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Qeeka Home (Cayman) Inc.

齊屹科技(開曼)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1739)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Board of Directors of Qeeka Home (Cayman) Inc. (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2020. These results have been audited by the Auditor in accordance with International Standards on Auditing, and have also been reviewed by the Audit and Risk Management Committee.

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

KEY HIGHLIGHTS

- Our number of active paying merchants increased by 32.6% to 4,904, which was attributed to the various support and marketing solution we provided to IDC service providers to help them spend the difficult period together during the epidemic.
- Total revenue for the year ended 31 December 2020 grew 18.8% year on year to RMB916.3 million and the revenue for the second half of 2020 increased by 48.7% to RMB601.2 million year on year.
- For the SaaS Business, revenues were RMB29.8 million for the year ended 31 December 2020, representing an increase of 39.9% from RMB21.3 million for the year ended 31 December 2019.
- Adjusted net profit attributable to equity holders of the Company for the year ended 31 December 2020 achieved RMB45.1 million, mainly due to an increase of revenue derived from our Marketing Service Business and our strict cost control strategy response to the epidemic.

KEY FINANCIAL DATA

	Year ended 31 December		Year-on-year
	2020	2019	Change (%)
	(RMB'000)	(restated) (RMB'000)	
Revenue	916,264	770,985	18.8%
– SaaS	29,807	21,305	39.9%
– Marketing Service	454,556	427,067	6.4%
– Supply Chain Service	52,418	63,053	(16.9%)
– Interior Design and Construction	360,543	255,123	41.3%
– Innovation and others	18,940	4,437	326.9%
Gross Profit	520,500	508,625	2.3%
– SaaS	24,372	21,305	14.4%
– Marketing Service	438,997	407,519	7.7%
– Supply Chain Service	4,649	7,194	(35.4%)
– Interior Design and Construction	50,142	70,544	(28.9%)
– Innovation and others	2,340	2,063	13.4%
Gross Margin	56.8%	66.0%	(13.9%)
– SaaS	81.8%	100.0%	(18.2%)
– Marketing Service	96.6%	95.4%	1.3%
– Supply Chain Service	8.9%	11.4%	(21.9%)
– Interior Design and Construction	13.9%	27.7%	(49.8%)
– Innovation and others	12.4%	46.5%	(73.3%)
Net profit attributable to equity holders of the Company	40,613	60,655	(33.0%)
Adjusted Net Profit attributable to equity holders of the Company ⁽¹⁾	45,062	60,939	(26.1%)
Adjusted Net Margin	4.9%	7.9%	(38.0%)
Adjusted EPS (expressed in RMB per share)⁽²⁾			
– Basic	0.04	0.05	(20.0%)
– Diluted	0.04	0.05	(20.0%)

Notes:

- (1) For details of adjusted net profit attributable to equity holders of the Company, please refer to the section headed “Management Discussion and Analysis – Profit and NON-IFRS Measures: adjusted net profit attributable to equity holders of the Company”.
- (2) Adjusted earnings per share (“EPS”) is calculated by dividing the adjusted net profit attributable to equity holders of the Company by weighted average number of ordinary shares issued during the years ended 31 December 2020 and 2019, which exclude impairment loss on investments in an associate, gains on addition of financial asset at FVOCI, net fair value change on investment on financial assets at fair value through profit or loss, one-off investment gain and share-based compensation expenses.

KEY OPERATION METRICS

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

	Year ended 31 December		Year-on-year
	2020	2019 (restated)	Change (%)
Number of new paying merchants	2,621	1,953	34.2%
Number of active paying merchants	4,904	3,697	32.6%
Number of sales lead	691,686	641,004	7.9%
Average revenue from Marketing Services per sales lead (RMB)	657	666	(1.4%)

BUSINESS REVIEW AND OUTLOOK

During the year ended 31 December 2020, the Group has reorganised its business segments into (i) SaaS; (ii) Marketing Service; (iii) Supply Chain Service; (iv) Interior Design and Construction; and (v) Innovation and Others to better reflect the business development of the company.

Business review

- *SaaS*

We provide SaaS-based total solution to our IDC service providers to enable them to conduct business online easily, improve their efficiency, and broaden the scope of their service. The integrated solution covers essential business operations including customer acquisition, material sourcing, and construction management. The IDC service providers can easily access and utilize the solution through multiple channels including web and Wechat applications. IDC service providers pay subscription fees for using our SaaS solution.

We are one of the leading providers of SaaS solution in Interior design and construction industry in the PRC as measured by number of active paying merchants and revenue generated through the solution. In 2020, we introduced 2,621 new paying merchants, compared to 1,953 in 2019. Number of active paying merchants increased to 4,904 in 2020, compared with 3,697 in 2019, as a result of high merchant stickiness. The high retention rate of paying merchants equipped our business with strong and viable growth potential.

- ***Marketing Service***

Marketing Service is the core value-added service embedded in our SaaS solution. It consists of budget planning and execution, online market place (IDC service providers open their online store in our market place), sales leads management, customer engagement and interaction (through cloud butler service, live broadcasting, etc.), and performance monitoring and analytics tools. We also provide brand credit enhancement service to our paying merchant (such as escrow payment service and the third party inspection service).

In 2020, we further strengthened our leading position in the IDC Marketing Service industry in the PRC as our effective sales leads in our marketing market place increased to 691,686 in 2020 and our revenue from Marketing Service grew to RMB454.6 million in 2020, representing a 7.9% and a 6.4% increase year over year, respectively. We had a tough start in the beginning 2020, and experienced a negative growth in the first half of 2020 year over year as we were impacted by a series of government policies related to the COVID-19, especially restrictions on population mobilities in multiple provinces. Despite of the difficulties, we achieved accelerated growth, since the second quarter of 2020, our sales recovered and we achieved a whole year positive growth. The growth of sales leads also reflected strong and growing customer acquisition demand from IDC service providers utilizing our solution.

- ***Supply Chain Service***

We aim to help IDC service providers reduce their overall material purchase and logistic-related expense. In order to achieve it, we cooperated with well-know material suppliers to provide customized and exclusive models of selected materials, and developed logistic and distribution network to provide timely service.

In 2020, we introduced “Qi-Xuan”, a boutique brand executive to IDC service providers, with value proposition of high cost-performance.

Revenue from Supply Chain Service was RMB52.4 million in 2020, representing a 16.9% decrease compared to 2019. The decrease was primarily due to the decline of the sales orders in the first half of 2020, as service providers were unable to enter the decorating sites during the epidemic, which led to a decrease in the demand for building materials. However, the situation improved following the re-opening of residential community districts in certain provinces and cities in the PRC in the third and fourth quarters that were closed down during the outbreak of the COVID-19 and the lifting of relevant travel restrictions.

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

We operated three full-service IDC brands, namely Dianshang (under licensing model), Brausen and Jumei (both under self-operation model but targeting at difference customer segments).

The revenue from IDC business was RMB360.5 million, representing a 41.3% increase year-over-year. The higher than group average increase is a reflection of our continuing devotion in operating excellence, and consistency in strategy. We remain our strategic focus on serving IDC service providers by providing them with SaaS based solutions covering their major operation process, such as marketing, supply chain and more. We believe we are able to create more value for them by applying hands-on experience and industry insights gained from the operation of IDC business.

- ***Innovation and others***

The Innovation and others Business covers other initiatives and operation activities not covered in the above segments.

We introduced “Nola”, a customized integrated furniture brand in late 2019, in light of the growing demand of furniture customization. The business was operated under the Joint-venture with Guangzhou Holike Creative Home Co., Ltd (stock code: 603898).

We are also incubating a series of innovative services and solutions to IDC service providers, such as credit solution, training and consulting service, construction management, and social marketing solutions. The segment is still at a early stage and yet to contribute sizable revenue but we believe it will play an important role in the future.

Other than the above-mentioned, there was no material change from the information published in the report and accounts for the financial year ended 31 December 2020.

Company financial highlights

For the year ended 31 December 2020, our total revenues increased by 18.8% year-on-year to RMB916.3 million; revenues from our SaaS Business, Marketing Service Business, Supply Chain Service Business, Interior Design and Construction Business and Innovation and others Business increased by 39.9%, increased by 6.4%, decreased by 16.9%, increased by 41.3% and increased by 326.9% year-on-year, respectively.

Net profit attributable to equity holders of the Company was RMB40.6 million for the year ended 31 December 2020, representing 33.0% decrease in profit compared to a net profit of RMB60.7 million for the year ended 31 December 2019.

Company business outlook

The IDC industry in the PRC is a RMB 2.5 trillion yet fragmented market, there are 122 thousands of service providers competing one another, by our prediction based on the blue paper of China Building Decoration Association (中國建築裝飾協會). We foresee the industry in the process of irreversible digitalization, and we will continue to focus on serving IDC service providers on our platform, helping them acquire customers more effectively, reduce expenses of material sourcing, and improve operating efficiency through effective use of mobile internet, cloud computing and big data.

We will invest in technology and big data analytics as that we will be able continuously improving our sales leads matching mechanism and recommend more suitable users to our IDC service providers thus helping them increase conversion rate and reduce costs of customer acquisition.

We will introduce more innovative solutions in IDC service providers’ major operation aspects to help them better connect with essential business resources, improve productivity, or broaden the scope of their services.

We will also invest in brand and talent, scale up our business and we are confident to create value for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Year ended 31 December	
	2020	2019
	RMB'000	(restated)* RMB'000
Revenue	916,264	770,985
Cost of sales	(395,764)	(262,360)
Gross profit	520,500	508,625
Selling and marketing expenses	(405,881)	(406,260)
Administrative expenses	(96,848)	(79,733)
Research and development expenses	(58,789)	(46,821)
Net impairment (losses)/gains on financial assets	(2,532)	2
Other gains – net	15,058	26,947
Operating (loss)/profit	(28,492)	2,760
Finance income	18,699	25,409
Finance costs	(2,395)	(1,958)
Finance income – net	16,304	23,451
Share of results of investments accounted for using the equity method	60,598	17,864
Profit before income tax	48,410	44,075
Income tax (expense)/credits	(6,529)	5,465
Profit for the year	41,881	49,540
Profit/(loss) is attributable to:		
Equity holders of the Company	40,613	60,655
Non-controlling interests	1,268	(11,115)
	41,881	49,540
Non-IFRS measure		
Adjusted net profit attributable to equity holders of the Company	45,062	60,939

* Comparative figures have been restated for the Group's application of merger accounting for business combinations under common control. Details of the restatement are set out in Notes 2(a) to the consolidated financial statement.

Revenue

Our total revenues increased by 18.8% to RMB916.3 million for the year ended 31 December 2020, compared to RMB771.0 million for the year ended 31 December 2019, primarily due to the increase in our revenue from SaaS Business, Marketing Service Business and Interior Design Construction Business. The following table sets forth a breakdown of our revenue by segment during the periods indicated:

	Year ended 31 December			
	2020		2019 (restated)	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue
SaaS	29,807	3.3%	21,305	2.8%
Marketing Service	454,556	49.6%	427,067	55.4%
Supply Chain Service	52,418	5.7%	63,053	8.2%
Interior Design and Construction	360,543	39.3%	255,123	33.1%
Innovation and others	18,940	2.1%	4,437	0.5%
	916,264	100.0%	770,985	100.0%

- **SaaS**

Revenue derived from our SaaS Business increased by 39.9% from RMB21.3 million for the year ended 31 December 2019 to RMB29.8 million for the year ended 31 December 2020, the increase of revenue from SaaS Business was mainly driven by the increase in the number of active paying merchants from 3,697 for the ended 31 December 2019 to 4,904 for the year ended 31 December 2020, as a results of our enrichment of various functions of the solution, which enhanced the refined operation ability of the IDC service providers.

- **Marketing Service**

Revenue derived from our Marketing Service Business increased by 6.4% from RMB427.1 million for the year ended 31 December 2019 to RMB454.6 million for the year ended 31 December 2020, the increase of revenue was mainly driven by the increase in the number of sales lead from 641,004 for the year ended 31 December 2019 to 691,686 for the year ended 31 December 2020. Our growing number of sales lead enriched our understanding of consumer demands, so that we are able to improve our matching mechanism and recommend more suitable users to our IDC service providers thus helping them reduce costs of customer acquisition.

- ***Supply Chain Service***

Our revenues from our Supply Chain Service Business decreased by 16.9% to RMB52.4 million for the year ended 31 December 2020 from RMB63.1 million for the year ended 31 December 2019. The decrease was primarily due to the decline of the sales orders in the first half of 2020, as service providers were unable to enter the decorating site during the epidemic, which led to a decrease in the demand for building materials.

Our revenues from our Supply Chain Service Business increased by 104.7% to RMB35.2 million for the second half of the 2020, compared to RMB17.2 million for the half of the 2020, and increased by 3.2% compared to RMB34.1 million for the second half of the 2019 with a solid growth.

- ***Interior Design and Construction***

Revenues derived from our Interior Design and Construction Business increased by 41.3% to RMB360.5 million for the year ended 31 December 2020, compared to RMB255.1 million for the year ended 31 December 2019, primarily driven by a steady growth in revenues from renovation service.

Revenues derived from our renovation service increased by 44.7% to RMB354.0 million for the year ended 31 December 2020 from RMB244.6 million for the year ended 31 December 2019. This increase was primarily due to our effect of the comprehensive management on the constructing sits, which including budget control, integration of material and progress management, etc., as a result of increase of demand users with decoration needs.

Revenue derived from licensee service decreased by 38.1% to RMB6.5 million for the year ended 31 December 2020 from RMB10.5 million for the year ended 31 December 2019. This decreased was primarily due to the decline of the number licensee merchants as epidemic had led to the closure of licensee merchants in small and medium-sized cities.

- ***Innovation and others***

Revenues derived from our Innovation and others increased by 326.9% to RMB18.9 million for the year ended 31 December 2020 from RMB4.4 million for the year ended 31 December 2019, primarily due to the increase in the customized integrated furniture business and fund management fees.

Cost of sales

Cost of sales increased by 50.8% to RMB395.8 million for the year ended 31 December 2020, compared to RMB262.4 million for the year ended 31 December 2019, which was mainly due to increase in costs of our Self-operated Interior Design and Construction Business.

- ***SaaS***

Cost of Sales of SaaS Business represents operating cost related to a special marketing solution response to the epidemic during the first half year of 2020, which consists of (i) operation costs of RMB2.4 million, which represents outsourced services costs of our third party service provider to host and operate the live events, (ii) Cloud storage and server cost of RMB1.3 million and staff cost of RMB1.0 million, (iii) amortization of software of RMB0.7 million, which we purchased and re-developed based on marketing solution.

- ***Marketing Service***

Cost of sales of our Marketing Service Business decreased by 20.0% from RMB19.5 million for the year ended 31 December 2019 to RMB15.6 million for the year ended 31 December 2020. The decrease was mainly due to the decrease in operating costs, which is caused by our upgrade of matching algorithm and improved operational efficiency.

- ***Supply Chain Service***

Cost of sales of our Supply Chain Service Business decreased by 14.5% from RMB55.9 million for the year ended 31 December 2019 to RMB47.8 million for the year ended 31 December 2020. The decrease mainly due to the decline of sales order, which is in line with the decrease of our Supply Chain Service revenue.

- ***Interior Design and Construction***

Cost of sales of our Interior Design and Construction Business increased by 68.1% to RMB310.4 million for the year ended 31 December 2020, compared to RMB184.6 million for the year ended 31 December 2019. The increase was mainly driven the growth of renovation service.

- ***Innovation and others***

Cost of sales of our Innovation and others increased by 591.7% to RMB16.6 million for the year ended 31 December 2020, compared to RMB2.4 million for the year ended 31 December 2019. The increase was mainly due to increase of material cost of customized integrated furniture.

Gross profit and gross margin

As a result of the foregoing, our total gross profit increased by 2.3% to RMB520.5 million in 2020, from RMB508.6 million in 2019. Our overall gross margin decreased from 66.0% for the year ended 31 December 2019 to 56.8% for the year ended 31 December 2020.

	Year ended 31 December			
	2020		2019	
	Amount	Gross Margin	Amount	Gross Margin
	RMB'000	%	RMB'000	%
SaaS	24,372	81.8%	21,305	100.0%
Marketing Service	438,997	96.6%	407,519	95.4%
Supply Chain Service	4,649	8.9%	7,194	11.4%
Interior Design and Construction	50,142	13.9%	70,544	27.7%
Innovation and others	2,340	12.4%	2,063	46.5%
	520,500	56.8%	508,625	66.0%

- **SaaS**

Gross profit of our SaaS Business increased by 14.4% from RMB21.3 million for the year ended 31 December 2019 to RMB24.4 million for the year ended 31 December 2020. The increase primarily due to the increase of SaaS subscription fee, which carried high gross profit, was the main contribution for this segment.

Gross profit margin of SaaS Business decreased to 81.8% for the year ended 31 December 2020, as compared to 100.0% for the year ended 31 December 2019, primarily due to the development of new business live broadcasting, which offset the high gross profit margin from SaaS subscription fee of this segment.

- **Marketing Service**

Gross profit of our Marketing Service Business increased by 7.7% from RMB407.5 million for the year ended 31 December 2019 to RMB439.0 million for the year ended 31 December 2020. Gross profit margin of this segment stabilized at approximately 96.6% for the year ended 31 December 2020, as compared to 95.4% for the year ended 31 December 2019.

- **Supply Chain Service**

Gross profit of our Supply Chain Service Business decreased by 35.4% from RMB7.2 million for the year ended 31 December 2019 to RMB4.6 million for the year ended 31 December 2020. The gross margin of Supply Chain Service Business decreased to 8.9% for the year ended 31 December 2020, as compared to 11.4% for the year ended 31 December 2019, it was mainly attributable to more auxiliary materials with the lower margin during the period.

- ***Interior Design and Construction***

Gross profit of our Interior Design and Construction Business decreased by 28.9% from RMB70.5 million for the year ended 31 December 2019 to RMB50.1 million for the year ended 31 December 2020. The gross margin of Interior Design and Construction Business decreased by 49.8% on a year-on-year basis, which was largely attributable to the low margin business, our real estate refined decoration service, accounted for a larger portion of the revenue in 2020 compared to 2019.

- ***Innovation and others***

Gross profit of our Innovation and others increased by 13.4% from RMB2.1 million for the year ended 31 December 2019 to RMB2.3 million for the year ended 31 December 2020. The gross margin of Innovation and others Business decreased by 73.3% from 46.5% for the year ended 31 December 2019 to 12.4% for the year ended 31 December 2020, which was attributable to our customized integrated furniture business at approximately 20.3% as a new source of revenue in 2020, which was partially offset by our high gross margin from fund management fees.

Selling and marketing expenses

Our selling and marketing expenses decreased by 0.1% to RMB405.9 million in 2020 from RMB406.3 million in 2019, primarily due to (i) a slightly increase in marketing and advertising expenses, as a result of increased demand from IDC service providers for more sales leads. However, the selling and marketing expense as a percentage of revenues decreased to 44.3% from 52.7% on a year-on-year basis, as we continued to drive the growth of our core business while improving efficiency; and (ii) decrease of operating lease expenses due to the disposal of some poorly operated subsidiaries in 2019.

Administrative expenses

Our administrative expenses increased by 21.5% to RMB96.8 million for the year ended 31 December 2020, compared to RMB79.7 million for the year ended 31 December 2019. It was primarily due to a hiring of more senior managers to explore some new business opportunities and strategic planning.

Research and development expenses

Our research and development expenses increased by 25.6% to RMB58.8 million in 2020 on a year-on-year basis, primarily attributable to the increase in subcontracting to third parties to enhance our platform technology development.

Other gains – net

Other gains in 2020 mainly consisted of (i) government subsidies of RMB3.6 million, (ii) fair value changes of investment on financial assets at fair value through profit or loss of RMB4.1 million, and (iii) net foreign exchange gains of RMB6.8 million.

Finance income – net

Our finance income for the year ended 31 December 2020 was mainly due to the interest income from our internal funds.

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

Our Share of net profit of associates accounted for using the equity method for the year ended 31 December 2020 was mainly due to the result of profit picked up from investees.

Income tax (expenses)/credits

Income tax expenses for the year ended 31 December 2020 were RMB6.5 million, compared to RMB5.5 million of income tax credit for the year ended 31 December 2019, mainly due to decrease in deferred tax assets.

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

As a result of the foregoing, our net profit decreased by 15.4% year-on-year to RMB41.9 million for the year ended 31 December 2020, compared to a net profit of RMB49.5 million in 2019.

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

Our adjusted net profit attributable to equity holders of the Company was RMB45.1 million for the year ended 31 December 2020. The decrease in adjusted net profit attributable to equity holders of the Company due to the impact of the epidemic in the first half of the year, and our profitability has recovered as we provided the effective and targeted marketing solutions to IDC service providers from the second half of the year.

The following table reconciles our adjusted net profit attributable to equity holders of the Company for the years ended 31 December 2020 and 2019 to the most directly comparable financial measure calculated and presented in accordance with IFRSs:

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	(restated) <i>RMB'000</i>
Net profit attributable to equity holders of the Company for the year	40,613	60,655
Impairment loss on investments in an associate	1,861	12,991
One-off investment gain	–	(5,345)
Gain on an addition of financial assets at FVOCI	–	(1,009)
Share-based compensation expenses	(2,690)	5,744
Net fair value change on investment on financial assets at fair value through profit or loss ⁽³⁾	5,278	(12,097)
Adjusted net profit attributable to equity holders of the Company	45,062	60,939

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 RMB897.1 million and term deposits of RMB9.8 million as of 31 December 2020, compared to the balance of RMB411.2 million and RMB547.3 million as of 31 December 2019, respectively.

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

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	(restated) <i>RMB'000</i>
Cash and cash equivalents	897,093	411,153
Term deposits	9,787	547,258
Cash and cash equivalents at end of the year	906,880	958,411

Cash and cash equivalents includes cash in hand, and deposits held at call with banks. Term deposits are bank deposits with original maturities over three months and redeemable on maturity. Most of our cash and cash equivalents and term deposits are denominated in the United States dollar, Renminbi and Hong Kong dollar.

Borrowings

As at 31 December 2020, we had a one-year bank borrowing of RMB7.0 million bearing a fixed interest rate of 4.35% per annum, which was pledged by the property owned by Mr. Yang Weihang, who is the non-controlling shareholder of Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.

Gearing ratio

As at 31 December 2020, our gearing ratio, calculated as total borrowing divided by total equity attributable to equity holders of the Company was approximately 0.5%.

Treasury policy

We have adopted a prudent financial management approach towards our treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 December 2020. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Capital expenditure

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of property and equipment	4,900	4,477
Purchase of intangible assets	626	2,844
Development of land use rights and building	2,016	9,358
	<hr/>	<hr/>
Total	7,542	16,679
	<hr/>	<hr/>

Our capital expenditures primarily included (i) expenditures for purchases of property and equipment such as servers and computers and intangible assets such as qualification certificate names and software; and (ii) expenditures for development of land use rights and building in Shanghai.

Long-term investment activities

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Investments accounted for using the equity method	285,564	240,364
Financial assets at fair value through other comprehensive income	64,565	56,944
Financial assets at fair value through profit or loss	11,056	10,958
Total	<u>361,185</u>	<u>308,266</u>

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

Foreign exchange risk

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

Contingent liabilities

As at 31 December 2020 and as at 31 December 2019, we did not have any material contingent liabilities.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

		Year ended 31 December	
		2020	2019
			(restated)*
	Note	RMB'000	RMB'000
Revenue	4	916,264	770,985
Cost of sales	5	(395,764)	(262,360)
Gross profit		520,500	508,625
Selling and marketing expenses	5	(405,881)	(406,260)
Administrative expenses	5	(96,848)	(79,733)
Research and development expenses	5	(58,789)	(46,821)
Net impairment (losses)/gains on financial assets	9(c)	(2,532)	2
Other gains – net		15,058	26,947
Operating (loss)/profit		(28,492)	2,760
Finance income	6	18,699	25,409
Finance costs	6	(2,395)	(1,958)
Finance income – net	6	16,304	23,451
Share of results of investments accounted for using the equity method		60,598	17,864
Profit before income tax		48,410	44,075
Income tax (expenses)/credits	7	(6,529)	5,465
Profit for the year		41,881	49,540
Profit/(loss) attributable to:			
Equity holders of the Company		40,613	60,655
Non-controlling interests		1,268	(11,115)
		41,881	49,540
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share (RMB)	8	0.03	0.05
Diluted earnings per share (RMB)	8	0.03	0.05

* Comparative figures have been restated for the Group's application of merger accounting for business combinations under common control. Details of the restatements are set out in Note 2(a) to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	RMB'000	(restated)* RMB'000
Profit for the year	41,881	49,540
Other comprehensive (loss)/income for the year		
<i>Items that may be reclassified to profit or loss:</i>		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	1,129	(281)
Exchange differences on translation of foreign operations	(43,180)	12,306
	(42,051)	12,025
<i>Items that will not be reclassified to profit or loss:</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	31,422	(2,420)
Total other comprehensive (loss)/income for the year, net of tax	(10,629)	9,605
Total comprehensive income for the year	31,252	59,145
Total comprehensive income/(loss) for the year is attributable to:		
Equity holders of the Company	29,984	70,260
Non-controlling interests	1,268	(11,115)
	31,252	59,145

* Comparative figures have been restated for the Group's application of merger accounting for business combinations under common control. Details of the restatements are set out in Note 2(a) to the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

		As at 31 December	
		2020	2019
	Note	RMB'000	(restated)* RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		29,180	22,134
Right-of-use assets		336,969	340,402
Intangible assets		7,318	8,827
Goodwill		7,796	7,796
Deferred tax assets		12,730	18,543
Investments accounted for using the equity method		285,564	240,364
Financial assets at fair value through other comprehensive income (“FVOCI”)		64,565	56,944
Financial assets at fair value through profit or loss (“FVPL”)	10	11,056	10,958
Other receivables	9	–	1,503
Total non-current assets		755,178	707,471
Current assets			
Inventories		3,332	12,957
Trade and other receivables and prepayments to suppliers	9	134,079	109,997
Amounts due from related parties		5,127	5,291
Contract assets	9	87,015	25,351
Financial assets at fair value through profit or loss (“FVPL”)	10	252,559	224,151
Term deposits		9,787	547,258
Cash and cash equivalents		897,093	411,153
Assets classified as held for sale		5,435	–
Total current assets		1,394,427	1,336,158
Total assets		2,149,605	2,043,629

		As at 31 December	
		2020	2019
			(restated)*
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY			
Share capital		781	799
Share premium		2,300,250	2,356,802
Other reserves		(217,608)	(193,399)
Treasury shares		(28,468)	(25,281)
Accumulated losses		(742,458)	(761,517)
Equity attributable to equity holders of the Company		1,312,497	1,377,404
Non-controlling interests		(18,262)	(22,681)
Total equity		1,294,235	1,354,723
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		582	730
Lease liabilities		12,962	12,349
Total non-current liabilities		13,544	13,079
Current liabilities			
Short-term borrowings		7,000	12,000
Trade and other payables	12	670,127	511,336
Contract liabilities	12	111,480	104,042
Amounts due to related parties		93	6
Lease liabilities		11,905	9,069
Income tax liabilities		39,912	39,374
Liabilities directly associated with assets classified as held for sale		1,309	–
Total current liabilities		841,826	675,827
Total liabilities		855,370	688,906
Total equity and liabilities		2,149,605	2,043,629

* Comparative figures have been restated for the Group's application of merger accounting for business combinations under common control. Details of the restatements are set out in Note 2(a) to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

		Year ended 31 December	
		2020	2019
			(restated)*
	Note	RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	13(a)	71,983	37,193
Interest received		9,063	7,128
Income tax paid		(326)	(691)
		<u>80,720</u>	<u>43,630</u>
Net cash generated from operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,916)	(4,477)
Purchase of intangible assets		(626)	(2,844)
Purchase of land use rights		–	(9,358)
Proceeds from disposal of property, plant and equipment	13(b)	134	597
Increase in investments in associates		(1,200)	(34,362)
Net decrease/(increase) in term deposits		537,471	(213,706)
Dividends received from financial assets at FVPL		1,364	–
Net decrease/(increase) in amounts held for securities trading purposes	9	2,408	(5,982)
Increase in investments measured at FVOCI		–	(2,974)
Loans to related parties		(2,050)	(6,652)
Proceeds from sale of financial assets at FVPL	10	782,402	333,005
Reduction of certain investment in an investee measured at FVOCI		17,000	–
Purchase of financial assets at FVPL	10	(811,740)	(473,940)
Repayments of loans from a related party		2,313	–
Disposal of investments in associates		14,369	–
Disposal of subsidiaries, net of cash disposed	13(c)	(6)	(3)
Interest received on term deposits		15,669	26,744
		<u>550,592</u>	<u>(393,952)</u>
Net cash generated from/(used in) investing activities			

	<i>Note</i>	Year ended 31 December	
		2020	2019
		RMB'000	(restated)**
		RMB'000	RMB'000
Cash flows from financing activities			
Cash received from capital contributions in subsidiaries from non-controlling shareholders		3,055	13,379
Proceeds from borrowings	<i>13(e)</i>	16,500	17,000
Repayment of borrowings	<i>13(e)</i>	(21,500)	(5,000)
Cash paid for repurchase of shares		(59,757)	(46,503)
Interest paid for short-term borrowings		(531)	(365)
Cash received from exercise of ESOP		–	6
Payment for lease liabilities (including interest component)	<i>13(e)</i>	(16,216)	(8,413)
Dividends paid to the Company's shareholders	<i>11</i>	(21,554)	–
Application of business combinations under common control		(8,678)	–
Net cash used in financing activities		(108,681)	(29,896)
Net increase/(decrease) in cash and cash equivalents			
		522,631	(380,218)
Effect on exchange rate difference		(36,430)	10,884
Cash and cash equivalents at beginning of the year		411,153	780,487
Cash and cash equivalents at end of the year		897,354*	411,153

* As at 31 December 2020, cash and cash equivalents included RMB261,000 that were presented as assets classified as held for sale in the consolidated balance sheet.

** Comparative figures have been restated for the Group's application of merger accounting for business combinations under common control. Details of the restatements are set out in Note 2(a) to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 GENERAL INFORMATION

Qeeka Home (Cayman) Inc. (the “**Company**”) was incorporated in the Cayman Islands on 20 November 2014 as an exempted Company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding Company. The Company and its subsidiaries, including structured entities (collectively, the “**Group**”) are principally engaged in (i) the provision of SaaS based total marketing solution (“**SaaS**”); (ii) the provision of targeted marketing services and inspection service (“**Marketing Service**”); (iii) the provision of interior design and construction service and licensing its brand to business partners and others (“**Interior Design and Construction**”); (iv) the provision of building and home decoration materials Supply Chain Services (“**Supply Chain Service**”); (v) the provision of other initiative services (“**Innovation and Others**”). Mr. Deng Huajin (鄧華金, “**Mr. Deng**”) is the ultimate controlling shareholder of the Company.

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

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

These consolidated financial statements have been approved for issue by the Board of Directors on 19 March 2021.

2 BASIS OF PREPARATION

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

(a) Application of business combinations under common control

On 19 October 2020, the Company (through its indirect wholly-owned subsidiary) entered into the acquisition agreement with Mr. Deng, pursuant to which the Company agreed to acquire the entire equity interest of 上海住喩資訊科技有限公司 (Shanghai Zhubei Information Technology Co., Ltd*) (“**Shanghai Zhubei**”) at a consideration of RMB500,000. The entire equity interest of Shanghai Zhubei was transferred to the Group on 19 October 2020.

On 8 December 2020, the Company (through its indirect wholly-owned subsidiary) entered into the acquisition agreements with 寧化滬閩投資合夥企業 (Ninghua Humin Investment Limited Partnership*) (indirectly controlled by Mr. Deng) and two non-controlling shareholders, pursuant to which the Company agreed to acquire the entire equity interest of 上海齊願智慧科技有限公司 (Shanghai Qiyuan Intelligent Technology Co., Ltd*) (“**Shanghai Qiyuan**”) at total consideration of RMB10,000,000. The entire equity interest of Shanghai Qiyuan was transferred to the Group on 8 December 2020.

For the purpose of these consolidated financial statements, Shanghai Zhubei and Shanghai Qiyuan (collectively, the “**Target Companies**”) and the Company were under common control of Mr. Deng, therefore they are accounted for as business combinations under common control. The assets and liabilities of the entities are consolidated by the Group using the existing book values from the controlling parties’ perspective as if the Target Companies had been in existence within the Group structure throughout the periods presented, or since the date when the companies first came under the control of ultimate controlling party, whichever is a shorter period.

No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control, to the extent of the continuation of the ultimate controlling party's interest.

Inter-company transactions, balances and unrealised gains/losses on transactions between the Target Companies and other group companies are eliminated on consolidation. The following is a reconciliation of the effect arising from the business combination under common control of the Target Companies on the consolidated income statement and the consolidated statement of financial position.

(i) Effect on the consolidated income statement for the year ended 31 December 2020:

	The Group (before business combination under common control) RMB'000	Effect of business combination under common control RMB'000	Consolidated RMB'000
Revenue	910,183	6,081	916,264
Cost of sales	(390,297)	(5,467)	(395,764)
Gross profit	519,886	614	520,500
Selling and marketing expenses	(401,314)	(4,567)	(405,881)
Administrative expenses	(93,567)	(3,281)	(96,848)
Research and development expenses	(58,204)	(585)	(58,789)
Net impairment losses on financial assets	(2,532)	–	(2,532)
Other gains – net	14,870	188	15,058
Operating loss	(20,861)	(7,631)	(28,492)
Finance income	18,691	8	18,699
Finance costs	(2,395)	–	(2,395)
Finance income – net	16,296	8	16,304
Share of results of investments accounted for using the equity method	60,598	–	60,598
Profit/(loss) before income tax	56,033	(7,623)	48,410
Income tax expenses	(6,529)	–	(6,529)
Profit/(loss) for the year	49,504	(7,623)	41,881
Profit/(loss) attributable to:			
Equity holders of the Company	48,236	(7,623)	40,613
Non-controlling interests	1,268	–	1,268
	49,504	(7,623)	41,881
Earnings/(losses) per share for profit attributable to equity holders of the Company			
Basic earnings/(losses) per share (RMB)	0.04	(0.01)	0.03
Diluted earnings/(losses) per share (RMB)	0.04	(0.01)	0.03

- (ii) Effect on the consolidated statement of comprehensive income for the year ended 31 December 2020:

	The Group (before business combination under common control) RMB'000	Effect of business combination under common control RMB'000	Consolidated RMB'000
Profit/(loss) for the year	49,504	(7,623)	41,881
Other comprehensive income/(loss) for the year			
<i>Items that may be reclassified to profit or loss:</i>			
Share of other comprehensive income of investments accounted for using the equity method	1,129	–	1,129
Exchange differences on translation of foreign operations	(43,180)	–	(43,180)
	(42,051)	–	(42,051)
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income	31,422	–	31,422
Other comprehensive loss for the year, net of tax	(10,629)	–	(10,629)
Total comprehensive income/(loss) for the year	38,875	(7,623)	31,252
Total comprehensive income/(loss) for the year is attributable to:			
Equity holders of the Company	37,607	(7,623)	29,984
Non-controlling interests	1,268	–	1,268
	38,875	(7,623)	31,252

(iii) Effect on the consolidated balance sheet as at 31 December 2020:

	The Group (before business combination under common control) <i>RMB'000</i>	Effect of business combination under common control <i>RMB'000</i>	Adjustments <i>RMB'000</i>	Consolidated <i>RMB'000</i>
ASSETS				
Non-current assets				
Property, plant and equipment	29,104	76	-	29,180
Right-of-use assets	336,969	-	-	336,969
Intangible assets	6,148	1,170	-	7,318
Goodwill	7,796	-	-	7,796
Deferred tax assets	12,730	-	-	12,730
Investments accounted for using the equity method	285,564	-	-	285,564
Financial assets at fair value through other comprehensive income ("FVOCI")	64,565	-	-	64,565
Financial assets at fair value through profit or loss ("FVPL")	11,056	-	-	11,056
Total non-current assets	753,932	1,246	-	755,178
Current assets				
Inventories	3,315	17	-	3,332
Trade and other receivables and prepayments to suppliers	133,926	153	-	134,079
Amounts due from related parties	5,127	-	-	5,127
Contract assets	87,015	-	-	87,015
Financial assets at fair value through profit or loss ("FVPL")	251,559	1,000	-	252,559
Term deposits	9,787	-	-	9,787
Cash and cash equivalents	891,098	5,995	-	897,093
Assets classified as held for sale	5,435	-	-	5,435
Total current assets	1,387,262	7,165	-	1,394,427
Total assets	2,141,194	8,411	-	2,149,605
EQUITY				
Share capital	781	5,586	(5,586)	781
Share premium	2,300,250	9,889	(9,889)	2,300,250
Other reserves	(232,193)	-	14,585	(217,608)
Treasury shares	(28,468)	-	-	(28,468)
Accumulated losses	(732,226)	(11,122)	890	(742,458)
Equity attributable to equity holders of the Company	1,308,144	4,353	-	1,312,497
Non-controlling interests	(18,262)	-	-	(18,262)
Total equity	1,289,882	4,353	-	1,294,235

	The Group (before business combination under common control) <i>RMB'000</i>	Effect of business combination under common control <i>RMB'000</i>	Consolidated <i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	582	-	582
Lease liabilities	12,962	-	12,962
	<hr/>	<hr/>	<hr/>
Total non-current liabilities	13,544	-	13,544
	<hr/>	<hr/>	<hr/>
Current liabilities			
Short-term borrowings	7,000	-	7,000
Trade and other payables	666,631	3,496	670,127
Contract liabilities	110,918	562	111,480
Amounts due to related parties	93	-	93
Lease liabilities	11,905	-	11,905
Income tax liabilities	39,912	-	39,912
Liabilities directly associated with assets classified as held for sale	1,309	-	1,309
	<hr/>	<hr/>	<hr/>
Total current liabilities	837,768	4,058	841,826
	<hr/>	<hr/>	<hr/>
Total liabilities	851,312	4,058	855,370
	<hr/>	<hr/>	<hr/>
Total equity and liabilities	2,141,194	8,411	2,149,605
	<hr/>	<hr/>	<hr/>

(iv) Effect on the consolidated income statement for the year ended 31 December 2019:

	The Group (before business combination under common control) <i>RMB'000</i>	Effect of business combination under common control <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Revenue	770,912	73	770,985
Cost of sales	(262,289)	(71)	(262,360)
Gross profit	508,623	2	508,625
Selling and marketing expenses	(406,260)	–	(406,260)
Administrative expenses	(79,637)	(96)	(79,733)
Research and development expenses	(45,466)	(1,355)	(46,821)
Net impairment gains on financial assets	2	–	2
Other gains – net	26,777	170	26,947
Operating profit/(loss)	4,039	(1,279)	2,760
Finance income	25,409	–	25,409
Finance costs	(1,958)	–	(1,958)
Finance income – net	23,451	–	23,451
Share of results of investments accounted for using the equity method	17,864	–	17,864
Profit/(loss) before income tax	45,354	(1,279)	44,075
Income tax credits	5,465	–	5,465
Profit/(loss) for the year	50,819	(1,279)	49,540
Profit/(loss) attributable to:			
Equity holders of the Company	61,934	(1,279)	60,655
Non-controlling interests	(11,115)	–	(11,115)
	50,819	(1,279)	49,540
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share (RMB)	0.05	–	0.05
Diluted earnings per share (RMB)	0.05	–	0.05

- (v) Effect on the consolidated statement of comprehensive income for the year ended 31 December 2019:

	The Group (before business combination under common control) <i>RMB'000</i>	Effect of business combination under common control <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Profit/(loss) for the year	50,819	(1,279)	49,540
Other comprehensive income for the year			
<i>Items that may be reclassified to profit or loss:</i>			
Share of other comprehensive loss of investments accounted for using the equity method	(281)	–	(281)
Exchange differences on translation of foreign operations	12,306	–	12,306
	12,025	–	12,025
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income	(2,420)	–	(2,420)
Other comprehensive income for the year, net of tax	9,605	–	9,605
Total comprehensive income/(loss) for the year	60,424	(1,279)	59,145
Total comprehensive income/(loss) for the year is attributable to:			
Equity holders of the Company	71,539	(1,279)	70,260
Non-controlling interests	(11,115)	–	(11,115)
	60,424	(1,279)	59,145

(vi) Effect on the consolidated balance sheet as at 31 December 2019:

	The Group (before business combination under common control) RMB'000	Effect of business combination under common control RMB'000	Adjustments RMB'000	Consolidated RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	22,128	6	–	22,134
Right-of-use assets	340,402	–	–	340,402
Intangible assets	8,827	–	–	8,827
Goodwill	7,796	–	–	7,796
Deferred tax assets	18,543	–	–	18,543
Investments accounted for using the equity method	240,364	–	–	240,364
Financial assets at fair value through other comprehensive income (“FVOCI”)	56,944	–	–	56,944
Financial assets at fair value through profit or loss (“FVPL”)	10,958	–	–	10,958
Other receivables	1,503	–	–	1,503
Total non-current assets	707,465	6	–	707,471
Current assets				
Inventories	12,956	1	–	12,957
Trade and other receivables and prepayments to suppliers	104,997	5,000	–	109,997
Amounts due from related parties	5,291	–	–	5,291
Contract assets	25,351	–	–	25,351
Financial assets at fair value through profit or loss (“FVPL”)	222,151	2,000	–	224,151
Term deposits	547,258	–	–	547,258
Cash and cash equivalents	410,681	472	–	411,153
Total current assets	1,328,685	7,473	–	1,336,158
Total assets	2,036,150	7,479	–	2,043,629
EQUITY				
Share capital	799	111	(111)	799
Share premium	2,356,802	9,889	(9,889)	2,356,802
Other reserves	(203,399)	–	10,000	(193,399)
Treasury shares	(25,281)	–	–	(25,281)
Accumulated losses	(758,909)	(2,608)	–	(761,517)
Equity attributable to equity holders of the Company	1,370,012	7,392	–	1,377,404
Non-controlling interests	(22,681)	–	–	(22,681)
Total equity	1,347,331	7,392	–	1,354,723

	The Group (before business combination under common control) <i>RMB'000</i>	Effect of business combination under common control <i>RMB'000</i>	Consolidated <i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	730	–	730
Lease liabilities	12,349	–	12,349
Total non-current liabilities	13,079	–	13,079
Current liabilities			
Short-term borrowings	12,000	–	12,000
Trade and other payables	511,249	87	511,336
Contract liabilities	104,042	–	104,042
Amounts due to related parties	6	–	6
Lease liabilities	9,069	–	9,069
Income tax liabilities	39,374	–	39,374
Total current liabilities	675,740	87	675,827
Total liabilities	688,819	87	688,906
Total equity and liabilities	2,036,150	7,479	2,043,629

3 ACCOUNTING POLICIES

(a) New standards, amendments and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing on or after 1 January 2020:

- Definition of Material – Amendments to IAS 1 and IAS 8
- Definition of a Business – Amendments to IFRS 3
- Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39
- Revised Conceptual Framework for Financial Reporting
- Covid-19-related Rent Concessions – Amendments to IFRS 16

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

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Annual Improvements to IFRS Standards 2018–2020		1 January 2022

4 SEGMENT INFORMATION

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

During the year ended 31 December 2020, the Group has reorganised its business segments to better allocate resources and assess performance of the operating segments. The segment information for the reportable segments as at and for the year ended 31 December 2019 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;
- Marketing Service;
- Supply Chain Service;
- Interior Design and Construction; and
- Innovation and Others.

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

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

Segment	Year ended 31 December 2020					Total RMB'000
	SaaS RMB'000	Marketing Service RMB'000	Supply Chain Service RMB'000	Interior Design and Construction RMB'000	Innovation and others RMB'000	
Revenue						
Segment revenue	29,807	456,936	61,147	364,199	20,009	932,098
Inter-segment sales	–	(2,380)	(8,729)	(3,656)	(1,069)	(15,834)
Revenue from external customers	<u>29,807</u>	<u>454,556</u>	<u>52,418</u>	<u>360,543</u>	<u>18,940</u>	<u>916,264</u>
Timing of revenue recognition						
At a point in time	–	323,293	52,418	10,158	7,770	393,639
Over time	<u>29,807</u>	<u>131,263</u>	<u>–</u>	<u>350,385</u>	<u>11,170</u>	<u>522,625</u>
	<u>29,807</u>	<u>454,556</u>	<u>52,418</u>	<u>360,543</u>	<u>18,940</u>	<u>916,264</u>
Results						
Segment gross profit	<u>24,372</u>	<u>438,997</u>	<u>4,649</u>	<u>50,142</u>	<u>2,340</u>	<u>520,500</u>
Selling and marketing expenses						(405,881)
Administrative expenses						(96,848)
Research and development expenses						(58,789)
Other gains – net						15,058
Finance income – net						16,304
Net impairment losses on financial assets						(2,532)
Share of results of investments accounted for using the equity method						<u>60,598</u>
Profit before income tax						<u>48,410</u>

Year ended 31 December 2019 (restated)

Segment	SaaS <i>RMB'000</i>	Marketing Service <i>RMB'000</i>	Supply Chain Service <i>RMB'000</i>	Interior Design and Construction <i>RMB'000</i>	Innovation and others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue						
Segment revenue	21,305	474,460	75,759	285,267	4,437	861,228
Inter-segment sales	–	(47,393)	(12,706)	(30,144)	–	(90,243)
Revenue from external customers	<u>21,305</u>	<u>427,067</u>	<u>63,053</u>	<u>255,123</u>	<u>4,437</u>	<u>770,985</u>
Timing of revenue recognition						
At a point in time	–	300,149	63,053	11,871	213	375,286
Over time	<u>21,305</u>	<u>126,918</u>	<u>–</u>	<u>243,252</u>	<u>4,224</u>	<u>395,699</u>
	<u>21,305</u>	<u>427,067</u>	<u>63,053</u>	<u>255,123</u>	<u>4,437</u>	<u>770,985</u>
Results						
Segment gross profit	<u>21,305</u>	<u>407,519</u>	<u>7,194</u>	<u>70,544</u>	<u>2,063</u>	<u>508,625</u>
Selling and marketing expenses						(406,260)
Administrative expenses						(79,733)
Research and development expenses						(46,821)
Other gains – net						26,947
Finance income – net						23,451
Net impairment gains on financial assets						2
Share of results of investments accounted for using the equity method						<u>17,864</u>
Profit before income tax						<u><u>44,075</u></u>

(a) Revenue

The revenue from the continuing operations for the years ended 31 December 2020 and 2019 are set out as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	(restated) RMB'000
SaaS	29,807	21,305
Marketing Service	454,556	427,067
Supply Chain Service	52,418	63,053
Interior Design and Construction	360,543	255,123
– Decoration business	354,037	244,605
– Licence fee	6,506	10,518
Innovation and others	18,940	4,437
	916,264	770,985

(b) Revenue by geographical markets

All the revenue of the Group was generated in the PRC during the years ended 31 December 2020 and 2019.

(c) Information about major customers

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

5 EXPENSES BY NATURE

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

	Year ended 31 December	
	2020	2019
	RMB'000	(restated) RMB'000
Advertising and promotion expenses	252,815	241,291
Outsourced labour costs	308,645	194,780
Cost of inventories sold	179,539	139,827
Employee benefit expenses	116,857	127,940
Travelling, entertainment and communication expenses	15,389	15,004
Professional fee	18,583	11,581
Depreciation of property, plant and equipment	4,834	9,827
Short-term leases and leases of low-valued assets	7,424	9,953
Depreciation of right-of-use assets	16,053	8,771
Bank charges and point-of-sale device processing fees	6,887	6,267
Auditors' remuneration		
– Audit service	3,200	3,400
– Non audit service	1,140	120
Amortisation of intangible assets	3,973	3,173
Taxes and levies	1,694	1,795
Utilities and electricity expenses	948	1,124
Miscellaneous	19,301	20,321
	<u>957,282</u>	<u>795,174</u>

6 FINANCE INCOME – NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Finance income:		
Interest income	<u>18,699</u>	<u>25,409</u>
Finance costs:		
Interest expense on borrowings	(531)	(365)
Interest expense on lease liabilities	<u>(1,864)</u>	<u>(1,593)</u>
	<u>(2,395)</u>	<u>(1,958)</u>
Finance income – net	<u>16,304</u>	<u>23,451</u>

7 INCOME TAX EXPENSES/(CREDITS)

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Current tax:		
Current tax on profit for the year	<u>864</u>	<u>90</u>
Deferred income tax:		
Decrease/(increase) in deferred tax assets	5,813	(5,396)
Decrease in deferred tax liabilities	<u>(148)</u>	<u>(159)</u>
Total deferred tax	<u>5,665</u>	<u>(5,555)</u>
Income tax expenses/(credits)	<u>6,529</u>	<u>(5,465)</u>

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

(i) Cayman Islands

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

(ii) British Virgin Islands

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

(iii) Hong Kong

The Group's entities incorporated in Hong Kong are subject to Hong Kong profit tax of 16.5%.

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

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the year ended 31 December 2020 (2019: 25%).

Certain subsidiaries of the Group in the PRC were approved as High and New Technology Enterprise, and accordingly, they were subject to a reduced preferential CIT rate of 15% for the year ended 31 December 2020 (2019: 15%) according to the applicable CIT Law.

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

(v) Withholding tax on undistributed profits

According to CIT law, distribution of profits earned by PRC companies since 1 January 2008 is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas – incorporated immediate holding companies. During the year ended 31 December 2020, the Group does not have any profit distribution plan (2019:nil).

8 EARNINGS PER SHARE

(a) Basic earnings per share

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

	Year ended 31 December	
	2020	2019 (restated)
Earnings attributable to equity holders of the Company (RMB'000)	40,613	60,655
Weighted average number of ordinary shares in issue (thousand)	<u>1,179,565</u>	<u>1,205,937</u>
Earnings per share	<u>0.03</u>	<u>0.05</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2019 and 2020, the Company had one category of dilutive potential ordinary shares: Employee Share Option Plan.

For the Employee Share Option Plan, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

As at 31 December 2020, there were 39,861,032 (31 December 2019: 42,901,141) share options outstanding related to Employee Share Option Plan. For the year ended 31 December 2020, as the average market share price of the ordinary shares during the year was lower than the subscription price, the impact on earnings per share was anti-dilutive.

The calculation of the diluted earnings per share for the year ended 31 December 2019 was shown as:

	Year ended 31 December 2019 (restated)
Profit attributable to equity holders of the Company (RMB'000)	<u>60,655</u>
Weighted average number of ordinary shares in issue (thousand)	1,205,937
Adjustments for ESOP (thousands of shares)	<u>8,543</u>
Weighted average number of ordinary shares for diluted earnings per share (thousands of shares)	<u>1,214,480</u>
Diluted earnings per share from operations (RMB per share)	<u>0.05</u>

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

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	(restated) <i>RMB'000</i>
Non-current:		
Other receivables		
Project deposits	–	1,503
Less: provision for impairment of other receivables	–	–
	<u>–</u>	<u>–</u>
Net other receivables	<u>–</u>	<u>1,503</u>
Current:		
Notes receivable		
	<u>7,547</u>	–
Trade receivables		
Due from third parties	81,037	37,318
Less: provision for impairment of trade receivables	<u>(1,589)</u>	<u>(1,939)</u>
Net trade receivables	<u>79,448</u>	<u>35,379</u>
Other receivables		
Loans due from third parties	11,403	16,983
Project deposits	9,108	6,796
Interest receivable	1,621	7,801
Amounts held for security trading purposes	3,574	5,982
Rebate receivable in the form of prepayments for the third-party advertising platforms' services	–	4,657
Staff advances	1,642	2,555
Rental deposits	2,980	2,496
Others	<u>6,771</u>	<u>4,001</u>
Gross other receivables	37,099	51,271
Less: provision for impairment of other receivables	<u>(14,452)</u>	<u>(12,038)</u>
Net other receivables	<u>22,647</u>	<u>39,233</u>
Others		
Prepayments to suppliers	12,376	20,877
Value-added tax recoverable	<u>12,061</u>	<u>14,508</u>
	<u>134,079</u>	<u>109,997</u>
Contract assets (a)	<u>87,015</u>	<u>25,351</u>

- (a) The contract assets are primarily related to the Group's rights to consideration for work completed in relation to Interior Design and Construction Business and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional other than the passage of time. The expected loss rate of contract assets is assessed to be minimal, therefore no loss allowance is recorded for contract assets.
- (b) As at 31 December 2020, the carrying amounts of trade and other receivables are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

The Group grants credit periods to customers ranging from 30 days to 180 days. As at 31 December 2020, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables – gross		
Within 1 month	57,698	15,580
Over 1 month and within 1 year	16,168	18,663
Over 1 year and within 2 years	5,920	3,004
Over 2 years	1,251	71
	<u>81,037</u>	<u>37,318</u>

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

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

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	(1,939)	(34)
Provision for impairment	(1,468)	(1,945)
Unused amount reversed	1,414	22
Write-off	404	18
	<u>(1,589)</u>	<u>(1,939)</u>
At the end of the year		

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

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At the beginning of the year	(12,038)	(12,693)
Provision for impairment	(3,024)	(2,072)
Unused amount reversed	546	1,397
Write-off	64	1,329
Disposal of subsidiaries	–	1
	<u>–</u>	<u>1</u>
At the end of the year	(14,452)	(12,038)
	<u>(14,452)</u>	<u>(12,038)</u>

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

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Net impairment loss provision		
– Trade receivables	(54)	(1,923)
– Other receivables	(2,478)	(675)
Subsequent recovery of amounts previously written off		
– Other receivables	–	2,600
	<u>–</u>	<u>2,600</u>
	(2,532)	2
	<u>(2,532)</u>	<u>2</u>

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2020 RMB'000	2019 (restated) RMB'000
Non-current:		
Financial assets related to redemption rights	<u>11,056</u>	<u>10,958</u>
Current:		
Wealth management products	229,070	155,790
Investment in a listed company	<u>23,489</u>	<u>68,361</u>
	252,559	224,151
	<u>252,559</u>	<u>224,151</u>

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

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	(restated) <i>RMB'000</i>
At the beginning of the year	235,109	78,000
Additions	811,740	473,940
Currency translation difference	(4,924)	1,422
Disposals	(782,402)	(333,005)
	<u>259,523</u>	<u>220,357</u>
Add: fair value change	4,092	14,752
	<u>263,615</u>	<u>235,109</u>

11 DIVIDENDS

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	–	–
Dividends declared (a)	21,554	–
Dividends paid	(21,554)	–
	<u>–</u>	<u>–</u>
At the end of the year	<u>–</u>	<u>–</u>

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

12 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 31 December	
	2020	2019
	RMB'000	(restated) RMB'000
Trade payables (c)	163,966	81,291
Other payables		
Deposits payables (a)	317,226	261,337
Quality and performance guarantee deposits	74,744	72,285
Payables for financial assets at FVOCI	–	9,862
Other accrued expenses and payables	37,682	13,841
Total other payables	429,652	357,325
Others		
Staff salaries and welfare payables	42,414	50,247
Accrued taxes other than income tax	34,095	22,473
Total trade and other payables	670,127	511,336
Contract liabilities (b)	111,480	104,042

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 month	97,799	27,789
Over 1 month and within 3 months	16,334	40,723
Over 3 months and within 1 year	33,478	6,204
Over 1 year	16,355	6,575
	163,966	81,291

13 NET CASH GENERATED FROM OPERATIONS

(a) Reconciliation from profit before income tax to cash generated from operations:

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	(restated) <i>RMB'000</i>
Profit before income tax	48,410	44,075
<i>Adjustments for:</i>		
Finance income (<i>Note 6</i>)	(18,699)	(25,409)
Finance costs (<i>Note 6</i>)	2,395	1,958
Depreciation of property, plant and equipment	4,834	9,827
Depreciation of right-of-use assets	16,053	8,771
Amortisation of intangible assets	3,973	3,173
Net impairment losses/(gains) on financial assets (<i>Note 9(c)</i>)	2,532	(2)
Impairment loss on investments accounted for using the equity method	1,861	12,991
Net loss on disposal of property, plant and equipment	999	2,498
Losses on disposal of investments in associates	1,497	–
Dividend income classified as investing cash flows	(1,364)	–
Gains on termination of lease contracts	(974)	(98)
Share of results of investments accounted for using equity method	(60,598)	(17,864)
Fair value changes of financial assets at FVPL	(4,092)	(14,752)
Gains on disposals of subsidiaries	(218)	(1,064)
Gain on addition of investment in an associate	–	(5,345)
Share-based compensation	(2,690)	5,744
<i>Changes in working capital:</i>		
Decrease in inventories	5,963	12,688
Increase in contract assets (<i>Note 9</i>)	(61,664)	(25,351)
Increase in trade and other receivables	(34,207)	(45,128)
Decrease/(increase) in amounts due from related parties	164	(3,648)
Increase in trade and other payables and contract liabilities	167,721	74,192
Increase/(decrease) in amounts due to related parties	87	(63)
Cash generated from operations	71,983	37,193

- (b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Net book amount	1,133	3,095
Net loss on disposal of property, plant and equipment	(999)	(2,498)
	<u>134</u>	<u>597</u>

(c) **Disposal of subsidiaries**

During the year ended 31 December 2020, the Group disposed 60% equity interests in Pingtan Brausen Decoration Engineering Co., Ltd. and 100% equity interests in Shanghai Brausen Decoration Engineering Co., Ltd. with a cash consideration of RMB10 and RMB10. After the completion of the transactions, the Group lost the control of these two entities. The cash flows from the disposals were as follows:

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Total consideration		
– Cash consideration	–*	–*
Less: Cash and cash equivalents in the subsidiaries disposed	(6)	(3)
	<u>(6)</u>	<u>(3)</u>
Net cash out on disposals	(6)	(3)

* The balance stated above is less than RMB1,000.

The net liabilities of the subsidiaries disposed were as follows:

	On disposed date	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Cash	6	3
Trade and other receivables	–	5,417
Property, plant and equipment	–	95
Trade and other payables	(301)	(6,547)
Contract liabilities	(19)	(32)
	<u>(314)</u>	<u>(1,064)</u>
Net liabilities	(314)	(1,064)
Attributable to:		
– Equity holders of the Company	(218)	(1,064)
– Non-controlling interests	(96)	–
	<u>218</u>	<u>1,064</u>
Disposal gains attributable to the Group	218	1,064

(d) Non-cash investing and financing activities

- (i) Acquisition of an investment in an unlisted company by means of settling receivables

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Additions of financial assets measured at FVOCI	–	4,609
Subsequent recoveries of amounts previously written off (Note 9(c))	–	(2,600)
Decrease in other receivables	–	(1,000)
A gain recorded in “other gains – net”	–	(1,009)
	<hr/>	<hr/>
Net cash impact	<hr/> –	<hr/> –

- (ii) Acquisition of a building by means of settling a receivable

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Addition of a building	–	13,600
Increase in value-added tax recoverable	–	1,224
Decrease in other receivables	–	(14,824)
	<hr/>	<hr/>
Net cash impact	<hr/> –	<hr/> –

- (iii) Acquisition of additional equity interests in a subsidiary by means of settling a receivable

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Consideration of acquired equity interests	–	5,776
Decrease in other receivables	–	(5,776)
	<hr/>	<hr/>
Net cash impact	<hr/> –	<hr/> –

The Group did not have any material non-cash investing and financing activities for the year ended 31 December 2020.

(e) **Net cash reconciliation**

	Cash and cash equivalents <i>RMB'000</i>	Short-term borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
Net cash as at 1 January 2019, as previously reported	779,779	–	(27,003)	752,776
Business combination of Shanghai Qiyuan under common control (Note 2(a))	708	–	–	708
As restated	780,487	–	(27,003)	753,484
Cash flows	(380,690)	(12,000)	8,413	(384,277)
Acquisition – leases	–	–	(3,925)	(3,925)
Accrued interest for lease liabilities (Note 6)	–	–	(1,593)	(1,593)
Termination of leases contracts	–	–	2,690	2,690
Foreign exchange adjustments	10,884	–	–	10,884
Net cash as at 31 December 2019, as previously reported	410,681	(12,000)	(21,418)	377,263
Business combination of Shanghai Qiyuan under common control (Note 2(a))	472	–	–	472
As restated	411,153	(12,000)	(21,418)	377,735
Cash flows	522,631	5,000	16,216	543,847
Acquisition – leases	–	–	(31,842)	(31,842)
Accrued interest for lease liabilities (Note 6)	–	–	(1,864)	(1,864)
Termination of leases contracts	–	–	14,041	14,041
Foreign exchange adjustments	(36,430)	–	–	(36,430)
Net cash as at 31 December 2020	897,354	(7,000)	(24,867)	865,487

14 COMMITMENTS

(a) Operating lease commitments

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

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

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Minimum lease payments under non-cancellable operating leases not recognised in the consolidated financial statements are as follows:		
Within 1 year	<u>2,887</u>	<u>9,140</u>

(b) Capital commitments

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

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	<u>6,597</u>	<u>–</u>

OTHER INFORMATION

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

During the year ended 31 December 2020, the Company repurchased a total of 29,121,000 shares of the Company on the Stock Exchange pursuant to the general mandate granted by the shareholders at the annual general meeting held on 29 May 2020. All the Shares repurchased were subsequently cancelled on 25 February 2021.

Particulars of the repurchases made by the Company during the year ended 31 December 2020 are as follows:

Month	Number of shares repurchases	Purchase price per share		Aggregate consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2020	4,151,000	2.49	2.38	10,086,933
June 2020	2,181,000	2.48	2.38	5,347,211
July 2020	6,515,500	2.45	2.39	15,816,360
September 2020	1,630,000	2.22	2.15	3,569,110
November 2020	1,578,500	2.41	2.28	3,704,730
December 2020	13,065,000	2.31	2.29	29,943,390

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities during the year ended 31 December 2020.

Employee and remuneration policy

As of 31 December 2020, the Group had 788 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.

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.

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

During the year ended 31 December 2020, we did not have material acquisitions and disposals of subsidiaries and joint ventures.

Compliance with CG Code

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

During the year ended 31 December 2020, the Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules.

Compliance with code provision A.2.1 of the CG Code

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

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

Compliance with the Model Code for Securities Transactions by Directors

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

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Reporting Period after making reasonable enquiry.

Audit and Risk Management Committee and review of financial statements

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

The Audit and Risk Management Committee has reviewed the Group's annual results for the year ended 31 December 2020, 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.

Auditor's procedures performed on this results announcement

The figures in respect of the announcement of the Company's results (excluding the Adjusted Net Profit attributed to equity holders of the Company and Adjusted Basic and Diluted EPS) for the year ended 31 December 2020 have been agreed by the Auditor to the amounts as set out in the Company's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement, and consequently no assurance has been expressed by the Auditor on this announcement.

Final dividend

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2020.

Use of Proceeds from the IPO

The total net proceeds from the issue of new Shares by the Company in its Listing (after deducting the underwriting fees and related expenses) amounted approximately RMB949.8 million, and the balance of unutilized net proceeds of approximately RMB490.8 million was kept at the bank accounts of the Group as at 31 December 2020.

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

Use of proceeds	Revised allocation of usage of net proceeds (RMB million)	Revised percentage of total net proceeds	Actual usage up to 31 December 2020 (RMB million)	Unutilized net proceeds as at 31 December 2020 (RMB million)
Marketing expense	379.9	40.0%	206.0	173.9
Development of supply chain management business	135.0	14.2%	60.0	75.0
Development of Loan referral business	20.0	2.1%	–	20.0
Development of our self-operated interior design and construction business	50.0	5.3%	40.0	10.0
Investment in our technology infrastructure and system	162.5	17.1%	95.0	67.5
Additional strategic investments and acquisitions	95.0	10.0%	13.0	82.0
Development of our new business	40.0	4.2%	10.0	30.0
General working capital	67.4	7.1%	35.0	32.4
Total	<u>949.8</u>	<u>100.0%</u>	<u>459.0</u>	<u>490.8</u>

Pursuant to the Prospectus, the Company expects to utilise the remaining proceeds of approximately RMB490.8 million within the next 2 years.

Important events after reporting period

The Group has no important events after the Reporting Period.

Public float

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

Annual General Meeting

The forthcoming annual general meeting will be held on Wednesday, 26 May 2021 and its notice and all other relevant documents will be published and despatched to shareholders in April 2021.

Closure of register of members

The register of members of the Company will be closed from Friday, 21 May 2021 to Wednesday, 26 May 2021, both days inclusive and during which period no transfer of share will be effected. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Thursday, 20 May 2021.

Publication of 2020 annual results and annual report

This annual results announcement of the Group for the year ended 31 December 2020 is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.geeka.com. The annual report for the year ended 31 December 2020 containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in April 2021.

APPRECIATION

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

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

Shanghai, the PRC, 19 March 2021

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

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

DEFINITION

“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Brausen”	Brausen (Fujian) Decoration & Engineering Co., Ltd.* (博若森(福建)裝飾工程有限公司), company with limited liability incorporated in PRC on 23 June 2006 and a subsidiary of our Company, and its subsidiaries as the context requires, which were acquired by us on 24 August 2015
“BVI”	the British Virgin Islands
“CEO”	the chief executive officer of our Company
“CG Code”	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“Chairman”	the chairman of the Board
“CIT”	corporate income tax
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “we” or “us”	Qeeka Home (Cayman) Inc. 齊屹科技(開曼)有限公司 (formerly known as China Home (Cayman) Inc.), an exempted company with limited liability incorporated in the Cayman Islands on 20 November 2014
“Contractual Arrangement(s)”	the series of contractual arrangements entered into among Shanghai Qijia, Qijia Network Technology and the shareholders of Shanghai Qijia, details of which are described in the section headed “Contractual Arrangements” of the Prospectus
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of our Company
“EPS”	earnings/(loss) per share

“Group” or “our Group”	the Company, its subsidiaries, and the PRC Operating Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IAS”	the International Accounting Standards
“IASB”	the International Accounting Standards Board
“IDC” or “Interior Design and Construction Business”	the provision of interior design and construction service and licensing it brand to business partners and others
“IFRS”	the International Financial Reporting Standards, amendments and interpretation issued from time to time by the IASB
“Innovation and others Business”	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, the date on which the Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	The stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Marketing Service Business”	the provision of targeted marketing services and inspection service
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules

“Mr. Deng”	Mr. Deng Huajin, our founder, chairman of our Board, executive Director, CEO and our single largest Shareholder
“MUV”	monthly unique visitors
“PRC” or “China”	the People’s Republic of China, except where the context requires otherwise and only for the purposes of this prospectus, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Operating Entities”	Shanghai Qijia and its subsidiaries and branches, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements
“Prospectus”	the prospectus being issued in connection with the IPO
“Qeeka Holding”	Qeeka Holding Limited, an exempted company with limited liability incorporated in the BVI on November 18, 2014, which is wholly owned by Mr. Deng
“Qijia Network Technology”	Qijia (Shanghai) Network Technology Co., Ltd.* (齊家網(上海)網絡科技有限公司), a company with limited liability incorporated in the PRC on 16 April 2015 and a subsidiary of the Company
“Reporting Period”	the year ended 31 December 2020
“RMB”	Renminbi, the lawful currency of PRC
“SaaS Business”	the provision of SaaS based total marketing solution
“Sales lead”	the data that identifies someone as a potential demand user of Interior Design and Construction
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Qijia”	Shanghai Qijia Network Information Technology Co., Ltd.* (上海齊家網信息科技股份有限公司), a company with limited liability incorporated in the PRC on 9 August 2007, and is controlled by our Group through the Contractual Arrangements
“Shanghai Qiyu”	Shanghai Qiyu Information Technology Co.,Ltd.* (上海齊煜信息科技股份有限公司), 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
“%”	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.