



QeeKa Home (Cayman) Inc.

Stock Code: 1739



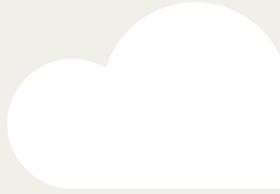
2023

INTERIM REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. DENG Huajin (*Chairman and Chief Executive Officer*)
Mr. TIAN Yuan
Mr. GAO Wei

Non-executive Directors

Mr. LI Gabriel
Mr. ZHAO Guibin
Mr. XIAO Yang

Independent Non-executive Directors

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

JOINT COMPANY SECRETARIES

Mr. TIAN Yuan
Ms. LEUNG Kwan Wai

AUTHORIZED REPRESENTATIVES

Mr. DENG Huajin
Mr. TIAN Yuan

AUDIT AND RISK MANAGEMENT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE

ICS Corporate Services (Cayman) Limited
3-212 Governors Square, 23 Lime Tree Bay Avenue
P.O. Box 30746, Seven Mile Beach
Grand Cayman KY1-1203
Cayman Islands

HEADQUARTERS

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Jiading District, Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

ICS Corporate Services (Cayman) Limited
3-212 Governors Square
23 Lime Tree Bay Avenue
P.O. Box 30746, Seven Mile Beach
Grand Cayman KY1-1203
Cayman Islands

HONG KONG SHARE REGISTRAR

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

LEGAL ADVISERS

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

AUDITOR

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

STOCK CODE

1739

COMPANY'S WEBSITE

www.qeeka.com

PRINCIPAL BANKS

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Bank of China (Hong Kong) Limited
Hong Kong Branch
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1 Garden Road
Central
Hong Kong

Key Financial and Operation Data

1. FINANCIAL SUMMARY

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

Note:

- (1) Adjusted net profit/(loss) attributable to equity holders of the Company excludes impairment loss on investments accounted for using the equity method, net fair value change on investment on financial assets at fair value through profit or loss, which exclude wealth management products and others, share-based compensation expenses.

2. KEY OPERATION METRICS

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

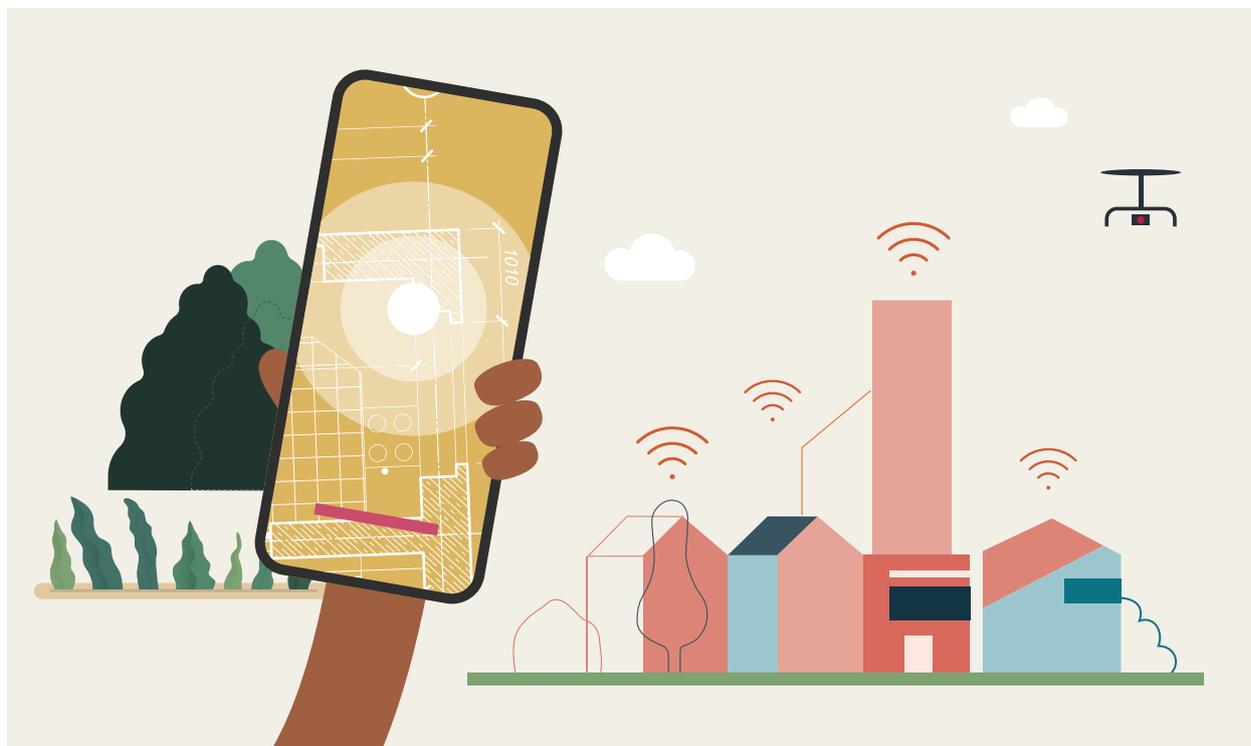
	Six months ended 30 June	
	2023	2022
Number of active paying merchants for SaaS and Marketing Service ⁽¹⁾	5,911	6,363
Number of sales leads ⁽²⁾	437,031	344,034
Number of recommended users	338,566	292,353
Average revenue from SaaS and Marketing Service per sales lead (RMB) ⁽³⁾	516	703

Notes:

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

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

Chairman's Statement



Dear shareholders:

On behalf of the Board of the Company, I hereby present the interim results of the Group for the six months ended 30 June 2023.

RESULTS

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

Chairman's Statement

BUSINESS REVIEW AND OUTLOOK

Business Review

We are one of the leading marketing solution providers in interior design and construction industry in China, with the mission of “helping users achieve beautiful living scenarios easily, reassuringly and cost-effectively”, and are committed to providing a series of solutions for interior design and construction service providers to meet their diversified needs by promoting the digital upgrading of the interior design and construction industry. Our goal is to provide a SaaS-based mutually beneficial ecosystem for users and interior design and construction service providers, and attract more users by empowering our merchants, so as to achieve a win-win situation for both parties.

- **SaaS and Extended Service Business**

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

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

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

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

- **Interior Design and Construction Business**

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

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

Chairman's Statement

Company Business Outlook

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

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

DIVIDEND

The Group has always emphasized on shareholders' returns and is willing to share the Company's growth with shareholders. Having considered the Company's profitability, shareholders' returns and future sustainable development, the Board has declared an interim dividend of HKD0.028 per share, in an aggregate of approximately RMB30.0 million for the six months ended 30 June 2023. The interim dividend is expected to be paid on Friday, 22 September 2023.

APPRECIATION

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

DENG Huajin
Chairman

Shanghai, China
23 August 2023

Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Management Discussion and Analysis

REVENUE

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

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

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

SaaS and Extended Service Business

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

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

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

– SaaS and Marketing Service

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

– Supply Chain Service

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

Management Discussion and Analysis

Interior Design and Construction and others Business

– Interior Design and Construction

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

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

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

– Innovation and others

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

COST OF SALES

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

SaaS and Extended Service Business

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

Interior Design and Construction Business

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

Management Discussion and Analysis

GROSS PROFIT AND GROSS PROFIT MARGIN

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

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

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

SaaS and Extended Service Business

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

Interior Design and Construction and others Business

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

SELLING AND MARKETING EXPENSES

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

ADMINISTRATIVE EXPENSES

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

RESEARCH AND DEVELOPMENT EXPENSES

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

Management Discussion and Analysis

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

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

OTHER LOSSES – NET

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

FINANCE INCOME – NET

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

SHARE OF NET LOSS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

INCOME TAX EXPENSES

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

LOSS AND NON-IFRS MEASURES: ADJUSTED NET PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

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

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

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

Management Discussion and Analysis

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

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

LIQUIDITY AND FINANCIAL RESOURCES

We had historically funded our cash requirements principally from capital contribution from shareholders and financing through issuance and bank borrowings. We had cash and cash equivalents of RMB269.8 million, term deposits of RMB832.6 million and restricted cash of RMB6.7 million as of 30 June 2023, compared to the balance of cash and cash equivalents, term deposits and restricted cash of RMB445.4 million, RMB569.5 million and RMB23.5 million as of 31 December 2022, respectively. We maintained a strong cash and other liquid financial resources at RMB1,109.1 million as of 30 June 2023, and a slightly increased by 6.8% from RMB1,038.4 million as of 31 December 2022.

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

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

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

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

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

Management Discussion and Analysis

NET CASH USED IN OPERATING ACTIVITIES

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

NET CASH USED IN INVESTING ACTIVITIES

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

NET CASH GENERATED FROM FINANCING ACTIVITIES

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

TRADE AND OTHER RECEIVABLES AND ADVANCES TO SUPPLIERS

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

TRADE AND OTHER PAYABLES

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

BORROWINGS

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

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

Management Discussion and Analysis

GEARING RATIO

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

TREASURY POLICY

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

CAPITAL EXPENDITURE

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

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

SIGNIFICANT INVESTMENT HELD

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

Name of the investment	Investment costs RMB'000	Net book value as at 30 June 2023 RMB'000	Number of shares of investment held as at 30 June 2023	Percentage of investment held as at 30 June 2023 (%)	Performance/ Change in share of results of investment accounted for using the Equity method for the six months ended 30 June 2023	Performance/ Change in share of other comprehensive loss for the six months ended 30 June 2023	Performance/ Change in provision of impairment for the six months ended 30 June 2023	Size as compared to the Group's total assets as at 30 June 2023 (%)
					RMB'000	RMB'000	RMB'000	RMB'000
Guangzhou Seagull Kitchen and Bath Products Co. Ltd. (廣州海鷗住宅工業股份有限公司, "Seagull")	242,834	203,446	39,720,000	6.15%	(2,623)	(387)	(22,808)	11.1%

Management Discussion and Analysis

DESCRIPTION OF THE INVESTMENT

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

Management Discussion and Analysis

LONG-TERM INVESTMENT ACTIVITIES

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

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

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

FOREIGN EXCHANGE RISK

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

CONTINGENT LIABILITIES

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

Other Information

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

As of 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of interest	Number of ordinary Shares	Total number of Shares	Approximate percentage of the issued voting Shares of the Company
Mr. Deng ⁽¹⁾	Interest in controlled corporation and interest of spouse	308,377,140	308,377,140	26.93%
Mr. Gao Wei ⁽²⁾	Interest in controlled corporation Beneficial owner	2,492,970 2,993,797	5,486,767	0.48%
Mr. Tian Yuan ⁽³⁾	Interest in controlled corporation	4,578,876	4,578,876	0.40%
Mr. Gabriel Li ⁽⁴⁾	Interest of spouse	100,000,000	100,000,000	8.73%

Notes:

- Mr. Deng holds 100% equity interests of Qeeka Holding, which in turn directly holds 294,789,530 Shares. Accordingly, Mr. Deng is deemed to be interested in the 294,789,530 Shares held by Qeeka Holding. Mr. Deng is the spouse of Ms. Sun Jie ("**Ms. Sun**"), and is deemed to be interested in the 13,587,610 Shares of Ms. Sun held through Qeeka Sunjie Home Holding Limited ("**Sunjie Home**"), representing approximately 1.19% interest in the Company.
- Mr. Gao Wei holds 100% equity interests in Josephine Holding, which in turn directly holds 2,492,970 Shares. Accordingly, Mr. Gao Wei is deemed to be interested in the 2,492,970 Shares held by Josephine Holding. Pursuant to the Company's post-IPO Restricted Share Unit Scheme, Mr. Gao Wei is interested in RSUs a total of 2,993,797 as at 30 June 2023. Accordingly, Mr. Gao Wei is deemed to be a beneficial owner of the 2,993,797 Shares.
- Mr. Tian Yuan holds 100% equity interests of Qeeka Tianyuan Home Holding Limited ("**Tianyuan Home**"), which in turn directly holds 4,578,876 Shares. Accordingly, Mr. Tian Yuan is deemed to be interested in the 4,578,876 Shares held by Tianyuan Home.
- Mr. Gabriel Li is the spouse of Ms. Lam Lai Ming ("**Ms. Lam**"), and is deemed to be interested in the Shares held by Ms. Lam in Clinton Global Limited, it directly holds 100,000,000 Shares. Clinton Global Limited is owned as to 95% by Orchid Asia VI, L.P. and as to 5% by Orchid Asia V Co-Investment Limited. The general partner of Orchid Asia VI, L.P. is OAVI Holdings, L.P. and the general partner of OAVI Holdings, L.P. is Orchid Asia VI GP, Limited, a company which is indirectly wholly-owned by Ms. Lam. Orchid Asia V Co-Investment Limited is wholly controlled by Ms. Lam.

Other Information

Save as disclosed above, as of 30 June 2023, none of the Directors and chief executives of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code.

(ii) Interest in associated corporations

Save as disclosed above, so far as the Directors are aware, as at 30 June 2023, none of the Directors or chief executive of the Company and their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company, or (ii) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at 30 June 2023, the following persons had interest or short positions in the shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company:

Name of Shareholders	Nature of interest	Number of shares ⁽¹⁾	Approximate percentage of shareholding in the Company
Mr. Deng ⁽²⁾	Interest in a controlled corporation and interest of spouse	308,377,140 (L)	26.93%
Ms. Sun ⁽³⁾	Interest in a controlled corporation and interest of spouse	308,377,140 (L)	26.93%
Qeeka Holding ⁽²⁾	Beneficial owner	294,789,530 (L)	25.75%
Suzhou Oriza Holdings Co., Ltd. ⁽⁴⁾⁽⁵⁾⁽⁹⁾	Interest in a controlled corporation	185,246,080 (L)	16.18%
Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. ⁽⁴⁾⁽⁵⁾⁽⁹⁾	Interest in a controlled corporation	185,246,080 (L)	16.18%
Suzhou Industrial Park Economic Development Co., Ltd. ⁽⁴⁾⁽⁵⁾⁽⁹⁾	Interest in a controlled corporation	185,246,080 (L)	16.18%
Suzhou Industrial Zone Management Committee ⁽⁴⁾⁽⁵⁾⁽⁹⁾	Interest in a controlled corporation	185,246,080 (L)	16.18%
Baidu HK ⁽⁶⁾	Beneficial owner	124,981,861 (L)	10.92%
Baidu Holdings Limited ⁽⁶⁾	Interest in a controlled corporation	124,981,861 (L)	10.92%
Baidu, Inc. ⁽⁶⁾	Interest in a controlled corporation	124,981,861 (L)	10.92%
Teng Yue Partners GP, LLC ⁽⁷⁾	Interest in a controlled corporation	105,186,500 (L)	9.19%
Teng Yue Partners Holdings GP, LLC ⁽⁷⁾	Interest in a controlled corporation	105,186,500 (L)	9.19%
Teng Yue Partners Holdings, LLC ⁽⁷⁾	Interest in a controlled corporation	105,186,500 (L)	9.19%
Teng Yue Partners Master Fund, L.P. ⁽⁷⁾	Beneficial owner	105,186,500 (L)	9.19%
Teng Yue Partners, L.P. ⁽⁷⁾	Investment manager	105,186,500 (L)	9.19%
Mr. Li Tao ⁽⁷⁾	Interest in a controlled corporation	105,186,500 (L)	9.19%
Hua Yuan International ⁽⁴⁾	Beneficial owner	101,912,750 (L)	8.90%
China-Singapore Suzhou Industrial Park Ventures Co., Ltd. ⁽⁴⁾	Interest in a controlled corporation	101,912,750 (L)	8.90%

Other Information

Name of Shareholders	Nature of interest	Number of shares ⁽¹⁾	Approximate percentage of shareholding in the Company
Clinton Global Limited ⁽²⁾	Beneficial owner	100,000,000 (L)	8.73%
Areo Holdings Limited ⁽²⁾	Interest in a controlled corporation	100,000,000 (L)	8.73%
Mr. Gabriel Li ⁽²⁾	Interest of spouse	100,000,000 (L)	8.73%
Ms. Lam Lai Ming ⁽²⁾	Interest in a controlled corporation	100,000,000 (L)	8.73%
OAVI Holdings, L.P. ⁽²⁾	Interest in a controlled corporation	100,000,000 (L)	8.73%
Orchid Asia V Group Management, Limited ⁽²⁾	Interest in a controlled corporation	100,000,000 (L)	8.73%
Orchid Asia V Group, Limited ⁽²⁾	Interest in a controlled corporation	100,000,000 (L)	8.73%
Orchid Asia VI GP, Limited ⁽²⁾	Interest in a controlled corporation	100,000,000 (L)	8.73%
Orchid Asia VI, L.P. ⁽²⁾	Interest in a controlled corporation	100,000,000 (L)	8.73%
SIP Oriza ⁽⁵⁾	Beneficial owner	83,333,330 (L)	7.28%
Mr. Yao Hua ⁽⁵⁾	Interest in a controlled corporation	83,333,330 (L)	7.28%
SIP Oriza PE Fund Management Co., Ltd. ⁽⁵⁾	Interest in a controlled corporation	83,333,330 (L)	7.28%
SIP Oriza Jingfeng Equity Investment Management Co., Ltd. ⁽⁵⁾	Interest in a controlled corporation	83,333,330 (L)	7.28%
Suzhou Oriza Holdings Co., Ltd. ⁽⁵⁾	Interest in a controlled corporation	83,333,330 (L)	7.28%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Qeeka Holding is wholly-owned by Mr. Deng, therefore Mr. Deng is deemed to be interested in the 294,789,530 Shares held by Qeeka Holding under the SFO. In addition, Mr. Deng is the spouse of Ms. Sun and therefore is deemed to be interested in the 13,587,610 Shares which Ms. Sun is interested in under the SFO.
- (3) Qeeka Sunjie Home Holding Limited is wholly-owned by Ms. Sun, therefore Ms. Sun is deemed to be interested in the 13,587,610 Shares held by Sunjie Home under the SFO. In addition, Ms. Sun is the spouse of Mr. Deng and is therefore deemed to be interested in the 294,789,530 Shares which are interested by Mr. Deng under the SFO.
- (4) Hua Yuan International Limited is wholly-owned by China-Singapore Suzhou Industrial Park Ventures Co., Ltd., which is wholly-owned by Suzhou Oriza Holdings Co., Ltd., which is owned as to 60% by Suzhou Industrial Park Economic Development Co., Ltd., as to 20% by Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. and as to 20% by Jiangsu Investment Management Co., Ltd., the first two of which are majority-owned by Suzhou Industrial Park Administrative Committee, the latter is wholly-owned by Jiangsu Guoxin Group Co., Ltd. Under the SFO, China-Singapore Suzhou Industrial Park Ventures Co., Ltd., Suzhou Oriza Holdings Co., Ltd., Suzhou Industrial Park Economic Development Co., Ltd., Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd., Jiangsu Investment Co., Ltd., Suzhou Industrial Park Administrative Committee and Jiangsu Guoxin Group Co., Ltd. are deemed to be interested in the Shares held by Hua Yuan International Limited.
- (5) The general partner of SIP Oriza is SIP Oriza PE Fund Management Co., Ltd., which is owned as to 51% by SIP Oriza Jingfeng Equity Investment Management Co., Ltd. and as to 49% by Suzhou Oriza Holdings Co., Ltd. SIP Oriza Jingfeng Equity Investment Management Co., Ltd. is owned as to 44.19% by Yao Hua. Suzhou Oriza Holdings Co., Ltd. is owned as to 60% by Suzhou Industrial Park Economic Development Co., Ltd., as to 20% by Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. and as to 20% by Jiangsu Investment Management Co., Ltd., the first two of which are majority owned by Suzhou Industrial Park Administrative Committee, the latter is wholly-owned by Jiangsu Guoxin Group Co., Ltd. Under the SFO, SIP Oriza PE Fund Management Co., Ltd., SIP Oriza Jingfeng Equity Investment Management Co., Ltd., Suzhou Oriza Holdings Co., Ltd., Yao Hua, Suzhou Industrial Park Economic Development Co., Ltd., Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd., Jiangsu Investment Management Co., Ltd., Suzhou Industrial Park Administrative Committee and Jiangsu Guoxin Group Co., Ltd. are deemed to be interested in the Shares held by SIP Oriza.

Other Information

- (6) Baidu (Hong Kong) Limited is an investment holding company wholly-owned by Baidu Holdings Limited, which is wholly-owned by Baidu, Inc., a company listed on the Nasdaq Stock Market and Hong Kong Stock Market (NASDAQ: BIDU; HKEX: 9888). Under the SFO, Baidu, Inc. and Baidu Holdings Limited are deemed to be interested in the Shares held by Baidu (Hong Kong) Limited.
- (7) Teng Yue Partners Master Fund, L.P., holds 105,186,500 Shares, which is wholly owned by Teng Yue Partners GP, LLC. Teng Yue Partners GP, LLC. is wholly owned by Teng Yue Partners Holdings GP, LLC, a company which is owned as to 99% by Mr. Li Tao. Teng Yue Partners, L.P. is wholly owned by Teng Yue Partners Holdings, LLC, a company which is owned as to 99% by Mr. Li Tao. Accordingly, based on the above disclosure, Teng Yue Partners Master Fund, L.P., Teng Yue Partners GP, LLC, Teng Yue Partners Holdings GP, LLC, Teng Yue Partners Holdings, LLC, Teng Yue Partners, L.P. and Mr. Li Tao are deemed to be interested in the Shares held by Teng Yue Partners Master Fund, L.P.
- (8) Clinton Global Limited (previously known as Orchid Asia) is owned as to 95% by Orchid Asia VI, L.P., and as to 5% by Orchid Asia V Co-Investment Limited. The general partner of Orchid Asia VI, L.P. is OAVI Holdings, L.P., and the general partner of OAVI Holdings, L.P. is Orchid Asia VI GP, Limited. Orchid Asia VI GP, Limited is wholly owned by Orchid Asia V Group Management, Limited, which is wholly owned by Orchid Asia V Group, Limited. Orchid Asia V Group, Limited is wholly owned by Areo Holdings Limited, a company which is wholly owned by Ms. Lam. Under the SFO, Orchid Asia VI, L.P., OAVI Holdings, L.P., Orchid Asia VI GP, Limited, Orchid Asia V Group Management, Limited, Orchid Asia V Group, Limited, Areo Holdings Limited and Ms. Lam are deemed to be interested in the Shares held by Clinton Global Limited. Mr. Gabriel Li is the spouse of Ms. Lam, and is deemed to be interested in the Shares held by Ms. Lam in Clinton Global Limited.
- (9) Suzhou Industrial Park Administrative Committee: formerly named “Suzhou Industrial Zone Management Committee”.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company did not repurchase any Share on the Stock Exchange.

For details of the shares purchased by the RSU Trustee (as defined below) for the purpose of the post-IPO Restricted Share Unit Scheme (the “**2021 RSU Scheme**”) during the Reporting Period, please refer to the section headed “EMPLOYEE, REMUNERATION AND PENSION SCHEME” 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 report.

2021 RSU SCHEME

Restricted Share Unit Scheme

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

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

Other Information

Subject to any termination as may be determined by the Board pursuant to the terms of the rules of the 2021 RSU Scheme (the “**Rules**”), the 2021 RSU Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date. As at 30 June 2023, the remaining life the 2021 RSU Scheme is approximately seven and a half (7.5) years.

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

As at 31 December 2022 and 30 June 2023, the maximum number of RSUs available for grant under the 2021 RSU Scheme was both 50,113,070. No service provider sublimit was set under the 2021 RSU Scheme. As at 30 June 2023 and as at the date of the Interim Report, the total number of Shares in respect of which RSUs may be granted under the 2021 RSU Scheme is 50,113,070 Shares, representing approximately 4.4% of the Shares in issue as at that date.

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

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

Details of grant of RSUs under the 2021 RSU Scheme

There were no grants of RSUs during the period ended 30 June 2023. Details of movements in the RSUs previously granted during the period ended 30 June 2023 were as follows:

Grantee	Date of grant	Balance as at 01/01/2023	Granted during the period ended 30 June 2023	Vested during the period ended 30 June 2023	Weighted average closing price immediately before the dates on which RSUs were vested (HK\$)	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Balance as at 30/06/2023
Five highest paid individuals	19/03/2021	817,500	-	-	-	-	272,500	545,000 (Note 1)
Other employee participants	19/03/2021	5,988,875	-	- (Note 2)	-	-	1,963,049	4,025,826
Total		6,806,375	-	-	-	-	2,235,549	4,570,826

Notes:

(1) None of the directors have any outstanding RSUs as of 31/12/2022 and during the period ended 30 June 2023.

(2) The transfers of 234,826 RSUs vesting on 31 March 2023 were completed in July 2023.

Other Information

Vesting period

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

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

- a. 4,292,040 RSUs shall vest on 12 August 2021;
- b. 3,435,125 RSUs shall vest on 31 March 2022;
- c. 1,350,000 RSUs shall vest on 1 June 2022;
- d. 3,473,625 RSUs shall vest on 31 March 2023;
- e. 1,575,000 RSUs shall vest on 1 June 2023;
- f. 3,417,625 RSUs shall vest on 31 March 2024;
- g. 1,800,000 RSUs shall vest on 1 June 2024;
- h. 3,354,125 RSUs shall vest on 31 March 2025;
- i. 1,800,000 RSUs shall vest on 1 June 2025; and
- j. 4,025,000 RSUs shall vest on 1 June 2026.

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

Consideration payable on acceptance and exercise of the RSUs

There were no consideration payable on acceptance of RSUs granted.

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

Other Information

EMPLOYEE, REMUNERATION AND PENSION SCHEME

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

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

Since the adoption of the 2021 RSU Scheme, the RSU Trustee has 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. During the period ended 30 June 2023, the trustee has not made any purchase.

As of 30 June 2023, RSUs in respect of an aggregate of 4,570,826 Shares (representing approximately 0.4% of the total issued share capital of the Company as at the date of this report) granted by the Company under the 2021 RSU Scheme remained outstanding. Further details of the 2021 RSU Scheme, together with, among others, the RSUs granted under the 2021 RSU Scheme, are set out in the section headed “2021 RSU SCHEME” above.

The Company participates in the national pension plans as defined by the laws of the PRC in which it has operations. Subsidiaries within the Group which are established and operate in China are required to provide certain staff pension benefits to their employees under existing regulations of the PRC (the “**PRC Pension Plan**”), whereby the Company is required to make contributions to the PRC Pension Plan based on certain percentages of the eligible employees’ salaries. The Company’s contributions to the PRC Pension Plan are vested fully with the employees upon the contributions are made and hence no forfeited contributions arise when the employees leave the respective plan. Accordingly, no forfeited contribution was utilised during the year ended 30 June 2023, and as at 30 June 2023, there was no forfeited contribution available which may be used to reduce the Group’s existing level of contributions to the retirement benefit plans (2022: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

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

COMPARATIVE FIGURES

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

Other Information

COMPLIANCE WITH THE CG CODE

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

The Company has adopted the principles and code provisions of the CG Code as set out in part 2 of Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices during the Reporting Period.

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

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

COMPLIANCE WITH THE MODEL CODE

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

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

Other Information

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

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

USE OF NET PROCEEDS

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

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

As disclosed in "Interim dividend" section above, the interim dividend distribution for the six months ended 30 June 2023 of approximately RMB30.0 million has been proposed on 23 August 2023.

There were no other material subsequent events during the period from 30 June 2023 to the approval date of these financial statements by the Board of Directors on 23 August 2023.

SUFFICIENCY OF PUBLIC FLOAT

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

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2023

	Note	Unaudited Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Revenue	6	496,976	431,940
Cost of sales	7	(244,719)	(186,946)
Gross profit		252,257	244,994
Selling and marketing expenses	7	(203,251)	(208,947)
Administrative expenses	7	(37,685)	(41,287)
Research and development expenses	7	(19,368)	(20,302)
Net impairment losses on financial assets	15(c)	(773)	(12,965)
Other losses – net	8	(18,765)	(27,088)
Operating loss		(27,585)	(65,595)
Finance income	9	19,794	7,314
Finance costs	9	(2,087)	(1,159)
Finance income – net	9	17,707	6,155
Share of results of investments accounted for using the equity method	12	(2,678)	(3,213)
Loss before income tax		(12,556)	(62,653)
Income tax expenses	10	(4,041)	(3,695)
Loss for the period		(16,597)	(66,348)
Loss attributable to:			
– Equity holders of the Company		(16,322)	(57,080)
– Non-controlling interests		(275)	(9,268)
		(16,597)	(66,348)
Losses per share for loss attributable to equity holders of the Company			
Basic losses per share (RMB)	11	(0.0145)	(0.0510)
Diluted losses per share (RMB)	11	(0.0145)	(0.0510)

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

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Note	Unaudited	
		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Loss for the period		(16,597)	(66,348)
Other comprehensive (loss)/income for the period			
<i>Items that may be reclassified to profit or loss:</i>			
Share of other comprehensive loss of investments accounted for using the equity method	12	(387)	(2,106)
Exchange differences on translation of foreign operations		19	22,396
		(368)	20,290
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		20,747	1,616
Changes in the fair value of equity investments at fair value through other comprehensive income	13	(25,354)	(11,644)
		(4,607)	(10,028)
Total other comprehensive (loss)/income for the period, net of tax		(4,975)	10,262
Total comprehensive loss for the period		(21,572)	(56,086)
Total comprehensive loss for the period attributable to:			
Equity holders of the Company		(21,297)	(46,818)
Non-controlling interests		(275)	(9,268)
		(21,572)	(56,086)

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

Interim Condensed Consolidated Balance Sheet

As at 30 June 2023

	Note	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		24,839	23,472
Right-of-use assets		34,443	27,731
Intangible assets		3,025	2,862
Goodwill		7,796	7,796
Deferred tax assets		2,864	6,768
Investments accounted for using the equity method	12	207,229	233,102
Financial assets at fair value through other comprehensive income ("FVOCI")	13	10,215	34,926
Financial assets at fair value through profit or loss ("FVPL")	14	5,344	4,451
Term deposits	16	249,288	103,493
Total non-current assets		545,043	444,601
Current assets			
Inventories		2,619	2,635
Trade and other receivables and prepayments to suppliers	15	152,307	185,867
Contract assets	15	215,668	177,565
Financial assets at fair value through profit or loss ("FVPL")	14	64,296	66,761
Term deposits	16	583,291	466,030
Restricted cash	16	6,698	23,474
Cash and cash equivalents	16	269,773	445,429
Total current assets		1,294,652	1,367,761
Total assets		1,839,695	1,812,362
EQUITY			
Share capital	17	761	761
Share premium	17	2,254,288	2,254,288
Other reserves	18	(245,972)	(241,275)
Treasury shares	17	(35,975)	(35,987)
Accumulated losses		(810,334)	(794,012)
Equity attributable to equity holders of the Company		1,162,768	1,183,775
Non-controlling interests		(13,517)	(13,242)
Total equity		1,149,251	1,170,533

Interim Condensed Consolidated Balance Sheet

As at 30 June 2023

	Note	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	22	23,024	15,438
Total non-current liabilities		23,024	15,438
Current liabilities			
Short-term borrowings	20	73,040	38,044
Trade and other payables	21	429,328	429,807
Contract liabilities	21	103,553	89,597
Lease liabilities	22	14,026	21,597
Income tax liabilities		47,473	47,346
Total current liabilities		667,420	626,391
Total liabilities		690,444	641,829
Total equity and liabilities		1,839,695	1,812,362

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

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Note	Unaudited						Total equity RMB'000
		Attributable to the equity holders of the Company						
		Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Treasury Shares RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	
At 31 December 2022 (audited)		761	2,254,288	(241,275)	(35,987)	(794,012)	(13,242)	1,170,533
Loss for the period		-	-	-	-	(16,322)	(275)	(16,597)
Other comprehensive loss		-	-	(4,975)	-	-	-	(4,975)
Total comprehensive loss for the six months ended 30 June 2023		-	-	(4,975)	-	(16,322)	(275)	(21,572)
Transactions with owners:								
- Sale of treasury shares	17	-	-	-	12	-	-	12
- Share-based compensation under Restricted Stock Units (RSUs)	18	-	-	278	-	-	-	278
Transactions with owners for the six months ended 30 June 2023		-	-	278	12	-	-	290
At 30 June 2023 (unaudited)		761	2,254,288	(245,972)	(35,975)	(810,334)	(13,517)	1,149,251

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Note	Unaudited						Total equity RMB'000
		Attributable to the equity holders of the Company						
		Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Treasury Shares RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	
At 31 December 2021 (audited)		767	2,262,955	(252,209)	(46,420)	(667,969)	(11,681)	1,285,443
Loss for the period		-	-	-	-	(57,080)	(9,268)	(66,348)
Other comprehensive income		-	-	10,262	-	-	-	10,262
Total comprehensive loss for the six months ended 30 June 2022		-	-	10,262	-	(57,080)	(9,268)	(56,086)
Transactions with owners:								
- Repurchase, cancellation and sale of treasury shares		(6)	(5,249)	-	1,060	-	-	(4,195)
- Share-based compensation under Restricted Stock Units (RSUs)	18	-	-	3,504	-	-	-	3,504
- Capital contribution from non-controlling shareholders		-	-	-	-	-	3,235	3,235
- Liquidation of subsidiaries with minority interests	18	-	-	(33)	-	-	33	-
Transactions with owners for the six months ended 30 June 2022		(6)	(5,249)	3,471	1,060	-	3,268	2,544
At 30 June 2022 (unaudited)		761	2,257,706	(238,476)	(45,360)	(725,049)	(17,681)	1,231,901

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Note	Unaudited	
		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Cash flows from operating activities			
Cash used in operations		(32,502)	(137,488)
Interest received		3,161	3,260
Income tax paid		(10)	(29)
Net cash used in operating activities		(29,351)	(134,257)
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,218)	(1,249)
Proceeds from disposal of property, plant and equipment		7	68
Purchase of intangible assets		(848)	(89)
Net increase in term deposits	16	(226,455)	(234,228)
Interest received from term deposits		434	1,078
Purchase of financial assets at FVPL		(272,012)	(418,221)
Dividends received from financial assets at FVPL	8	958	96
Proceeds from disposal of financial assets at FVPL		291,937	608,023
Purchase of financial assets at amortised cost		–	(19,702)
Principal and interest received from financial assets at amortised cost		–	19,716
Net proceeds from disposal of subsidiaries		–	137,184
Loans provided to a third party		–	(50,000)
Interest received from loans		26	2,329
Net repayments of loans from third parties		46,036	–
Net cash (used in)/generated from investing activities		(164,135)	45,005
Cash flows from financing activities			
Proceeds from borrowings		53,000	18,000
Interest paid for borrowings		(1,368)	(363)
Repayments of borrowings		(18,000)	(15,000)
Cash paid in repurchase of treasury shares		–	(5,070)
Cash received from sale of treasury shares	17(a)	12	875
Payment for lease liabilities (including interest component)		(16,134)	(3,207)
Cash received from capital contributions in a subsidiary from non-controlling interests		–	3,235
Loans from a related party	23(b)	–	249
Net cash generated from/(used in) financing activities		17,510	(1,281)
Net decrease in cash and cash equivalents		(175,976)	(90,533)
Effect on exchange rate difference		320	17,552
Cash and cash equivalents at the beginning of the period	16	445,429	548,017
Cash and cash equivalents at the end of the period	16	269,773	475,036

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

1 GENERAL INFORMATION

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

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

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

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

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

The interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

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

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

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

3 ACCOUNTING POLICY INFORMATION

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

(a) New and amended standards adopted by the Group

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

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

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

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

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

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

The Group has already commenced an assessment of the related impact of the above standards and amendments to standards which are relevant to the Group's operation. There are no other standards that are not yet effective and that are expected to have a material impact on the Group's financial performance and position.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 31 December 2022.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures as described in the annual financial information for the year ended 31 December 2022.

There have been no changes in the risk management policies since 31 December 2022.

5.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.2 Fair value estimation (continued)

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

The following table presents the Group's financial assets that are measured at fair value at 30 June 2023 and 31 December 2022.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2023 (unaudited)				
Financial assets at FVPL (Note 14)	15,037	–	54,603	69,640
Financial assets at FVOCI (Note 13)	–	–	10,215	10,215
	15,037	–	64,818	79,855
As at 31 December 2022 (audited)				
Financial assets at FVPL (Note 14)	17,358	–	53,854	71,212
Financial assets at FVOCI (Note 13)	–	–	34,926	34,926
	17,358	–	88,780	106,138

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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2023 and 31 December 2022.

There were no transfers among levels 1, 2 and 3 during the period.

(i) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

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

There were no changes in valuation techniques during the period.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.2 Fair value estimation (continued)

(ii) Fair value measurement using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period ended 30 June 2023 and 2022 (unaudited):

	Financial assets at FVPL				Total RMB'000
	Financial assets at FVOCI RMB'000	Wealth management products RMB'000	Private equity funds RMB'000		
As at 1 January 2023	34,926	49,403	4,451		88,780
Acquisitions	–	290,000	–		290,000
Changes in fair value	(25,354)	1,543	893		(22,918)
Currency translation differences	643	–	–		643
Disposals	–	(291,687)	–		(291,687)
As at 30 June 2023	10,215	49,259	5,344		64,818
Net unrealised (losses)/gains	(25,354)	260	893		(24,201)

	Financial assets at FVPL					Total RMB'000
	Financial assets at FVOCI RMB'000	Wealth management products RMB'000	Private equity funds RMB'000	Financial assets related to redemption rights RMB'000		
As at 1 January 2022	48,388	603,013	5,000	12,350		668,751
Acquisitions	–	409,000	–	–		409,000
Changes in fair value	(11,644)	3,754	(549)	(6,850)		(15,289)
Currency translation differences	1,616	4,823	–	–		6,439
Disposals	–	(602,964)	–	–		(602,964)
As at 30 June 2022	38,360	417,626	4,451	5,500		465,937
Net unrealised (losses)/gains	(11,644)	548	(549)	(6,850)		(18,495)

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.3 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables (excluding prepayments to suppliers)
- Cash and cash equivalents, term deposits and restricted cash
- Short-term borrowings
- Trade and other payables (excluding accrued taxes other than income tax, tax payables, staff salaries and welfare payables)
- Lease liabilities

6 SEGMENT INFORMATION

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

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

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

- SaaS and Marketing Service;
- Supply Chain Service;
- Interior Design and Construction; and
- Innovation and others.

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

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

6 SEGMENT INFORMATION (continued)

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

6 SEGMENT INFORMATION (continued)

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

6 SEGMENT INFORMATION (continued)

(a) Revenue

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

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

(b) Revenue by geographical markets

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

(c) Information about major customers

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

7 EXPENSES BY NATURE

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

8 OTHER LOSSES – NET

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Impairment loss on investments accounted for using the equity method (Note 12(a)(i))	(22,808)	(22,668)
Net foreign exchange losses	(93)	(110)
Fair value changes of financial assets at FVPL (Note 14(a))	86	(5,703)
Net loss on disposal of property, plant and equipment	–	(245)
Interest received from financial assets at amortised cost	–	14
Net gain on termination of lease contracts	32	7
Dividends received from financial assets at FVPL	958	96
Government grants (a)	3,092	1,584
Others	(32)	(63)
	(18,765)	(27,088)

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

9 FINANCE INCOME – NET

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

10 INCOME TAX EXPENSES

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

(a) Cayman Islands

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

(b) British Virgin Islands

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

(c) Hong Kong

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

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

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

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

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

(e) Withholding tax on undistributed profits

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

11 LOSSES PER SHARE

(a) Basic losses per share

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

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

(b) Diluted losses per share

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

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

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Unaudited	Audited
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Associates	207,229	233,102

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
At the beginning of the period	293,431	307,854
Less: provision for impairment	(60,329)	(27,785)
At the beginning of the period – carrying amount	233,102	280,069
Share of results of associates	(2,678)	(3,213)
Share of other comprehensive loss of investments accounted for using the equity method (Note 18)	(387)	(2,106)
Increase in impairment (a)	(22,808)	(22,668)
At the end of the period – carrying amount	207,229	252,082
At the end of the period	290,366	302,535
Less: provision for impairment	(83,137)	(50,453)
At the end of the period – carrying amount	207,229	252,082

- (a) In respect of the Group's investments accounted for using the equity method, the Group tested them for impairment by estimating the value-in-use of these investments as at 30 June 2023 and 2022 if any impairment indicator noted. Based on the result of test, an impairment loss of RMB22,808,000 was recognised for the six months ended 30 June 2023 (2022: RMB22,668,000).

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited	Audited
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Non-current:		
Equity investment measured at FVOCI	10,215	34,926

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
At the beginning of the period	34,926	48,388
Changes in the fair value (Note 18)	(25,354)	(11,644)
Currency translation differences	643	1,616
At the end of the period	10,215	38,360

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Non-current:		
Private equity funds	5,344	4,451
Current:		
Wealth management products	49,259	49,403
Investment in listed companies	15,037	17,358
	64,296	66,761

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

	Unaudited Six months ended 30 June 2023 RMB'000	2022 RMB'000
At the beginning of the period	71,212	639,343
Additions	290,012	418,221
Currency translation difference	17	4,844
Disposals	(291,687)	(608,023)
	69,554	454,385
Add: fair value change (Note 8)	86	(5,703)
At the end of the period	69,640	448,682

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

15 TRADE AND OTHER RECEIVABLES AND ADVANCES TO SUPPLIERS

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Trade receivables		
Due from third parties	96,058	93,124
Less: provision for impairment of trade receivables	(19,517)	(16,725)
Net trade receivables	76,541	76,399
Other receivables		
Project deposits	10,644	11,030
Electronic commercial bill receivables	6,014	2,684
Loans due from third parties	5,645	55,681
Electronic payment platform balance	5,463	–
Receivables from disposal of subsidiaries (a)	5,000	5,000
Staff advances	4,085	2,472
Rental deposits	2,093	2,630
Loans due from related parties (Note 23(c))	1,230	1,230
Receivables from disposal of Beijing Rayion	–	250
Others	9,062	8,747
Gross other receivables	49,236	89,724
Less: provision for impairment of other receivables	(8,339)	(8,539)
Net other receivables	40,897	81,185
Others		
Prepayments to third party suppliers	30,217	22,712
Prepayments to related party suppliers (Note 23(c))	31	109
Value-added tax recoverable	4,621	5,462
Total trade and other receivables and prepayments to suppliers	152,307	185,867
Contract assets		
Due from third parties	227,840	191,556
Less: provision for impairment of contract assets	(12,172)	(13,991)
Net contract assets	215,668	177,565

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

15 TRADE AND OTHER RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

- (b) As at 30 June 2023, the carrying amounts of trade and other receivables and contract assets are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

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

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

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

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

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

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

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

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

15 TRADE AND OTHER RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

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

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

16 CASH AND CASH EQUIVALENTS

	Unaudited	Audited
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Cash at bank	1,108,951	1,038,351
Cash on hand	99	75
	1,109,050	1,038,426
Less: term deposits with initial term of over three months (a)	(832,579)	(569,523)
Less: restricted cash (b)	(6,698)	(23,474)
	269,773	445,429

(a) Term deposits with initial terms of over three months

	Unaudited	Audited
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Non-current:		
Term deposits – principal	245,000	100,000
Term deposits – interest receivables	4,288	3,493
	249,288	103,493
Current:		
Term deposits – principal	565,432	464,191
Term deposits – interest receivables	17,859	1,839
	583,291	466,030
Total term deposits	832,579	569,523

Term deposits with initial terms of over three months were neither past due nor impaired and approximated to their fair value.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

16 CASH AND CASH EQUIVALENTS (continued)

- (b) Restricted cash mainly represented margin account as at 30 June 2023. The Group considered it with no impairment risk. Therefore, no further provisions were provided.
- (c) Cash at bank and cash on hand are denominated in the following currencies:

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
RMB	552,559	520,789
U.S. dollars ("USD")	553,319	505,495
Hong Kong dollars ("HKD")	3,172	12,142
	1,109,050	1,038,426

- (d) Cash and cash equivalents include the following for the purposes of the interim condensed consolidated statement of cash flows:

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Cash at bank	269,674	445,354
Cash on hand	99	75
	269,773	445,429

17 SHARE CAPITAL, SHARE PREMIUM

	Ordinary shares Number of ordinary shares	Nominal value of ordinary shares US\$'000
Authorised: As of 30 June 2023 and 31 December 2022	2,000,000,000	200

	Number of ordinary shares	Nominal value of ordinary shares US\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
Issued: As of 30 June 2023 and 31 December 2022	1,145,011,090	114	761	2,254,288

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

17 SHARE CAPITAL, SHARE PREMIUM (continued)

(a) Treasury shares

	Treasury shares	
	Number of treasury shares	Value of treasury shares RMB'000
As at 31 December 2022	21,969,607	35,987
Sale of treasury shares	(35,000)	(12)
As at 30 June 2023	21,934,607	35,975

18 OTHER RESERVES

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Currency translation differences RMB'000	Share option reserve RMB'000	RSUs reserve RMB'000	FVOCI reserve RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023 (audited)	(209,487)	9,841	22,959	15,309	416	(63,750)	(16,563)	(241,275)
Currency translation differences	-	-	20,766	-	-	-	-	20,766
Share-based compensation under RSUs	-	-	-	-	278	-	-	278
Fair value change of financial assets at FVOCI (Note 13(a))	-	-	-	-	-	(25,354)	-	(25,354)
Share of other comprehensive loss of investments accounted for using the equity method (Note 12)	-	-	-	-	-	-	(387)	(387)
At 30 June 2023 (unaudited)	(209,487)	9,841	43,725	15,309	694	(89,104)	(16,950)	(245,972)

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Currency translation differences RMB'000	Share option reserve RMB'000	RSUs reserve RMB'000	FVOCI reserve RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022 (audited)	(199,756)	9,842	(18,643)	15,309	4,184	(47,642)	(15,503)	(252,209)
Liquidation of subsidiaries with minority interests	(33)	-	-	-	-	-	-	(33)
Currency translation differences	-	-	24,012	-	-	-	-	24,012
Share-based compensation under RSUs	-	-	-	-	3,504	-	-	3,504
Fair value change of financial assets at FVOCI (Note 13(a))	-	-	-	-	-	(11,644)	-	(11,644)
Share of other comprehensive loss of investments accounted for using the equity method (Note 12)	-	-	-	-	-	-	(2,106)	(2,106)
At 30 June 2022 (unaudited)	(199,789)	9,842	5,369	15,309	7,688	(59,286)	(17,609)	(238,476)

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

19 DIVIDENDS

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

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

20 SHORT-TERM BORROWINGS

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Bank borrowings – principal (a)	73,000	38,000
Bank borrowings – interest payables	40	44
	73,040	38,044

(a) As at 30 June 2023, bank borrowings represented: (i) a one-year borrowing amounting to RMB20,000,000 guaranteed by Shanghai Qiyu Information Technology Co., Ltd. and Qijia (Shanghai) Network Technology Co., Ltd., (ii) a one-year borrowing amounting to RMB10,000,000 guaranteed by Shanghai Qiyu Information Technology Co., Ltd., Mr. Yang Weihang being the non-controlling shareholder of Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd. and Mrs. Zhang Fan, who is the wife of Mr. Yang Weihang, (iii) a one-year borrowing amounting to RMB13,000,000 mortgaged by the property owned by Mrs. Zhang Fan and (iv) a one-year borrowing amounting to RMB30,000,000 guaranteed by Shanghai Qiyu Information Technology Co., Ltd.

The Group paid interest on bank borrowings at rates ranged from 2.46% to 4.10% for the period ended 30 June 2023.

The carrying amounts of the bank borrowings approximated their fair values.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

21 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Trade payables (c)	198,659	178,623
Other payables		
Quality and performance guarantee deposits	68,734	75,682
Deposits payables (a)	26,291	45,263
Decoration payments collected on behalf of merchants	1,048	1,075
Loan guarantee deposits	–	4,000
Amount due to related parties (Note 23(c))	–	56
Other accrued expenses and payables	37,447	31,932
Total other payables	133,520	158,008
Others		
Staff salaries and welfare payables	60,735	64,765
Accrued taxes other than income tax	36,414	28,411
Total trade and other payables	429,328	429,807
Contract liabilities (b)	103,553	89,597

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

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

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For the six months ended 30 June 2023

22 LEASE LIABILITIES

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Minimum lease payment due:		
– Within 1 year	15,226	22,600
– Between 1 and 2 years	8,383	6,939
– Between 2 and 5 years	16,235	9,425
– More than 5 years	127	–
	39,971	38,964
Less: future finance charges	(2,921)	(1,929)
	37,050	37,035

23 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control or exert significant influence over the other party in holding power over the investee; exposure or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or other entities.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2023 and 2022, and balances arising from related party transactions as at 30 June 2023 and 31 December 2022.

(a) Name and relationship with related parties

Name of related parties	Relationship with the Group
Mr. Deng	Controlling shareholder and executive director of the Company
Ms. Sun Jie (孫傑)	Spouse of controlling shareholder and executive director
Mr. Yang Weihao (楊衛涵)	Non-controlling shareholder
Mr. Zhang Huawei (張華巍)	Non-controlling shareholder (started from October 2022)
Shanghai Qijia E-commerce Co., Ltd. (上海齊家電子商務有限公司, "Shanghai Qijia E-commerce")	Controlled by the controlling shareholder
Shanghai Ruiqi Information Technology Co., Ltd. (上海瑞齊信息科技有限公司, "Shanghai Ruiqi")	Controlled by the controlling shareholder
Suzhou Jiangmen Enterprise Management Consulting Center (Limited Partnership) (蘇州將門企業管理諮詢中心(有限合夥), "Suzhou Jiangmen")	Non-controlling shareholder

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

23 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
i) <i>Loans received from a related party</i> Suzhou Jiangmen	–	249

Loans provided by the related party were unsecured, interest-free and repayable on demand.

ii) <i>Sales of goods to a related party</i> Shanghai Ruiqi	401	–
iii) <i>Service income from a related party</i> Shanghai Qijia E-commerce	1,250	943
iv) <i>Lease from a related party</i> Shanghai Qijia E-commerce	302	283
v) <i>Increased right-of-use assets from a related party</i> Ms. Sun Jie	720	–
vi) <i>Interest expenses on lease liabilities to a related party</i> Ms. Sun Jie	5	–
vii) <i>Received capital increase from a non-controlling shareholder</i> Suzhou Jiangmen	–	1,635

(c) Balances with related parties

	Unaudited	Audited
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
i) <i>Loans due from related parties:</i>		
Mr. Yang Weihai	980	980
Mr. Zhang Huawei	250	250
	1,230	1,230
ii) <i>Prepayments to related party suppliers:</i> Shanghai Qijia E-commerce	31	109
iii) <i>Amounts due to related parties:</i> Shanghai Qijia E-commerce	–	56
iv) <i>Lease liabilities due to related parties:</i> Ms. Sun Jie	726	–

Receivables and payables from/(to) the above related parties were unsecured, interest-free and repayable on demand. The amounts due from related parties are neither past due nor impaired. The carrying amounts of the amounts due from/(to) related parties approximate their fair values and are denominated in RMB.

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For the six months ended 30 June 2023

23 RELATED PARTY TRANSACTIONS (continued)

(d) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Salaries	1,680	2,826
Discretionary bonuses	555	926
Pension cost – defined contribution plans	154	131
Other social security costs, housing benefits and other employee benefits	166	144
Share-based compensation expenses	–	1,358
	2,555	5,385

24 CONTINGENT LIABILITIES

As at 30 June 2023 and 31 December 2022, the Group did not have any material contingent liabilities.

25 SUBSEQUENT EVENTS

Pursuant to resolution passed by the Board on 23 August 2023, the Board declared an interim dividend of HKD0.028 per share, in an aggregate of approximately RMB30,000,000 for the six months ended 30 June 2023. The interim dividend is expected to be paid on 22 September 2023.

Definition

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit and Risk Management Committee”	the audit and risk management committee under the Board
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company
“Board”	the board of Directors of our Company
“Brausen” or “Fujian Brausen”	Brausen (Fujian) Decoration & Engineering Co., Ltd.* (博若森(福建)裝飾工程有限公司), a company with limited liability incorporated in PRC on 23 June 2006 and a subsidiary of our Company, and its subsidiaries as the context requires, which were acquired by us on 24 August 2015
“CEO”	the chief executive officer of our Company
“CG Code”	the Corporate Governance Code as set out in part 2 of Appendix 14 of the Listing Rules
“Chairman”	the chairman of the Board
“CIT”	corporate income tax
“Company”, “our Company”, “we” or “us”	Qeeka Home (Cayman) Inc. 齊屹科技(開曼)有限公司 (formerly known as China Home (Cayman) Inc.), an exempted company with limited liability incorporated in the Cayman Islands on 20 November 2014, whose Shares are listed on the Main Board of the Stock Exchange (stock code:1739)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Contractual Arrangement(s)”	the series of contractual arrangements entered into 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/(losses) per share
“FVOCI”	financial assets at fair value through other comprehensive income
“FVPL”	financial assets at fair value through profit or loss
“Group” or “our Group”	the Company, its subsidiaries, and the PRC Operating Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time

Definition

“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“IAS”	the International Accounting Standards
“IASB”	the International Accounting Standards Board
“IDC” or “Interior Design and Construction Business”	the provision of interior design and construction service
“IFRS”	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
“Innovation and others”	the provision of other initiative services
“IPO”	the Company’s initial public offering and listing of its shares on Main Board of the Stock Exchange on 12 July 2018
“Jumei”	Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.* (齊家居美(蘇州)精裝科技有限公司), a company with limited liability incorporated in PRC on 30 August 2016
“Listing Date”	12 July 2018, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“Mr. Deng”	Mr. Deng Huajin, our founder, Chairman of the Board, executive Director, CEO and our single largest Shareholder
“PRC” or “China”	the People’s Republic of China, except where the context requires otherwise and only for the purposes of this prospectus, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Operating Entities”	Shanghai Qijia and its subsidiaries and branches, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements

Definition

“Prospectus”	the prospectus being issued in connection with the IPO
“Qeeka Holding”	Qeeka Holding Limited, an exempted company with limited liability incorporated in the BVI on 18 November 2014, which is wholly owned by Mr. Deng
“Reporting Period”	the six months ended 30 June 2023
“RMB”	Renminbi, the lawful currency of PRC
“RSU(s)”	restricted share unit(s)
“SaaS and Marketing Service Business”	the provision of SaaS-based total marketing solution, targeted marketing services and inspection service and others
“Sales lead”	the data that identifies someone as a potential demand user of Interior Design and Construction Service
“Seagull”	a PRC company listed on the Shenzhen Stock Exchange (Stock code: 002084) that engages in the production and sales of high-grade sanitary ware and interior customized furnishing supplies
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Qiyu”	Shanghai Qiyu Information Technology Co., Ltd.* (上海齊煜信息科技有限公司), a company incorporated in the PRC and a wholly owned subsidiary of the Company
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Supply Chain Service Business”	the provision of building and home decoration materials
“USD”	United States dollar, the lawful currency of the United States
“Youzi”	the partial renovation brand of the Company
“%”	per cent

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