujian) Decoration & Engineering Co., Ltd.* (博若森(福建)裝飾工程有限公司), company with limited liability incorporated in PRC on 23 June 2006 and a subsidiary of our Company, and its subsidiaries as the context requires, which were acquired by us on 24 August 2015
“CEO”	the chief executive officer of our Company
“CG Code”	the Corporate Governance Code as set out in part 2 of Appendix 14 of the Listing Rules
“Chairman”	the chairman of the Board
“CIT”	corporate income tax
“CODM”	the chief operating decision-maker
“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)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Contractual Arrangement(s)”	the series of contractual arrangements entered into by, among Shanghai Qijia, Qijia Network Technology and the shareholders of Shanghai Qijia, details of which are described in the section headed “Contractual Arrangements” of the Prospectus
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of our Company

“EPS”	earnings/(loss) per share
“FVOCI”	Financial assets at fair value through other comprehensive income
“FVPL”	Financial assets at fair value through profit or loss
“Group” or “our Group”	the Company, its subsidiaries, and the PRC Operating Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“IAS”	the International Accounting Standards
“IASB”	the International Accounting Standards Board
“IDC” or “Interior Design and Construction Business”	the provision of interior design and construction service
“IFRS”	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
“Innovation and others”	the provision of other initiative services
“IPO”	the Company’s initial public offering and listing of its shares on Main Board of the Stock Exchange on 12 July 2018
“Jumei”	Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.* (齊家居美(蘇州)精裝科技有限公司), a company with limited liability incorporated in PRC on 30 August 2016
“Listing Date”	12 July 2018, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

“Main Board”	The stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“Mr. Deng”	Mr. Deng Huajin, our founder, Chairman of the Board, executive Director, CEO and our single largest Shareholder
“PRC” or “China”	the People’s Republic of China, except where the context requires otherwise and only for the purposes of this prospectus, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Operating Entities”	Shanghai Qijia and its subsidiaries and branches, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements
“Prospectus”	the prospectus being issued in connection with the IPO
“Reporting Period”	the six months ended 30 June 2023
“RMB”	Renminbi, the lawful currency of PRC
“RSU(s)”	restricted share unit(s)
“RSU Trustee”	Tricor Trust (Hong Kong) Limited was appointed as the trustee for the administration of the 2021 RSU Scheme
“SaaS and Marketing Service Business”	the provision of SaaS based total marketing solution, targeted marketing services, inspection service and others
“Sales lead”	the data that identifies someone as a potential demand user of Interior Design and Construction
“Seagull”	a PRC company listed on the Shenzhen Stock Exchange (Stock code: 002084) that engages in the production and sale of high-end plumbing equipment and hardware
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Shanghai Qiyu”	Shanghai Qiyu Information Technology Co., Ltd.* (上海齊煜信息科技有限公司), a company incorporated in the PRC and a wholly owned subsidiary of the Company
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Supply Chain Service Business”	the provision of building and home decoration materials
“USD”	United States dollar, the lawful currency of the United States
“Youzi”	the partial renovation brand of the Company
“%”	per cent

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