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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)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Directors of Qeeka Home (Cayman) Inc. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2021. These results have been audited by the Auditor in accordance with International Standards on Auditing, and have also been reviewed by the Audit and Risk Management Committee.

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

KEY HIGHLIGHTS

1. Financial Summary

	Year ended 31 December		Year-on-year Change (%)
	2021 (RMB'000)	2020 (RMB'000)	
Revenue	1,106,540	916,264	20.8%
Gross Profit	593,423	520,500	14.0%
Gross Margin	53.6%	56.8%	(5.6%)
Net profit attributable to equity holders of the Company	74,054	40,613	82.3%
Adjusted net profit attributable to equity holders of the Company ⁽¹⁾	2,378	45,062	(94.7%)
Adjusted Net Margin	0.2%	4.9%	(95.9%)

Note:

- (1) Adjusted net profit attributable to equity holders of the Company excludes impairment loss on investments accounted for using the equity method, gains on disposal of subsidiaries, net fair value change on investment on financial assets at fair value through profit or loss, share-based compensation expenses and income tax effects.

2. Key operation metrics

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

	Year ended 31 December 2021	2020	Year-on-year Change (%)
Number of new paying merchants	2,242	2,621	(14.5%)
Number of active paying merchants ⁽¹⁾	5,799	4,904	18.3%
Number of sales leads	749,034	691,686	8.3%
Average revenue from Marketing Services per sales lead (RMB) ⁽²⁾	707	657	7.6%
Retention rates ⁽³⁾	72.5%	61.8%	17.3%

Notes:

- (1) It refers to the number of merchants who paid for our SaaS service during the year.
- (2) It refers to the average revenue per sales lead, which equals revenue of marketing service for the year ended 31 December 2021 divided by the sales leads as of the year ended of 31 December 2021.
- (3) It refers to the number of paying merchants retained over a year divided by the number of paying merchants as of the end of the previous period.

During the Reporting Period, (i) our number of new paying merchants decreased by 14.5% from 2,621 for the year ended 31 December 2020 to 2,242 for the year ended 31 December 2021; (ii) the number of active paying merchants increased by 18.3% from 4,904 for the year ended 31 December 2020 to 5,799 for the year ended 31 December 2021; (iii) the number of sales leads increased by 8.3% from 691,686 for the year ended 31 December 2020 to 749,034 for the year ended 31 December 2021; (iv) the average revenue from Marketing Services per sales lead increased by 7.6% from RMB657 for the year ended 31 December 2020 to RMB707 for the year ended 31 December 2021; and (v) the retention rate of the number of active paying merchants also maintained the momentum of growth, from 61.8% for the year ended 31 December 2020 to 72.5% for the year ended 31 December 2021, while the retention rate of the number of new paying merchants reached 81.4% in 2021, it represented an increase of 11 points from 70.4% in 2020, reflecting the results of our refined operation based on empowering to the merchants. We believe that the benefits of refined operations will far outweigh the benefits of pursuing the growth of the number of new paying merchants.

BUSINESS REVIEW AND OUTLOOK

The business segments consist of (i) SaaS; (ii) Marketing Service; (iii) Supply Chain Service; (iv) Interior Design and Construction; and (v) Innovation and others.

Business Review

- *SaaS and Extended Service Business*

We are one of the leading providers of SaaS solution in Interior Design and Construction industry in the PRC. We provide SaaS-based total solution to our IDC service providers (each we refer to as a merchant). By the end of 2021, we have 5,799 active paying merchants, representing an increase of 18.3% compared to 2020.

We help IDC service providers set up their digital infrastructure throughout entire business operations, from sales leads generation, customer acquisition, to construction field management and bookkeeping. Each IDC service provider pays a basic SaaS subscription fee on monthly basis for using the SaaS solution plus extra for extended value-added service, including marketing service, supply chain service, on our SaaS platform according to their individual needs.

We also make great efforts in improving consumer experience and consumer rights protection. We upgraded “Qijia Bao” consumer protection plan to offer extended quality assurance period and introduced “Beaver Inspection” to offer premier 11 time onsite inspection service in addition to the free 3 time basic set. We also disseminate decoration knowledge to users through short video, and strengthen user’s trust in our brand.

- *SaaS*

We continue to enhance our product offering to IDC service providers to better address their pain points in business operation, such as budget overruns, personnel control, construction delay, complaints handling, etc. In 2021, we introduced Wechat marketing solution, helping IDC service providers create and operate their Wechat mini store easily by leveraging social marketing toolkits including red pockets, flash sales, group buying, etc. We also partner with leading ERP solution providers to address increasing needs of operation efficiency improvements.

- *Marketing Service*

As part of the SaaS extended service, IDC service providers are able to acquire sales leads on our platform by paying per click (CPC) or sales lead (CPL). In 2021, the number of sales leads generated through our platform increased by 8.3% to 749,034, and the average revenue from marketing services per sales lead increased by 7.6% to RMB707. The increase in both quantity and quality represents increasing merchant demands and platform bargaining power.

- *Supply Chain Service*

IDC service providers are also able to purchase building and decoration materials on our platform. We partner with well-known material suppliers to provide customized and exclusive models of selected materials, so that IDC service providers can reduce their overall material purchase and logistic-related expense while ensuring the quality of the material. Revenue from supply chain service increased by 27.8% year-over-year to RMB67.0 million.

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

We operate three well-known interior design and decoration brands under the self-operation and license model. We believe we are able to create more value for them by applying hands-on experience and industry insights gained from the operation of IDC business.

We are also incubating a series of innovative service or business models. The business is still at an early stage and has yet to contribute sizable revenue but we believe they will play important roles in the future.

Company Financial Highlights

For the year ended 31 December 2021:

- Total revenue increased by 20.8% year over year to RMB1,106.5 million in 2021. We achieved solid revenue growth across all major business segment.
- Total gross profit increased by RMB72.9 million year over year to RMB593.4 million in 2021. We continued to make high gross margin improvement in our core business such as SaaS and extended service.
- Net profit attributable to equity holders of the Company reached RMB74.1 million in 2021, which is the result of our focus on main business.

Company Business Outlook

In 2021, the IDC industry suffered difficulties from the Covid-19 and series regulatory policies relating to the real estate industry. According to data from the National Bureau of Statistics of China, the sales area of commercial housing will be 1,794.3 million square meters in 2021, which represents an increase of 1.9% compared to 2020 and an increase of 4.6% compared to 2019. Among them, the residential sales area increased by 1.1% over the previous year. The slow down in sales growth leads to fewer business opportunities and increased competition in the IDC industry. However, as the PRC government continued to signal stability maintenance in the 2021Q4, the credit environment improved marginally.

Therefore, we believe the fundamental drivers of IDC industry remains solid: the urban population is increasing, people are wealthier than ever before (as disposable income per capita is increasing), and desire for a better living environment remains unchanged. All these factors will support the IDC industry to grow, despite the short-term impact from the Covid-19 and regulatory policies.

Looking to the future, we will focus on strengthening our leading position in IDC industry, providing a variety of SaaS solutions related to increase operation efficiency of the IDC service providers, while improving user experience along the renovation journey.

On the other side, we will focus on the new demand of users in the new era, explore and develop the overall solution on “HOME”, so as to truly gain the trust of users and accomplish our mission, which is to help users achieve a beautiful living scene easily, cost-effectively and with peace of mind. This will be a great mission for us and we are confident to create value for our shareholders in the long run.

MANAGEMENT DISCUSSION AND ANALYSIS

(The following information disclosure was based on financial information prepared in accordance with IFRSs unless otherwise specified)

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue	1,106,540	916,264
Cost of sales	<u>(513,117)</u>	<u>(395,764)</u>
Gross profit	593,423	520,500
Selling and marketing expenses	(492,898)	(405,881)
Administrative expenses	(96,367)	(96,848)
Research and development expenses	(43,140)	(58,789)
Net impairment losses on financial assets	(14,279)	(2,532)
Other gains – net	<u>117,086</u>	<u>15,058</u>
Operating profit/(loss)	63,825	(28,492)
Finance income	13,062	18,699
Finance costs	<u>(2,758)</u>	<u>(2,395)</u>
Finance income – net	10,304	16,304
Share of results of investments accounted for using the equity method	<u>6,820</u>	<u>60,598</u>
Profit before income tax	80,949	48,410
Income tax expenses	<u>(9,658)</u>	<u>(6,529)</u>
Profit for the year	71,291	41,881
Profit is attributable to:		
Equity holders of the Company	74,054	40,613
Non-controlling interests	<u>(2,763)</u>	<u>1,268</u>
	71,291	41,881
Non-IFRS measure		
Adjusted net profit attributable to equity holders of the Company	<u>2,378</u>	<u>45,062</u>

Revenue

Total revenue increased by 20.8% from RMB916.3 million for the year ended 31 December 2020 to RMB1,106.5 million for the year ended 31 December 2021, primarily due to the increase in our SaaS and Extended Service Business.

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

	Year ended 31 December			
	2021		2020	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue
SaaS and Extended Services Business	629,785	56.9%	536,781	58.6%
Interior Design and Construction and others Business	476,755	43.1%	379,483	41.4%
Total	<u>1,106,540</u>	<u>100.0%</u>	<u>916,264</u>	<u>100.0%</u>

SaaS and Extended Service Business

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

	Year ended 31 December			
	2021		2020	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue
SaaS	33,537	5.3%	29,807	5.6%
Marketing Service	529,272	84.0%	454,556	84.7%
Supply Chain Service	66,976	10.7%	52,418	9.7%
Total	<u>629,785</u>	<u>100.0%</u>	<u>536,781</u>	<u>100.0%</u>

Revenue from SaaS and Extended Business increased by 17.3% from RMB536.8 million for the year ended 31 December 2020 to RMB629.8 million for the year ended 31 December 2021. Revenue from SaaS and Extended Business included:

– *SaaS*

Revenue of our SaaS increased by 12.5% from RMB29.8 million for the year ended 31 December 2020 to RMB33.5 million for the year ended 31 December 2021. Revenue of SaaS including SaaS subscription fee and live video broadcast service, and revenue derived from SaaS subscription fee increased by 38.2% to RMB32.8 million, which was driven by the increase in the number of active paying merchants from 4,904 for the year ended 31 December 2020 to 5,799 for the year ended 31 December 2021.

– *Marketing Service*

Revenue from our Marketing Service Business increased by 16.4% from RMB454.6 million for the year ended 31 December 2020 to RMB529.3 million for the year ended 31 December 2021, the increase of revenue was due to (i) our growing number of sales leads from 691,686 for the year ended 31 December 2020 to 749,034 for the year ended 31 December 2021, and (ii) our average revenue from Marketing Services per sales lead increased from RMB657 for the year ended 31 December 2020 to RMB707 for the year ended 31 December 2021.

– *Supply Chain Service*

Our revenue from our Supply Chain Service Business increased by 27.8% from RMB52.4 million for the year ended 31 December 2020 to RMB67.0 million for the year ended 31 December 2021, primarily due to increased demand from our merchants on our SaaS platform.

Interior Design and Construction and others Business

– Interior Design and Construction

Revenue from Interior Design and Construction increased by 27.6% from RMB360.5 million for the year ended 31 December 2020 to RMB460.1 million for the year ended 31 December 2021, primarily due to the growth of the real estate refined decoration service. We continued to explore the business synergy between home renovation service and real estate refined decoration service in terms of customer acquisition and building materials supply, etc.

– Innovation and others

Revenue from Innovation and others decreased by 11.9% from RMB18.9 million for the year ended 31 December 2020 to RMB16.7 million for the year ended 31 December 2021, primarily due to the decrease in fund management fees, which was caused by the liquidation of the fund company at the end of 2020. Except for the fund management fees, revenue from Innovation and others for the year ended 31 December 2021 increased by 32.2%, compared to the year ended 31 December 2020, primarily due to increase of new business developed on our platform.

Cost of sales

Cost of sales increased by 29.7% to RMB513.1 million for the year ended 31 December 2021, compared to RMB395.8 million for the year ended 31 December 2020, of which Interior Design and Construction Business accounted for the main part.

SaaS and Extended Service Business

Cost from SaaS and Extended Business increased by 25.9% from RMB68.8 million for the year ended 31 December 2020 to RMB86.6 million for the year ended 31 December 2021, primarily due to the increase of cost of building materials from Supply Chain Service.

Interior Design and Construction Business

Cost from Interior Design and Construction Business increased by 31.5% from RMB310.4 million for the year ended 31 December 2020 to RMB408.1 million for the year ended 31 December 2021, which is in line with the sales growth from the IDC business.

Gross profit and gross profit margin

As a result of the foregoing, our total gross profit increased by 14.0% from RMB520.5 million for the year ended 31 December 2020 to RMB593.4 million for the year ended 31 December 2021.

Our overall gross profit margin decreased from 56.8% for the year ended 31 December 2020 to 53.6% for the year ended 31 December 2021, primarily due to the growth of our lower-margin IDC business, leading to a slightly decline in overall gross profit margin.

	Year ended 31 December			
	2021		2020	
	Amount	Gross	Amount	Gross
	RMB'000	Margin	RMB'000	Margin
		%		%
SaaS and Extended Services Business	543,224	86.3%	468,018	87.2%
Interior Design and Construction and others Business	50,199	10.5%	52,482	13.8%
	<u>593,423</u>	<u>53.6%</u>	<u>520,500</u>	<u>56.8%</u>

SaaS and Extended Service Business

Gross profit from SaaS and Extended Service Business increased by 16.1% from RMB468.0 million for the year ended 31 December 2020 to RMB543.2 million for the year ended 31 December 2021. Gross profit margin of this segment stabilized at approximately 86.3% for the year ended 31 December 2021, as compared to 87.2% for the year ended 31 December 2020.

Interior Design and Construction and others Business

Gross profit from Interior Design and Construction and other Business decreased by 4.4% from RMB52.5 million for the year ended 31 December 2020 to RMB50.2 million for the year ended 31 December 2021, was mainly attributable to the real estate refined decoration services with low gross margin for the year ended 31 December 2021.

Gross profit margin of this segment decreased from 13.8% for the year ended 31 December 2020 to 10.5% for the year ended 31 December 2021, which was largely attributable to the low margin business, our real estate refined decoration service, accounted for a larger portion of the revenue in 2021 compared to 2020.

Selling and marketing expenses

Our selling and marketing expenses increased by 21.4% from RMB405.9 million for the year ended 31 December 2020 to RMB492.9 million for the year ended 31 December 2021, primarily due to (i) the increase in related labor expenses to help merchants carry out the refined operation, which was also one of the empowerment we launch in 2021; and (ii) the increase in advertising, promotion and branding expenses to acquire increasing number of sales leads to meet increasing demands from our merchants.

Administrative expenses

Our administrative expenses slightly decreased by 0.5% from RMB96.8 million for the year ended 31 December 2020 to RMB96.4 million for the year ended 31 December 2021. It mainly included employee benefit expenses of RMB55.4 million, professional fee of RMB11.7 million, traveling, entertainment and communication expenses of RMB8.2 million, bank charge and point-of-sale device processing fees of RMB6.1 million.

Research and development expenses

Our research and development expenses decreased by 26.6% from RMB58.8 million for the year ended 31 December 2020 to RMB43.1 million for the year ended 31 December 2021, primarily due to the completion of outsourcing project in platform technology development.

Net impairment losses on financial assets

Our net impairment losses on financial assets increased by 463.9% from RMB2.5 million for the year ended 31 December 2020 to RMB14.3 million for the year ended 31 December 2021, primarily due to the expected credit loss on trade receivable and contract assets of the Interior Design and Construction projects, which was affected by the overall downturn in the real estate market. After assessment by the management of the Company, net impairment losses on financial assets of IDC business had been provided for RMB14.1 million for the year ended 31 December 2021.

Other gains – net

Other net gains was RMB117.1 million for the year ended 31 December 2021. It was mainly due to the increase in (i) gains on disposal of subsidiaries of RMB113.0 million, (ii) government subsidies of RMB11.5 million, (iii) gains on investment on financial assets at fair value through profit or loss of RMB2.9 million, and (iv) impairment loss on investments accounted for using the equity method of RMB11.6 million.

Finance income – net

Our finance income for the year ended 31 December 2021 was mainly due to the interest income from our cash and cash equivalents.

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

Our share of net profit of associates accounted for using the equity method for the year ended 31 December 2021 was mainly due to the result of profit picked up from investees.

Income tax expenses

Income tax expenses for the year ended 31 December 2021 were RMB9.7 million, compared to RMB6.5 million of income tax expenses for the year ended 31 December 2020. The increase primarily reflected greater profit before income tax.

Profit and Non-IFRS measures: adjusted net profit attributable to equity holders of the Company

As a result of the foregoing, our net profit increased by 70.2% year-on-year to RMB71.3 million for the year ended 31 December 2021, compared to a net profit of RMB41.9 million in 2020.

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

Our adjusted net profit attributable to equity holders of the Company was RMB2.4 million for the year ended 31 December 2021. The decrease in adjusted net profit attributable to equity holders of the Company was mainly due to the operating loss from our IDC business and innovation business, which directly offset the net profit generated by our core business.

The following table reconciles our adjusted net profit attributable to equity holders of the Company for the years ended 31 December 2021 and 2020 to the most directly comparable financial measure calculated and presented in accordance with IFRSs:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Net profit attributable to equity holders of the Company for the year	74,054	40,613
Impairment loss on investments accounted for using the equity method	11,584	1,861
Gains on disposal of subsidiaries ⁽¹⁾	(112,958)	–
Share-based compensation expenses/(credits)	12,424	(2,690)
Net fair value change on investment on financial assets at fair value through profit or loss	9,343	5,278
Income tax effects	7,931	–
	<hr/>	<hr/>
Adjusted net profit attributable to equity holders of the Company	2,378	45,062
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Note:

- (1) It was mainly included the gains in relation to the disposal of entire equity interests in Sanming Qijia, Shanghai Zhengyi and Fujian Qiyi of RMB111.7 million.

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 RMB548.0 million and restricted cash of RMB21.7 million as of 31 December 2021, compared to the balance of cash and cash equivalents and term deposits of RMB897.1 million and RMB9.8 million as of 31 December 2020, respectively. The decrease in cash and other liquid financial resources was due to payment for more low risk wealth management products to improve the utilization of funds.

The following table sets forth a summary of our cash flows for the years indicated:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Cash and cash equivalents	548,017	897,093
Restricted cash	21,734	–
Term deposits	–	9,787
	<hr/>	<hr/>
Cash and cash equivalents at end of the year	569,751	906,880
	<hr/>	<hr/>

Cash and cash equivalents includes cash in hand, restricted cash and deposits held at call with banks. Restricted cash represented cash guaranteed for business and 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.

Trade and other receivables and advances to suppliers

Trade and other receivables and advances to suppliers increased by 151.1% from RMB134.1 million as at 31 December 2020 to RMB336.6 million as at 31 December 2021, primarily due to (i) increase of receivables from disposal of subsidiaries of RMB152.0 million, and (ii) increase of trade receivables from third parties of RMB52.1 million in relation to development of our IDC business.

Borrowings

As at 31 December 2021, we had total borrowings of RMB16.3 million and the interest rate of the borrowings was from 4.36% to 4.50% per annum, RMB7.0 million of which was pledged by the property owned by Mr. Yang Weihang, who is the non-controlling shareholder of Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd, RMB8.0 million of which was shared guaranteed by Shanghai Qiyu Information Technology Co., Ltd, Mr. Yang Weihang and Mrs. Zhang Fan, who is the wife of Mr. Yang Weihang, and discounted and undue commercial acceptance bills of RMB1.3 million represented two notes receivables, which were discounted by the bank with right of recourse.

Gearing ratio

As at 31 December 2021, our gearing ratio, calculated as total borrowing divided by total equity attributable to equity holders of the Company was approximately 1.3%.

Treasury policy

We have adopted a prudent financial management approach towards our treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 December 2021. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Capital expenditure

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of property and equipment	19,470	4,900
Purchase of intangible assets	1,120	626
Development of land use rights and building	–	2,016
	<hr/>	<hr/>
Total	20,590	7,542

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

Long-term investment activities

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Investments accounted for using the equity method	280,069	285,564
Financial assets at fair value through other comprehensive income	48,388	64,565
Financial assets at fair value through profit or loss	5,000	11,056
	<hr/>	<hr/>
Total	333,457	361,185
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We have made non-controlling interests in investments that we believe have technologies or businesses that supplement and benefit our business. Some of the investments we made were companies that do not generate meaningful revenue and profits yet. It is therefore difficult to determine the success of these investments in such early stage, and while successful investments could generate substantial returns, unsuccessful ones may need to be impaired.

For the year ended 31 December 2021, the decrease of long-term investment activities came from the decrease in the fair value of our investment company.

Foreign exchange risk

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

Contingent liabilities

As at 31 December 2021 and as at 31 December 2020, we did not have any material contingent liabilities.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

		Year ended 31 December	
		2021	2020
	Note	RMB'000	RMB'000
Revenue	4	1,106,540	916,264
Cost of sales	5	<u>(513,117)</u>	<u>(395,764)</u>
Gross profit		593,423	520,500
Selling and marketing expenses	5	(492,898)	(405,881)
Administrative expenses	5	(96,367)	(96,848)
Research and development expenses	5	(43,140)	(58,789)
Net impairment losses on financial assets	9(b)	(14,279)	(2,532)
Other gains – net		<u>117,086</u>	<u>15,058</u>
Operating profit/(loss)		63,825	(28,492)
Finance income	6	13,062	18,699
Finance costs	6	<u>(2,758)</u>	<u>(2,395)</u>
Finance income – net	6	<u>10,304</u>	16,304
Share of results of investments accounted for using the equity method		<u>6,820</u>	<u>60,598</u>
Profit before income tax		80,949	48,410
Income tax expenses	7	<u>(9,658)</u>	<u>(6,529)</u>
Profit for the year		71,291	41,881
Profit attributable to:			
Equity holders of the Company		74,054	40,613
Non-controlling interests		<u>(2,763)</u>	<u>1,268</u>
		71,291	41,881
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share (RMB)	8	<u>0.0648</u>	0.0344
Diluted earnings per share (RMB)	8	<u>0.0641</u>	0.0344

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit for the year	71,291	41,881
Other comprehensive loss for the year		
<i>Items that may be reclassified to profit or loss:</i>		
Share of other comprehensive (loss)/income of investments accounted for using the equity method	(731)	1,129
Exchange differences on translation of foreign operations	(12,659)	(43,180)
	(13,390)	(42,051)
<i>Items that will not be reclassified to profit or loss:</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	(15,270)	31,422
Total other comprehensive loss for the year, net of tax	(28,660)	(10,629)
Total comprehensive income for the year	42,631	31,252
Total comprehensive income for the year is attributable to:		
Equity holders of the Company	45,394	29,984
Non-controlling interests	(2,763)	1,268
	42,631	31,252

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

		As at 31 December	
		2021	2020
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		27,828	29,180
Right-of-use assets		36,156	336,969
Intangible assets		4,416	7,318
Goodwill		7,796	7,796
Deferred tax assets		10,786	12,730
Investments accounted for using the equity method		280,069	285,564
Financial assets at fair value through other comprehensive income (“FVOCI”)		48,388	64,565
Financial assets at fair value through profit or loss (“FVPL”)	10	5,000	11,056
Other receivables	9	5,000	–
Total non-current assets		425,439	755,178
Current assets			
Inventories		2,996	3,332
Trade and other receivables and prepayments to suppliers	9	331,644	134,079
Amounts due from related parties		1,069	5,127
Contract assets	9	159,472	87,015
Financial assets at fair value through profit or loss (“FVPL”)	10	634,343	252,559
Term deposits		–	9,787
Restricted cash		21,734	–
Cash and cash equivalents		548,017	897,093
Assets classified as held for sale		–	5,435
Total current assets		1,699,275	1,394,427
Total assets		2,124,714	2,149,605

		As at 31 December	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
EQUITY			
Share capital		767	781
Share premium		2,262,955	2,300,250
Other reserves		(252,209)	(217,608)
Treasury shares		(46,420)	(28,468)
Accumulated losses		(667,969)	(742,458)
		<hr/>	<hr/>
Equity attributable to equity holders of the Company		1,297,124	1,312,497
Non-controlling interests		(11,681)	(18,262)
		<hr/>	<hr/>
Total equity		1,285,443	1,294,235
		<hr/>	<hr/>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		457	582
Lease liabilities		21,501	12,962
		<hr/>	<hr/>
Total non-current liabilities		21,958	13,544
		<hr/>	<hr/>
Current liabilities			
Short-term borrowings		16,280	7,000
Trade and other payables	12	608,841	670,127
Contract liabilities	12	126,856	111,480
Amounts due to related parties		–	93
Lease liabilities		18,174	11,905
Income tax liabilities		47,162	39,912
Liabilities directly associated with assets classified as held for sale		–	1,309
		<hr/>	<hr/>
Total current liabilities		817,313	841,826
		<hr/>	<hr/>
Total liabilities		839,271	855,370
		<hr/>	<hr/>
Total equity and liabilities		2,124,714	2,149,605
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, 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 (“**SaaS**”); (ii) the provision of targeted marketing services and inspection service (“**Marketing Service**”); (iii) the provision of interior design and construction service and licensing its brand to business partners and others (“**Interior Design and Construction**”); (iv) the provision of building and home decoration materials supply chain services (“**Supply Chain Service**”); and (v) the provision of other initiative services (“**Innovation and Others**”). Mr. Deng Huajin (鄧華金, “**Mr. Deng**”) is the ultimate controlling shareholder of the Company.

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

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

These consolidated financial statements have been approved for issue by the Board of Directors on 22 March 2022.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) and the disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

3 ACCOUNTING POLICIES

(a) Amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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

(b) New 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 2023
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations	1 January 2022
Annual Improvements to IFRS Standards 2018–2020 Cycle	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41	1 January 2022

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 CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

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

- SaaS
- 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 consistently with the Group's gross profit.

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

Segment	Year ended 31 December 2021					Total RMB'000
	SaaS RMB'000	Marketing Service RMB'000	Supply Chain Service RMB'000	Interior Design and Construction RMB'000	Innovation and others RMB'000	
Revenue						
Segment revenue	33,537	535,088	78,631	465,193	60,634	1,173,083
Inter-segment sales	–	(5,816)	(11,655)	(5,126)	(43,946)	(66,543)
Revenue from external customers	<u>33,537</u>	<u>529,272</u>	<u>66,976</u>	<u>460,067</u>	<u>16,688</u>	<u>1,106,540</u>
Timing of revenue recognition						
At a point in time	–	506,868	66,976	4,510	877	579,231
Over time	<u>33,537</u>	<u>22,404</u>	<u>–</u>	<u>455,557</u>	<u>15,811</u>	<u>527,309</u>
	<u>33,537</u>	<u>529,272</u>	<u>66,976</u>	<u>460,067</u>	<u>16,688</u>	<u>1,106,540</u>
Results						
Segment gross profit	<u>31,733</u>	<u>505,900</u>	<u>5,591</u>	<u>52,013</u>	<u>(1,814)</u>	<u>593,423</u>
Selling and marketing expenses						(492,898)
Administrative expenses						(96,367)
Research and development expenses						(43,140)
Other gains – net						117,086
Finance income – net						10,304
Net impairment losses on financial assets						(14,279)
Share of results of investments accounted for using the equity method						<u>6,820</u>
Profit before income tax						<u>80,949</u>

Year ended 31 December 2020

Segment	SaaS <i>RMB'000</i>	Marketing Service <i>RMB'000</i>	Supply Chain Service <i>RMB'000</i>	Interior Design and Construction <i>RMB'000</i>	Innovation and others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue						
Segment revenue	29,807	456,936	61,147	364,199	20,009	932,098
Inter-segment sales	–	(2,380)	(8,729)	(3,656)	(1,069)	(15,834)
Revenue from external customers	29,807	454,556	52,418	360,543	18,940	916,264
Timing of revenue recognition						
At a point in time	–	323,293	52,418	10,158	7,770	393,639
Over time	29,807	131,263	–	350,385	11,170	522,625
	29,807	454,556	52,418	360,543	18,940	916,264
Results						
Segment gross profit	24,372	438,997	4,649	50,142	2,340	520,500
Selling and marketing expenses						(405,881)
Administrative expenses						(96,848)
Research and development expenses						(58,789)
Other gains – net						15,058
Finance income – net						16,304
Net impairment losses on financial assets						(2,532)
Share of results of investments accounted for using the equity method						60,598
Profit before income tax						48,410

(a) **Revenue**

The revenue from the continuing operations for the years ended 31 December 2021 and 2020 are set out as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
SaaS	33,537	29,807
Marketing Service	529,272	454,556
Supply Chain Service	66,976	52,418
Interior Design and Construction	460,067	360,543
Innovation and others	16,688	18,940
	<u>1,106,540</u>	<u>916,264</u>

(b) **Revenue by geographical markets**

All the revenue of the Group was generated in the PRC during the years ended 31 December 2021 and 2020.

(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

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Outsourced labour costs	327,612	308,645
Advertising and promotion expenses	304,458	252,815
Materials and other consumables used	225,422	179,539
Employee benefit expenses	190,409	116,857
Travelling, entertainment and communication expenses	17,569	15,389
Depreciation of right-of-use assets	14,554	16,053
Short-term leases and leases of low-valued assets	12,162	7,424
Professional fee	8,170	18,583
Depreciation of property, plant and equipment	6,374	4,834
Bank charges and point-of-sale device processing fees	6,069	6,887
Auditors' remuneration		
– Audit service	3,500	3,200
– Non-audit service	140	1,140
Amortisation of intangible assets	3,395	3,973
Taxes and levies	1,336	1,694
Utilities and electricity expenses	1,233	948
Miscellaneous	23,119	19,301
	<u>1,145,522</u>	<u>957,282</u>

6 FINANCE INCOME – NET

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Finance income:		
Interest income	<u>13,062</u>	<u>18,699</u>
Finance costs:		
Interest expense on borrowings	(1,399)	(531)
Interest expense on lease liabilities	<u>(1,359)</u>	<u>(1,864)</u>
	<u>(2,758)</u>	<u>(2,395)</u>
Finance income – net	<u>10,304</u>	<u>16,304</u>

7 INCOME TAX EXPENSES

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current tax:		
Current tax on profit for the year	<u>7,839</u>	<u>864</u>
Deferred income tax:		
Decrease in deferred tax assets	1,944	5,813
Decrease in deferred tax liabilities	<u>(125)</u>	<u>(148)</u>
Total deferred tax	<u>1,819</u>	<u>5,665</u>
Income tax expenses	<u>9,658</u>	<u>6,529</u>

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

(i) Cayman Islands

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

(ii) British Virgin Islands

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

(iii) Hong Kong

Hong Kong profits tax rate is 8.25% for assessable profits on the first HKD2 million and 16.5% for any assessable profits in excess. No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the year ended 31 December 2021.

(iv) PRC corporate income tax (“CIT”)

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the year ended 31 December 2021 (2020: 25%).

A subsidiary of the Group in the PRC was approved as High and New Technology Enterprise, and accordingly, they were subject to a reduced preferential CIT rate of 15% for the year ended 31 December 2021 (2020: 15%) according to the applicable CIT Law.

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

(v) Withholding tax on undistributed profits

According to CIT law, distribution of profits earned by PRC companies since 1 January 2008 is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas – incorporated immediate holding companies. During the year ended 31 December 2021, the Group does not have any profit distribution plan (2020:nil).

8 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit of the Group attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year excluding treasury shares.

	Year ended 31 December	
	2021	2020
Earnings attributable to equity holders of the Company (RMB'000)	74,054	40,613
Weighted average number of ordinary shares in issue (thousand)	1,143,622	1,179,565
Earnings per share	0.0648	0.0344

(b) Diluted earnings per share

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

	Year ended 31 December 2021
Earnings attributable to equity holders of the Company (RMB'000)	<u>74,054</u>
Weighted average number of ordinary shares in issue (thousand)	1,143,622
Adjustments for RSUs (thousands of shares)	<u>11,002</u>
Weighted average number of ordinary shares for diluted earnings per share (thousands of shares)	<u>1,154,624</u>
Earnings per share	<u>0.0641</u>

For the year ended 31 December 2021, the Company had one category of dilutive potential ordinary shares: Restricted Stock Units. For the Restricted Stock Units, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the rights attached to outstanding shares under RSU Scheme. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the vesting of outstanding shares under RSU Scheme.

For the year ended 31 December 2020, the Company had one category of dilutive potential ordinary shares: Employee Share Option Plan. As at 31 December 2020, there were 39,861,032 share options outstanding related to Employee Share Option Plan. As the average market share price of the ordinary shares during the year was lower than the subscription price, the impact on earnings per share was anti-dilutive.

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Non-current:		
Other receivables		
Receivables from disposal of subsidiaries	5,000	–
Less: provision for impairment of other receivables	–	–
	<u>5,000</u>	<u>–</u>
Net other receivables	5,000	–
Current:		
Notes receivables		
	<u>1,280</u>	<u>7,547</u>
Trade receivables		
Due from third parties	139,855	81,037
Less: provision for impairment of trade receivables	(8,287)	(1,589)
	<u>131,568</u>	<u>79,448</u>
Net trade receivables	131,568	79,448
Other receivables		
Receivables from disposal of subsidiaries	147,000	–
Project deposits	11,104	9,108
Loans due from third parties	10,836	11,403
Staff advances	3,314	1,642
Rental deposits	2,208	2,980
Interest receivables	227	1,621
Amounts held for security trading purposes	–	3,574
Others	9,950	6,771
	<u>184,639</u>	<u>37,099</u>
Gross other receivables	184,639	37,099
Less: provision for impairment of other receivables	(11,577)	(14,452)
	<u>173,062</u>	<u>22,647</u>
Net other receivables	173,062	22,647
Others		
Prepayments to suppliers	20,240	12,376
Value-added tax recoverable	5,494	12,061
	<u>25,734</u>	<u>24,437</u>
Total current trade and other receivables and prepayments to suppliers	331,644	134,079
Contract assets		
Due from third parties	168,295	87,015
Less: provision for impairment of contract assets	(8,823)	–
	<u>159,472</u>	<u>87,015</u>
Net contract assets	159,472	87,015

- (a) As at 31 December 2021, 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 31 December 2021 and 2020, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables – gross		
Within 1 month	55,052	57,698
Over 1 month and within 1 year	64,376	16,168
Over 1 year and within 2 years	17,912	5,920
Over 2 years	2,515	1,251
	<u>139,855</u>	<u>81,037</u>

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

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	(1,589)	(1,939)
Increase in impairment	(6,814)	(54)
Write-off	116	404
	<u>(8,287)</u>	<u>(1,589)</u>

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

	Year ended 31 December 2021
	<i>RMB'000</i>
At the beginning of the year	–
Increase in impairment	<u>(8,823)</u>
At the end of the year	<u>(8,823)</u>

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

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	(14,452)	(12,038)
Decrease/(increase) in impairment	1,358	(2,478)
Write-off	1,517	64
	<u>(11,577)</u>	<u>(14,452)</u>

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Net impairment loss provision		
– Trade receivables	(6,814)	(54)
– Contract assets	(8,823)	–
– Other receivables	1,358	(2,478)
	<u>(14,279)</u>	<u>(2,532)</u>

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Non-current:		
Private equity funds	5,000	–
Financial assets related to redemption rights	–	11,056
	<u>5,000</u>	<u>11,056</u>
Current:		
Investment in listed companies	18,432	23,489
Financial assets related to redemption rights	12,350	–
Mutual funds	548	–
Wealth management products and others	603,013	229,070
	<u>634,343</u>	<u>252,559</u>

(a) The movements of financial assets at FVPL are listed below:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
At the beginning of the year	263,615	235,109
Additions	1,137,485	811,740
Currency translation difference	(761)	(4,924)
Disposals	(763,923)	(782,402)
	<u>636,416</u>	<u>259,523</u>
Add: fair value change	2,927	4,092
	<u>639,343</u>	<u>263,615</u>

11 DIVIDENDS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
At the beginning of the year	–	–
Dividends declared (a)	–	21,554
Dividends paid	–	(21,554)
	<u>–</u>	<u>–</u>
At the end of the year	<u>–</u>	<u>–</u>

- (a) Pursuant to a resolution of the shareholders' meeting dated 29 May 2020, the Company declared a final dividend of HKD0.02 (equivalent to RMB0.018) per ordinary share of the company for the year ended 31 December 2019, which has been settled in June and August 2020.

12 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Trade payables (c)	<u>233,080</u>	<u>163,966</u>
Other payables		
Deposits payables (a)	182,470	317,226
Quality and performance guarantee deposits	75,834	74,744
Payables for disposal of subsidiaries	9,816	–
Decoration payments collected on behalf of merchants	1,225	1,041
Other accrued expenses and payables	<u>27,140</u>	<u>36,641</u>
Total other payables	<u>296,485</u>	<u>429,652</u>
Others		
Staff salaries and welfare payables	51,585	42,414
Accrued taxes other than income tax	<u>27,691</u>	<u>34,095</u>
Total trade and other payables	<u>608,841</u>	<u>670,127</u>
Contract liabilities (b)	<u>126,856</u>	<u>111,480</u>

- (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 ageing analysis of the trade payables based on invoice date was as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within 1 month	164,306	97,799
Over 1 month and within 3 months	25,262	16,334
Over 3 months and within 1 year	18,792	33,478
Over 1 year	24,720	16,355
	233,080	163,966

13 COMMITMENTS

(a) Operating lease commitments

The Group leases various offices and warehouses under non-cancellable operating leases expiring within 3 months to 10 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group has recognised right-of-use assets for these leases, except for short-term leases and leases of low-value assets.

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Minimum lease payments under non-cancellable operating leases not recognised in the consolidated financial statements are as follows:		
Within 1 year	1,334	2,887

(b) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Property, plant and equipment	–	6,597

(c) Investment commitments

Significant investment expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Financial assets at fair value through profit or loss	3,000	–

OTHER INFORMATION

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

During the year ended 31 December 2021, the Company repurchased a total of 6,096,500 shares on the Stock Exchange at an aggregate consideration (excluding transaction cost) of approximately HKD11.3 million. The highest price paid was HKD2.25, and the lowest price paid was HKD1.02.

Particulars of the repurchases made by the Company during the year ended 31 December 2021 are as follows:

Month	Number of shares repurchases	Purchase price per share		Aggregate consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January	1,175,000	2.19	2.10	2,564,635
May	2,496,500	2.01	1.79	4,675,815
July	698,000	2.25	2.06	1,508,600
September	1,504,500	1.57	1.50	2,282,445
December	222,500	1.02	1.02	226,950

The 14,643,500 shares repurchased in 2020 were cancelled on 25 February 2021, and 5,874,000 shares repurchased in 2021 were cancelled on 25 February 2021 and 4 November 2021, respectively.

For details of the shares purchased by the RSU Trustee (as defined below) for the purpose of the 2021 RSU Scheme during the year ended 31 December 2021, 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 31 December 2021, the Group had 917 full-time employees, most of whom were based in China, primarily at our headquarters in Shanghai, with the rest based in Beijing, Fuzhou and various other cities in China. The number of employees employed by the Group varies depending on needs and employees are remunerated based on industry practice.

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

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”). During the year ended 31 December 2021, the RSU Trustee purchased an aggregate of 31,642,000 shares at a total cash consideration of approximately HK\$63.2 million on-market to hold on trust for the benefit of the participants of the 2021 RSU Scheme (the “RSU Participants”). Such shares will be used as awards for relevant RSU Participants upon the grant and vesting of RSUs. As of 31 December 2021, RSUs in respect of an aggregate of 35,759,761 shares (representing approximately 3.1% 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. Further details of the 2021 RSU Scheme, together with, among others, the RSUs granted under the 2021 RSU Scheme, will be set out in the section headed “Report of the Directors” in the Company’s 2021 annual report to be issued in due course.

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

On 22 July 2021, The Group had entered into the equity interest transfer agreement with Vanadium Diamond Limited (“**Vanadium Diamond**”), an independent third party, to sell the entire equity interest in each of Sanming Qijia Network Information Technology Co., Ltd. (“**Sanming Qijia**”), Shanghai Zhengyi Information Technology Co., Ltd. (“**Shanghai Zhengyi**”) and Fujian Qiyi Information Science and Technology Co., Ltd. (“**Fujian Qiyi**”), which were indirect wholly-owned subsidiaries of the Company, at the total consideration of RMB437.1 million. As at 22 July 2021, Sanming Qijia Network, Shanghai Zhengyi and Fujian Qiyi own 49%, 32% and 19% of Shanghai Jinjie Furniture and Decorations Co., Ltd. (“**Shanghai Jinjie**”), respectively. Shanghai Jinjie had not commenced any business operations apart from wholly owns a land located in Shanghai, the PRC. Upon completion of the transaction, the entire equity interests of Shanghai Jinjie was transferred to Vanadium Diamond.

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.

During the year ended 31 December 2021, the Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules.

Compliance with code provision A.2.1 of the CG Code

Pursuant to code provision A.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have separate chairman and chief executive officer and Mr. Deng 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 A.6.4 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Reporting Period after making reasonable enquiry.

Audit and Risk Management Committee and review of financial statements

We have established an audit and risk management committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The audit and risk management committee consists of three independent non-executive Directors, namely Mr. WONG Man Chung Francis, Mr. CAO Zhiguang and Mr. ZHANG Lihong with Mr. WONG Man Chung Francis appointed as the chairman of the audit and risk management committee.

The Audit and Risk Management Committee has reviewed the Group's annual results for the year ended 31 December 2021, 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.

Scope of Work of the Company's Auditor

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, and the related notes thereto for the Reporting Period as set out in this announcement have been agreed by the Group's external auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

Final dividend

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2021.

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 balance of unutilized net proceeds of approximately RMB311.8 million was kept at the bank accounts of the Group as at 31 December 2021.

The net proceeds from the Global Offering have been and will be utilized in accordance with the intended uses as disclosed in the Prospectus of the Company and subsequently revised in the announcement issued by the Company dated 27 March 2020. The table below sets out the intended uses and actual usage of the net proceeds as at 31 December 2021:

Use of proceeds	Revised allocation of usage of net proceeds (RMB million)	Revised percentage of total net proceeds	Actual usage up to 31 December 2021 (RMB million)	Unutilized net proceeds as at 31 December 2021 (RMB million)
Marketing expense	379.9	40.0%	302.0	77.9
Development of supply chain management business	135.0	14.2%	80.0	55.0
Development of Loan referral business	20.0	2.1%	–	20.0
Development of our self-operated interior design and construction business	50.0	5.3%	50.0	–
Investment in our technology infrastructure and system	162.5	17.1%	128.0	34.5
Additional strategic investments and acquisitions	95.0	10.0%	13.0	82.0
Development of our new business	40.0	4.2%	20.0	20.0
General working capital	67.4	7.1%	45.0	22.4
Total	<u>949.8</u>	<u>100.0%</u>	<u>638.0</u>	<u>311.8</u>

Pursuant to the Prospectus, the Company expects to utilise the remaining proceeds of approximately RMB311.8 million within the next year.

Important events after reporting period

On 15 January 2022, the Group's subsidiary, Qi Home (Shanghai) Information Technology Co., Ltd. granted a loan of RMB50,000,000 to Mr. Wen Zhenyu, an independent third-party individual, with a fixed interest rate of 10% per annum. The loan is pledged by 8,803,703 restricted shares of Shanghai Ailu Packing Co., Ltd. owned by Mr. Wen Zhenyu.

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.

Annual General Meeting

The forthcoming annual general meeting will be held on Monday, 23 May 2022 and its notice and all other relevant documents will be published and despatched to shareholders in April 2022.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 18 May 2022 to Monday, 23 May 2022, both days inclusive and during which period no transfer of share will be effected. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Tuesday, 17 May 2022.

Publication of 2021 annual results and annual report

This annual results announcement of the Group for the year ended 31 December 2021 is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.geeka.com. The annual report for the year ended 31 December 2021 containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in April 2022.

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 during the year. 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, 22 March 2022

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

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company
“Board”	the board of Directors of our Company
“BVI”	the British Virgin Islands
“CEO”	the chief executive officer of our Company
“CG Code”	the Corporate Governance Code (version up to 31 December 2021) as set out in Appendix 14 of the Listing Rules
“Chairman”	the chairman of the Board
“CIT”	corporate income tax
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “we” or “us”	Qeeka Home (Cayman) Inc. 齊屹科技(開曼)有限公司 (formerly known as China Home (Cayman) Inc.), an exempted company with limited liability incorporated in the Cayman Islands on 20 November 2014
“Contractual Arrangement(s)”	the series of contractual arrangements entered into among Shanghai Qijia, Qijia Network Technology and the shareholders of Shanghai Qijia, details of which are described in the section headed “Contractual Arrangements” of the Prospectus
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of our Company
“EPS”	earnings/(loss) per share
“Group” or “our Group”	the Company, its subsidiaries, and the PRC Operating Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time

“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of 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 and licensing it brand to business partners and others
“IFRS”	the International Financial Reporting Standards, amendments and interpretation issued from time to time by the IASB
“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
“Listing Date”	12 July 2018, the date on which the Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	The stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Marketing Service Business”	the provision of targeted marketing services and inspection service
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“Mr. Deng”	Mr. Deng Huajin, our founder, chairman, 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 year ended 31 December 2021
“RMB”	Renminbi, the lawful currency of PRC
“RSU(s)”	restricted share unit(s)
“SaaS”	the provision of SaaS based total marketing solution
“Sales lead”	the data that identifies someone as a potential demand user of Interior Design and Construction
“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
“%”	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.