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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)**

### **DISCLOSEABLE TRANSACTION EQUITY TRANSFER FRAMEWORK AGREEMENT IN RELATION TO THE POSSIBLE DISPOSAL OF EQUITY INTERESTS IN SANMING QIJIA NETWORK AND SHANGHAI ZHENGYI**

On October 30, 2019, Shanghai Qiyu (as transferor), an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Framework Agreement with Chengjia Shanghai (as transferee), which sets out the principal terms in respect of the sale and purchase of such equity interests in Sanming Qijia Network and Shanghai Zhengyi which shall result in the indirect transfer of an aggregate of 70% equity interest in Shanghai Jinjie to Chengjia Shanghai for a maximum total consideration of RMB303,874,871.

The Equity Transfer Framework Agreement only contains the principal terms of the Possible Disposal. The parties to the Equity Transfer Framework Agreement will, subject to satisfactory completion of a due diligence investigation by Chengjia Shanghai, enter into a formal agreement with detailed terms and conditions in respect of the Possible Disposal.

As at the date of this announcement, Shanghai Jinjie wholly owns the Land.

#### **LISTING RULES IMPLICATIONS**

Reference is made to the Fujian Qiyi Equity Transfer Agreement entered into between Shanghai Qiyu (as transferor) and Shanghai Daojie (as transferee) on October 18, 2019, with respect of the sale and purchase of the entire equity interest in Fujian Qiyi, which in turn held 19% equity interest in Shanghai Jinjie. Having considered that both the Fujian Qiyi Disposal and the Possible Disposal involve the indirect disposal of equity interest in Shanghai Jinjie, the Fujian Qiyi Disposal and the Possible Disposal shall be aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the Fujian Qiyi Disposal and the Possible Disposal contemplated under the Equity Transfer Framework Agreement, on an aggregate basis, exceed 5% but less than 25%, the Possible Disposal contemplated under the Equity Transfer Framework Agreement, on an aggregate basis with the Fujian Qiyi Disposal, constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

**The Board wishes to emphasize that the Equity Transfer Framework Agreement may be terminated, and no formal agreement may be entered into in respect of the Possible Disposal in the event that the due diligence investigation conducted by Chengjia Shanghai is not satisfactory. Accordingly, the transaction contemplated under the Equity Transfer Framework Agreement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

## **POSSIBLE DISPOSAL OF EQUITY INTERESTS IN SANMING QIJIA NETWORK AND SHANGHAI ZHENGYI**

On October 30, 2019, Shanghai Qiyu (as the vendor), an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Framework Agreement with Chengjia Shanghai (as the purchaser), which sets out the principal terms in respect of the sale and purchase of such equity interests in Sanming Qijia Network and Shanghai Zhengyi which shall result in the indirect transfer of an aggregate of 70% equity interest in Shanghai Jinjie to Chengjia Shanghai. As at the date of this announcement, Shanghai Jinjie wholly owns the Land.

### **PRINCIPAL TERMS OF THE EQUITY TRANSFER FRAMEWORK AGREEMENT**

The principal terms of the Equity Transfer Framework Agreement are summarized below.

#### **Date**

October 30, 2019 (after trading hours)

#### **Parties**

- (1) the transferor: Shanghai Qiyu, a wholly-owned subsidiary of the Company
- (2) the transferee: Chengjia Shanghai

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Chengjia Shanghai and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons.

## **Subject matter**

As at the date of this announcement, Shanghai Jinjie is held as to 49%, 32% and 19% by Sanming Qijia Network, Shanghai Zhengyi and Fujian Qiyi, respectively.

Pursuant to the Equity Transfer Framework Agreement, Shanghai Qiyu agreed to sell, and Chengjia Shanghai agreed to purchase such equity interests in Sanming Qijia Network and Shanghai Zhengyi which shall result in the indirect transfer of an aggregate of 70% equity interest in Shanghai Jinjie to Chengjia Shanghai. The definitive respective equity interests in Sanming Qijia Network and Shanghai Zhengyi to be acquired by Chengjia Shanghai shall be specified in the formal agreement between the parties.

As at the date of this announcement, Shanghai Jinjie wholly owns the Land.

## **Consideration**

The maximum total consideration payable by Chengjia Shanghai in respect of the Possible Disposal is RMB303,874,871, comprising of (i) the expected consideration of RMB294,777,630 for such equity interests in Sanming Qijia Network and Shanghai Zhengyi, representing an aggregate of 70% indirect equity interest in Shanghai Jinjie; and (ii) the costs and expenses incidental to the preliminary development of the Land to be borne by Chengjia Shanghai in proportion to its equity interest in Shanghai Jinjie to be acquired, amounting to RMB9,097,241 and which have been prepaid by Shanghai Qiyu (and its associates). The expected consideration of RMB294,777,630 for the equity interests in Sanming Qijia Network and Shanghai Zhengyi to be acquired may be adjusted downward based on the results of the due diligence investigation and the then audited accounts of Sanming Qijia Network and Shanghai Zhengyi.

### *Basis of the consideration*

The expected consideration has been determined after arm's length negotiations between the parties to the Equity Transfer Framework Agreement after taking into account of the book value of the Land as of September 30, 2019 of approximately RMB321,288,000, the costs and expenses incidental to the preliminary development of the Land contributed by Shanghai Qiyu (and its associates) and the recent market value of comparable land in proximity.

### *Payment terms of the consideration*

The consideration of RMB294,777,630 for such equity interests in Sanming Qijia Network and Shanghai Zhengyi to be acquired by Chengjia Shanghai shall be payable by Chengjia Shanghai in cash in the following manner:

- i. an initial sum of RMB3,000,000 (the “**Deposit**”) to be paid within ten (10) business days of the signing of the Equity Transfer Framework Agreement;
- ii. the second instalment of RMB55,955,526 to be paid within ten (10) business days of the entering of the formal agreement by the parties; and

- iii. the remaining balance of RMB235,822,104 (subject to adjustment) to be paid within thirty (30) business days upon the date on which the business registration with local Administration for Industry and Commerce concerning the Possible Disposal is completed.

The payment schedule of the costs and expenses incidental to the preliminary development of the Land to be borne by Chengjia Shanghai of RMB9,097,241 shall be specified in the formal agreement to be entered into between the parties.

### **Due diligence investigation, formal agreement and completion**

Shanghai Qiyu shall confirm the structure of the Possible Disposal, including the definitive respective equity interests in Sanming Qijia Network and Shanghai Zhengyi to be acquired by Chengjia Shanghai, within thirty (30) days from the signing of the Equity Transfer Framework Agreement.

Chengjia Shanghai shall complete a due diligence investigation on Sanming Qijia Network, Shanghai Zhengyi and Shanghai Jinjie within thirty (30) days upon receipt of written confirmation from Shanghai Qiyu regarding the structure of the Possible Disposal.

If Chengjia Shanghai is not satisfied with the results of the due diligence investigation, it has the right to unilaterally terminate the Equity Transfer Framework Agreement and the Deposit of RMB3,000,000 shall be repaid by Shanghai Qiyu to Chengjia Shanghai within three (3) days from the termination of the Equity Transfer Framework Agreement.

Within thirty (30) days upon satisfactory completion of the due diligence investigation, the parties shall enter into the formal agreement with detailed terms and conditions in respect of the Possible Disposal.

The business registration with local Administration for Industry and Commerce concerning the transfer of the equity interests in Sanming Qijia Network and Shanghai Zhengyi shall be completed within thirty (30) days from the signing of the formal agreement.

### **Management of the development of the Land**

Pursuant to the Equity Transfer Framework Agreement, the board of directors of Shanghai Jinjie upon completion of the Possible Disposal shall comprise three (3) directors, two (2) of whom shall be nominated by Chengjia Shanghai and one (1) of whom shall be nominated by Shanghai Qiyu. A director nominated by Chengjia Shanghai shall act as the chairman of the board of directors of Shanghai Jinjie.

The parties agree that Chengjia Shanghai shall be mainly responsible for the overall development and construction of the Land and daily operations of Shanghai Jinjie. The general manager and chief financial director shall be nominated by Chengjia Shanghai and the vice financial director shall be nominated by Shanghai Qiyu.

Pursuant to the Equity Transfer Framework Agreement, certain matters of Shanghai Jinjie would require the approval of Shanghai Qiyu including amendments to the articles of association, merger, dissolution, winding-up, issue of debt securities, provision of external guarantees and disposal of assets.

## **INFORMATION OF THE PARTIES**

### **Shanghai Qiyu, the transferor**

Shanghai Qiyu is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, which is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. The Company is a leading interior design and construction online platform in the PRC.

### **Chengjia Shanghai, the transferee**

Chengjia Shanghai is a company established in the PRC with limited liability and a wholly-owned direct subsidiary of China Cjia Lodging Group Limited (中国城家住宿集团有限公司), a group principally engaged in professional hotel service.

### **Sanming Qijia Network, the target company**

Sanming Qijia Network is a company established under the laws of the PRC and as of the date of this announcement, a wholly-owned subsidiary of Shanghai Qiyu and in turn the Company. As of June 30, 2019, the unaudited total asset and net asset value of Sanming Qijia Network were approximately RMB157,290,000 and RMB157,290,000, respectively. As Sanming Qijia Network has not commenced any business operations apart from holding 49% of Shanghai Jinjie, it did not generate any significant revenue nor profit/loss before and after tax for the two years immediately preceding the date of the Equity Transfer Framework Agreement.

### **Shanghai Zhengyi, the target company**

Shanghai Zhengyi is a company established under the laws of the PRC and as of the date of this announcement, a wholly-owned subsidiary of Shanghai Qiyu and in turn the Company. As of June 30, 2019, the unaudited total asset and net asset value of Shanghai Zhengyi were approximately RMB102,723,000 and RMB102,723,000, respectively. As Shanghai Zhengyi has not commenced any business operations apart from holding 32% of Shanghai Jinjie, it did not generate any significant revenue nor profit/loss before and after tax for the two years immediately preceding the date of the Equity Transfer Framework Agreement.

### **Shanghai Jinjie, the project company**

Shanghai Jinjie is a company established under the laws of the PRC and as of the date of this announcement, is held as to 49%, 32% and 19% by Sanming Qijia Network, Shanghai Zhengyi and Fujian Qiyi, respectively.

Pursuant to the Fujian Qiyi Equity Transfer Agreement entered into between Shanghai Qiyu and Shanghai Daojie, an independent third party, on October 18, 2019, Shanghai Qiyu agreed to sell, and Shanghai Daojie agreed to purchase, the entire equity interest in Fujian Qiyi for a consideration of RMB60,990,000. The Fujian Qiyi Disposal is expected to be completed by the mid-November, 2019.

As of June 30, 2019, the unaudited total asset and net asset value of Shanghai Jinjie were approximately RMB321,953,000 and RMB305,708,000, respectively. As Shanghai Jinjie has not commenced any business operations apart from holding the Land, it did not generate any significant revenue nor profit/loss before and after tax for the two years immediately preceding the date of the Equity Transfer Framework Agreement.

### **INFORMATION ON THE LAND**

The land lot No.08-08 located at North Hongqiao Community, Jiangqiao Town, Jiading District, Shanghai, the PRC (嘉定區江橋鎮北虹橋社區) east to Jinyuan Road No.1, west to the base boundary, south to Lisha River and base boundary and north to base boundary (東至金園一路, 西至基地邊界, 南至李沙河, 基地邊界, 北至基地邊界) with a total land area of 19,255.2 sq.m., a plot ratio of not more than 2.7 and an aboveground gross floor area of not more than 51,989 sq.m.. The land use right of the Land shall be 40 years for commercial purpose. The unaudited net book value of the Land as of September 30, 2019 was approximately RMB321,288,000. As of the date of this announcement, a total costs and expenses incidental to the preliminary development of the Land of RMB12,996,059, principally as government taxes and staff costs, have been paid by Shanghai Qiyu (and its associates).

### **FINANCIAL EFFECTS AND USE OF PROCEEDS FROM THE POSSIBLE DISPOSAL**

Upon completion of the Possible Disposal and the Fujian Qiyi Disposal, Sanming Qijia Network, Shanghai Zhengyi and Shanghai Jinjie will cease to be subsidiaries of the Company. The Group will indirectly hold 11% of the equity interest in Shanghai Jinjie and the financial results of Sanming Qijia Network, Shanghai Zhengyi and Shanghai Jinjie will not be consolidated into the financial statements of the Group.

The Group will realize a gross gain of approximately RMB79 million, which is estimated based on the maximum total consideration of the Possible Disposal less the proportionate book value of the Land.

The Group intends to apply the net proceeds from the Possible Disposal after deducting estimated tax, referral commissions, costs and other expenses for general working capital and proportionate development costs of the Land to be borne by the Group.



## **REASONS FOR THE DISPOSAL**

The Group is principally engaged in the operation of interior design and construction platform and self-operated interior design and construction business in the PRC. As detailed in the announcement of the Company dated October 23, 2018, given that the Group is not principally engaged in land development, the Group has planned to actively partner with independent third party real estate developer(s) for the development of the Land. In light of Chengjia Shanghai's reputable brand and experience in land development and management, the Board believes that the Possible Disposal will enable the Group to leverage on the management, experience, resources and network of Chengjia Shanghai in respect of the overall management and daily operations of the development of the Land. The introduction of Chengjia Shanghai allows the Group to reduce the forthcoming market risks and the practical difficulties it may face in relation to the management and the development of the Land, and enables the Group to continue to devote resources and attention to its principal businesses of operation of interior design and construction platform and self-operated interior design and construction. At the same time, as the Group shall retain 11% equity interest and board seat in Shanghai Jinjie upon completion of the Possible Disposal, it enables the Group to continue to benefit from the future development of the Land including floor area available for the Company's own uses for offices and storage units. In addition, the Group will obtain a premium from the Possible Disposal, which is in line with the Company's strategic monetization plan in light of the prevailing market conditions.

The Directors consider that the Disposal and the transactions contemplated under the Equity Transfer Framework Agreement have been made on normal commercial terms and were arrived at after arm's length negotiation. The Directors believe that the terms of the Equity Transfer Framework Agreement, including the consideration for the Disposal, are fair and reasonable and that the Disposal is in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Reference is made to the Fujian Qiyi Equity Transfer Agreement entered into between Shanghai Qiyu (as transferer) and Shanghai Daojie (as transferee) on October 18, 2019, with respect of the sale and purchase of the entire equity interest in Fujian Qiyi, which in turn held 19% equity interest in Shanghai Jinjie. Having considered that both the Fujian Qiyi Disposal and the Possible Disposal involve the indirect disposal of equity interest in Shanghai Jinjie, the Fujian Qiyi Disposal and the Possible Disposal shall be aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the Fujian Qiyi Disposal and the Possible Disposal contemplated under the Equity Transfer Framework Agreement, on an aggregate basis, exceed 5% but less than 25%, the Possible Disposal contemplated under the Equity Transfer Framework Agreement, on an aggregate basis with the Fujian Qiyi Disposal, constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

**The Board wishes to emphasize that the Equity Transfer Framework Agreement may be terminated, and no formal agreement may be entered into in respect of the Possible Disposal in the event that the due diligence investigation conducted by Chengjia Shanghai is not satisfactory. Accordingly, the transaction contemplated under the Equity Transfer Framework Agreement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

“Board”	the board of Directors
“Chengjia Shanghai”	Chengjia (Shanghai) Investment Co. Ltd* (丞家(上海)投資有限公司), a company established in the PRC
“Company”	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 November 20, 2014, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1739)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Equity Transfer Framework Agreement”	the equity transfer framework agreement dated October 30, 2019 entered into between Shanghai Qiyu (as transferor) and Chengjia Shanghai (as transferee) in relation to the principal terms of the Possible Disposal
“Fujian Qiyi”	Fujian Qiyi Information Science and Technology Co., Ltd.* (福建齊屹信息科技有限公司), a company established in the PRC with limited liability
“Fujian Qiyi Disposal”	the disposal of Fujian Qiyi pursuant to the Fujian Qiyi Equity Transfer Agreement
“Fujian Qiyi Equity Transfer Agreement”	the equity transfer agreement dated October 18, 2019 entered into between Shanghai Qiyu (as transferor) and Shanghai Daojie (as transferee) in relation to the sale and purchase of the entire equity interest in Fujian Qiyi



“Group”	the Company and its subsidiaries (including its PRC operating entities the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of the Company by virtue of a series of contractual arrangements)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is (are) independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders, of the Company, its subsidiaries or any of their respective associate(s)
“Land”	land lot No.08-08 located at North Hongqiao Community, Jiangqiao Town, Jiading District, Shanghai, the PRC (嘉定區江橋鎮北虹橋社區) east to Jinyuan Road No.1, west to the base boundary, south to Lisha River and base boundary and north to base boundary (東至金園一路, 西至基地邊界, 南至李沙河、基地邊界, 北至基地邊界)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Possible Disposal”	the possible disposal of such equity interests in Sanming Qijia Network and Shanghai Zhengyi which shall result in the indirect transfer of an aggregate of 70% equity interest in Shanghai Jinjie to Chengjia Shanghai pursuant to the Equity Transfer Framework Agreement and the formal agreement to be entered into between the parties thereof
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sanming Qijia Network”	Sanming Qijia Network Information Technology Co., Ltd.* (三門市齊家網信息科技有限公司), a company established in the PRC and a subsidiary of our Company
“Shanghai Daojie”	Shanghai Daojie Investment Co., Ltd.* (上海道杰投資有限公司), a company established in the PRC
“Shanghai Jinjie”	Shanghai Jinjie Furniture and Decorations Co., Ltd.* (上海今杰家居用品有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company

“Shanghai Qiyu”	Shanghai Qiyu Information Technology Co., Ltd.* (上海齊煜信息科技有限公司), a company established in the PRC
“Shanghai Zhengyi”	Shanghai Zhengyi Information Technology Co., Ltd* (上海正軼信息科技有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Share(s)”	the ordinary share(s) of US\$0.0001 each of the Company
“Shareholders”	holders of the Shares
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

\* *The Chinese name of the entities established in the PRC is the official name and the English name is the translation for identification purpose only.*

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

Shanghai, the PRC, October 30, 2019

*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. Sheng Gang and Ms. Ping Xiaoli as non-executive Directors; and Mr. Zhang Lihong, Mr. Cao Zhiguang and Mr. Wong Man Chung Francis as independent non-executive Directors.*