齊屹科技

Qeeka Home (Cayman) Inc.

Stock Code:1739

2019

INTERIM REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. LI Gabriel
Mr. SHENG Gang
Mr. TANG Zhenjiang *(appointed on 29 March 2019)*
Mr. WU Haifeng *(resigned on 29 March 2019)*

Independent Non-executive Directors

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

JOINT COMPANY SECRETARIES

Mr. TIAN Yuan *(appointed on 2 August 2019)*
Ms. SO Shuk Yi Betty
Mr. WANG Wenfei *(resigned on 2 August 2019)*

AUTHORIZED REPRESENTATIVES

Mr. DENG Huajin
Mr. TIAN Yuan *(appointed on 2 August 2019)*
Mr. WANG Wenfei *(resigned on 2 August 2019)*

AUDIT AND RISK MANAGEMENT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE

The offices of Sertus Incorporations (Cayman) Limited
Sertus Chambers, Governors Square
Suite #5-204, 23 Lime Tree Bay Avenue
P.O. Box 2547
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS

No. 6 Building, 3131 Jinshajiang Road
Jiading District, Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Sunlight Tower
No. 248 Queen's Road East
Wanchai
Hong Kong

Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Sertus Incorporations (Cayman) Limited
Sertus Chambers, Governors Square
Suite #5-204, 23 Lime Tree Bay Avenue
P.O. Box 2547
Grand Cayman, KY1-1104
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

STOCK CODE

1739

COMPANY'S WEBSITE

www.qeeka.com

COMPLIANCE ADVISER

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

PRINCIPAL BANKS

Pingan Bank Co., Ltd.
Offshore Banking Department
11/F, Pingan Bank Tower
No. 5047, Road Shennan Dong
Shenzhen, Guangdong, PRC

Bank of China (Hong Kong) Limited
Hong Kong Branch
3/F, Bank of China Tower
1 Garden Road
Central, Hong Kong

Key Financial and Operation Data

HIGHLIGHTS OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

RMB366.5 million
Total revenue increased
by ***33.0%*** year-on-year

RMB224.6 million
Revenues from the Platform
Business increased
by ***57.1%*** year-on-year

RMB35.2 million
Adjust net profit attributable to
equity holders of the Company

55.1 million
Monthly unique visitors
increased by ***19.0%*** year-on-year

549,911
Number of recommendations made
increased by ***59.7%*** year-on-year

RMB994
Average revenue from platform services
per recommended user
increased by ***8.0%*** year-on-year

Key Financial and Operation Data

KEY FINANCIAL DATA

	Six months ended 30 June 2019 (RMB'000)	2018 (RMB'000)	Year-on-year change (%)
Revenue	**366,465**	275,584	33.0%
– Platform Business	**224,631**	142,945	57.1%
– Materials Supply Chain Business	**28,932**	17,348	66.8%
– Self-operated Interior Design and Construction Business and others	**112,902**	115,291	(2.1%)
Gross Profit	**253,265**	163,555	54.9%
– Platform Business	**215,468**	135,805	58.7%
– Materials Supply Chain Business	**3,928**	1,661	136.5%
– Self-operated Interior Design and Construction Business and others	**33,869**	26,089	29.8%
Gross Margin	**69.1%**	59.3%	16.5%
– Platform Business	**95.9%**	95.0%	0.9%
– Materials Supply Chain Business	**13.6%**	9.6%	41.7%
– Self-operated Interior Design and Construction Business and others	**30.0%**	22.6%	32.7%
Adjusted net profit attributable to equity holders of the Company[(1)]	**35,186**	30,198	16.5%
Adjusted Net Margin	**9.6%**	11.0%	(12.7%)
Adjusted EPS[(2)] (expressed in RMB per share)			
– Basic	**0.03**	0.07	(57.1%)
– Diluted	**0.03**	0.03	–

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 – Non-IFRS Measures: Adjusted net profit from continuing operations attributable to equity holders of the Company".

(2) Adjusted earnings per share ("EPS") is calculated by dividing the adjusted net profit from continuing operations attributable to equity holders of the Company by weighted average number of ordinary shares issued during the interim periods, which exclude share-based compensation expenses and impairment loss on investments accounted for using the equity method

Key Financial and Operation Data

KEY OPERATION METRICS

The table below sets forth our MUV, the number of users to whom we made recommendations, the number of user recommendations made, and the average revenue from platform services per recommended user during the periods indicated:

	Six months ended 30 June		Year-on-Year
	2019	2018	change (%)
MUVs (in millions)	**55.1**	46.3	19.0%
Number of recommended users	**226,026**	155,348	45.5%
Number of recommendations made	**549,911**	344,428	59.7%
Average revenue from platform services per recommended user (RMB)	**994**	920	8.0%

During the Period, (i) our MUVs increased by 19.0% from 46.3 million for the six months ended 30 June 2018 to 55.1 million for the six months ended 30 June 2019; (ii) the number of recommended users increased by 45.5% from 155,348 for the six months ended 30 June 2018 to 226,026 for the six months ended 30 June 2019; (iii) the number of recommendations made increased by 59.7% from 344,428 for the six months ended 30 June 2018 to 549,911 for the six months ended 30 June 2019; and (iv) the average revenue from platform services per recommended users increased by 8.0% from RMB920 for the six months ended 30 June 2018 to RMB994 for the six months ended 30 June 2019.

Chairman's Statement

Dear Shareholders,

I am pleased to present our interim results of the Group for the six months ended 30 June 2019.

Highlights of Results

In the first half of 2019, upholding the values of improving user experience and market efficiency, we continuously consolidated our leading position in China's internet-based IDC platforms and promoted the ecosystem of IDC, thus achieving a steady growth in various businesses. Meanwhile, we made efforts to promote the Internet and online development of the entire industry, and to deepen penetration, thus achieving phased results in improving the efficiency of the IDC industry.

In the first half of 2019, our total revenue from operations was RMB366.5 million, representing a year-on-year increase of 33.0%; revenue from platform businesses was RMB224.6 million, representing a year-on-year increase of 57.1%. Our adjusted net profit attributable to equity holders of the Company for the first half of 2019 was RMB35.2 million, representing a year-on-year increase of 16.5%.

Business Review

At present, the IDC industry has moved into the stage of profound adjustment and there is still huge room for application of consumer Internet to the industry, which serves as a long-running growth driver for us. Meanwhile, we can see the strategic opportunities for the IDC industry brought by Internet application. As such, in the first half of 2019, we actively participated in and get ourselves well-positioned for Internet application.

As a platform, we connect IDC service providers with various parties in the industry chain including users, material suppliers and software service providers, and utilize information technology to continuously improve the standardization and online development of IDC service providers, rebuild and reconstruct the IDC industry chain and value chain, in order to further enhance the efficiency of the industry.

In the first half of 2019, we promoted process standardization of the IDC industry, standardize processes ranging from house measurement, design, quotation, construction to after-sales service. Meanwhile, we require and ensure that the merchants on the platform to serve users with high standard. **Therefore, our IDC services have been staying ahead among peers in the industry.**

As merchants are unable to fully meet user demands in the industry, we make efforts to promote service quality of merchants. In the first half of the year, we selected IDC service providers according to a stricter standard and launched the online IDC company rating system, a 5-star rating system under which IDC service providers are rated according to factors including their design and construction capacities, IDC cases, delivery satisfaction and scores from users, with the 5-star rating representing the highest quality. Such rating system brings about better user experience in terms of selection, and provides a good self-motivation mechanism for IDC service providers.

At the same time, based on the professional ratings of IDC service providers, **we have taken the lead in becoming the platform in the industry which is able to accurately recommend IDC service providers within a 30-kilometer radius,** taking into account the user's floor area, budget, preference, new and old types, luxury and simple IDC, etc.

In the first half of 2019, we continued to further promote the strategies of platform empowerment and expansion to cover third and lower-tier cities, by significantly increasing the number of IDC service providers on the platform and improving their quality. As at 30 June 2019, the number of IDC service providers on the platform reached 11,042, representing a year-on-year increase of 36.6%.

In terms of SaaS, we have established an information platform for IDC service providers and provided software and systems in relation to design and construction management, to improve the operation efficiency and management level of IDC service providers. In terms of design, we continue to cooperate with relevant software service providers in providing renderings design software to improve the design efficiency of IDC service providers. In terms of construction management, we continue to improve the delivery and management standards of IDC service providers.

Chairman's Statement

In terms of supply chain, we have promoted the "Qijia Quality Supply Chain Alliance" plan. Since 2019, we have strategically cooperated with well-known brands in the field of home furnishing, including Youpon Ceiling (友邦吊頂), ZBOM (志邦家居) and Holike (好萊客), and deepened the partnerships with well-known material suppliers including Meida Integrated Stove (美大集成灶) and CIMIC TILES (斯米克磁磚). Therefore, we were able to provide IDC service providers with high-quality materials and reduced their purchase costs through bulk purchases. Meanwhile, the supply chain has become our new sources of income and has grown rapidly. In the first half of 2019, we were building a more efficient supply chain platform to help IDC service providers further improve the efficiency of supply chain management for materials ranging from auxiliary materials to main materials.

In the first half of 2019, under various measures of the Company, the construction capacities, management level, delivery quality and service capacities of the IDC service providers were greatly improved, which in turn improved our user experience, while the word-of-mouth effect encouraged more users to visit our platform. In the first half of 2019, the number of independent visitors per month was 55.1 million, representing a year-on-year increase of 19.0%.

In view of this, we have further enriched the content forms and carriers on the platform, using high-quality contents to receive traffic, retain users and improve the user stickiness. As at 30 June 2019, the IDC contents of Qijia Network platform included more than 2.4 million articles and posts, 5.5 million photos and 1.4 million examples.

Our third-party testing service and payment guarantee "Qijia Bao" is trusted by more and more users. **As at 30 June 2019, the number of constructions using our Qijia Bao service was 13,870, representing a year-on-year increase of 91.5%. We have also strengthened the service ability of designers and construction teams and improved the consistency between design and actual delivery.**

In the future, we will continue to implement the mission of making IDC more efficient, convenient and transparent, further improve the online development of the IDC industry, attract more groups in the IDC verticals to our platform, prosper our IDC ecosystem, promote the Internet-based development of the whole IDC industry, thus realizing the overall improvement in the industry efficiency and user experience.

Company business outlook

We will continue to focus on executing our long-term strategy as China's leading interior design and construction platform, reduce our exposure to short-term volatility, and continue to align our product strategy, client coverage and service development in order to allocate our resources and efforts to drive long-term returns. We are excited by the new talents we have recruited as our core team and the foundation we have built. Going forward, we will explore diversified business models and opportunities to build a robust and comprehensive platform. We are confident we will be able to create sustainable value for our shareholders continuously.

Appreciation

I would like to take this opportunity to express my heartfelt gratitude to all shareholders, investors, business partners and users for trusting and supporting the Group. I would like to thank the Board, the management and all of our employees for their efforts and contributions to the Group. In the future, we will continue to promote the development of the Group and seek to create maximum value for shareholders.

Mr. Deng Huajin
Chairman

Shanghai, the PRC
20 August 2019

Management Discussion and Analysis

Analysis on Principal Business Operations

Platform Business

Our Platform Business provides a one-stop solution for our users and merchants. It helps our users navigate the complicated interior design and construction process by sharing home improvement knowledge and connecting them with quality service providers. Our platform is also an efficient and cost-effective means for interior design and construction service providers to acquire customers and promote their brand.

In the first half year of 2019, our core Platform Business has continued to demonstrate significant growth momentum, and revenues from the Platform Business was RMB224.6 million, representing an increase of 57.1% from the corresponding period in 2018.

On the consumer front, we delivered comprehensive, independent and interactive contents to users through our website and mobile applications. As of 30 June 2019, our user data and high-quality home improvement content included over 2.4 million articles and posts, 5.5 million photos and 1.4 million real-life case studies. In addition, our accurate and comprehensive user profiling technology enables us to continuously enhance user experience and improve our ability to attract and retain customers.

To address poor user experience caused by sub-par construction service and unsecured payment mechanism, we continued to promote third-party inspection services and payment security (namely "**Qijia Bao Service**") to our users. During the first half year of 2019, the number of construction sites that adopted our Qijia Bao Service increased by 91.5% to 13,870, as compared to the corresponding period in 2018.

On the merchant side, we promoted business expansion and management mechanism for service providers on our platform. We have attracted more high-quality service providers to our platform, and the number of interior design and construction service providers on our platform increased by 36.6% from 8,083 as of 30 June 2018 to 11,042 as of 30 June 2019.

Materials Supply Chain Business

We integrated materials procurement and distribution to enhance operation efficiency to our service providers. Also, we have deepened partnerships with well-known materials merchants in China to sell customized or exclusive models of selected materials categories to our service providers.

Management Discussion and Analysis

In July 2019, we have established a joint venture with Guangzhou Holike, an A-share listed company in the PRC (Stock code: 603898) principally engaged in manufacturing customized integrated furnitures, to create synergy with our Materials Supply Chain Business.

In the first half year of 2019, revenues from the Materials Supply Chain Business were RMB28.9 million, representing an increase of 66.8%, as compared to the corresponding period in 2018.

Self-operated Interior Design and Construction Business

We operated two full-service interior design and construction businesses: home renovation service focusing on individual consumers, and real estate refined decoration service focusing on interior design and construction services for residential real estate developers and serviced apartments. We believe we are able to create additional value to our users and service providers on our platform by applying hands-on experience and industry insights acquired from the operation of Self-operated Interior Design and Construction Business.

Additionally, we shifted our focus on improving operation efficiency and strengthening the strategic synergies with our Platform Business instead of sales volume growth. As a result, revenues from Self-operated Interior Design and Construction Business and others decreased slightly by 2.1% to RMB112.9 million in the first half year of 2019, as compared to the corresponding period in 2018.

Company financial highlights

For the first half year of 2019, our total revenues increased by 33.0% year-on-year to RMB366.5 million, and revenues from our Platform Business, Materials Supply Chain Business and Self-operated Interior Design and Construction Business and others increased by 57.1%, 66.8% and decreased by 2.1%, as compared to the corresponding period in 2018, respectively.

Adjusted net profit attributable to equity holders of the Company was RMB35.2 million for the six months ended 30 June 2019, representing an increase of 16.5% compared to an adjusted net profit from continuing operations of RMB30.2 million for the six months ended 30 June 2018.

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Continuing operations		
Revenue	**366,465**	275,584
Cost of sales	**(113,200)**	(112,029)
Gross profit	**253,265**	163,555
Selling and marketing expenses	**(188,151)**	(125,473)
Administrative expenses	**(33,281)**	(34,236)
Research and development expenses	**(23,536)**	(18,042)
Net impairment losses on financial assets	**(2,598)**	(21)
Other (losses)/gains – net	**(8,117)**	5,921
Operating loss	**(2,418)**	(8,296)
Finance income	**15,113**	29,886
Finance costs	**(959)**	–
Finance income – net	**14,154**	29,886
Share of net profit of investments accounted for using the equity method	**2,228**	1,947
Fair value gains of preferred shares and convertible liabilities	**–**	698,814
Profit before income tax	**13,964**	722,351
Income tax (expense)/credit	**(560)**	279
Profit from continuing operations	**13,404**	722,630
Profit from discontinued operation	**–**	31,987
Profit for the period	**13,404**	754,617
Profit attributable to:		
Equity holders of the Company	**20,097**	764,294
Non-controlling interests	**(6,693)**	(9,677)
	13,404	754,617
Non-IFRS measure		
Adjusted net profit from continuing operations attributable to equity holders of the Company	**35,186**	30,198

Management Discussion and Analysis

Revenue from continuing operations

Total revenue from continuing operations increased by 33.0% from RMB275.6 million for the six months ended 30 June 2018 to RMB366.5 million for the six months ended 30 June 2019.

	Six months ended 30 June			
	2019		2018	
	RMB'000	**% of total revenues**	RMB'000	% of total revenues
Platform Business	**224,631**	**61.3%**	142,945	51.9%
Materials Supply Chain Business	**28,932**	**7.9%**	17,348	6.3%
Self-operated Interior Design and Construction Business and others	**112,902**	**30.8%**	115,291	41.8%
Total	**366,465**	**100.0%**	275,584	100.0%

- **Platform Business**
  Revenues derived from our Platform Business increased by 57.1% from RMB142.9 million for the six months ended 30 June 2018 to RMB224.6 million for the six months ended 30 June 2019 due to the increase in order recommendation fees. Such increase was primarily due to the increase in our MUVs and number of user recommendations, as a result of increasing focus on online storefront improvements, enriching content and creating further brand loyalty of service providers to our online storefront. This growth was also driven by the increase in our average revenue from platform services per recommended user.

- **Materials Supply Chain Business**
  Increase in revenues from our Materials Supply Chain Business was largely due to our efforts to promote our comprehensive services solutions to service providers on our platform, as well as requiring our licensees to purchase certain construction materials exclusively from us. We expect to leverage economies of scale and obtain lower prices from the materials manufacturers, thereby achieving greater monetization potential.

- **Self-operated Interior Design and Construction Business and others**
  Revenues derived from our Self-operated Interior Design and Construction Business and others decreased slightly by 2.1% from RMB115.3 million for the six months ended 30 June 2018 to RMB112.9 million for the six months ended 30 June 2019.

	Six months ended 30 June		Year-on-year change (%)
	2019	2018	
	RMB'000	RMB'000	
Home renovation service	**64,862**	98,165	(33.9%)
Real estate refined decoration service	**45,376**	14,681	209.1%
Others	**2,664**	2,445	9.0%
Total	**112,902**	115,291	(2.1%)

This decrease was primarily due to the integration of our self-operated interior design and construction brands and therefore a decrease in revenues derived from home renovation service, which was offset by the strong growth in construction services for real estate developers and service apartments.

Cost of sales

Cost of sales from continuing operations increased slightly by 1.1% from RMB112.0 million for the six months ended 30 June 2018 to RMB113.2 million for the six months ended 30 June 2019, which is mainly due to the increase in costs of our Materials Supply Chain Business, which is partially offset by the decrease in costs of sales of our Self-operated Interior Design and Construction Business.

- **Platform Business**
  Cost of sales of our Platform Business increased by 29.6% from RMB7.1 million for the six months ended 30 June 2018 to RMB9.2 million for the six months ended 30 June 2019, primarily due to increased costs associated with the expansion of our online platform such as costs of third-party inspectors that we hired to evaluate and inspect construction projects.

- **Materials Supply Chain Business**
  Cost of sales of our Materials Supply Chain Business increased by 59.2% from RMB15.7 million for the six months ended 30 June 2018 to RMB25.0 million for the six months ended 30 June 2019, in line with the increase in revenues from sales of building materials.

- **Self-operated Interior Design and Construction Business and others**
  Cost of sales of our Self-operated Interior Design and Construction Business and others decreased by 11.4% from RMB89.2 million for the six months ended 30 June 2018 to RMB79.0 million for the six months ended 30 June 2019, primarily due to the decrease in cost of sales of our home renovations service, which was offset by the increase in cost of sales of our real estate refined decoration service during the interim periods.

Gross profit from continuing operations and margin

As a result of the foregoing, our total gross profit from continuing operations increased by 54.9% from RMB163.6 million for the six months ended 30 June 2018 to RMB253.3 million for the six months ended 30 June 2019. Our overall gross profit margin from continuing operations increased from 59.3% for the six months ended 30 June 2018 to 69.1% for the six months ended 30 June 2019.

	Six months ended 30 June			
	2019		2018	
	RMB'000	**Gross margin (%)**	RMB'000	Gross margin (%)
Platform Business	**215,468**	**95.9%**	135,805	95.0%
Materials Supply Chain Business	**3,928**	**13.6%**	1,661	9.6%
Self-operated Interior Design and Construction Business and others	**33,869**	**30.0%**	26,089	22.6%
Total	**253,265**	**69.1%**	163,555	59.3%

- **Platform Business**
  Gross profit of our Platform Business increased by 58.7% from RMB135.8 million for the six months ended 30 June 2018 to RMB215.5 million for the six months ended 30 June 2019. Gross profit margin of this segment stabilized at approximately 95.9% for the six months ended 30 June 2019, as compared to 95.0% for the six months ended 30 June 2018.

Management Discussion and Analysis

Gross profit from continuing operations and margin (continued)

- **Materials Supply Chain Business**
  Gross profit of our Materials Supply Chain Business increased by 136.5% from RMB1.7 million for the six months ended 30 June 2018 to RMB3.9 million for the six months ended 30 June 2019 due to the revenue increase in the business segment. Gross profit margin of Materials Supply Chain Business increased from 9.6% for the six months ended 30 June 2018 to 13.6% for the six months ended 30 June 2019 due to the effect of scale economies.

- **Self-operated Interior Design and Construction Business and others**
  Gross profit of our Self-operated Interior Design and Construction Business and others increased by 29.8% from RMB26.1 million for the six months ended 30 June 2018 to RMB33.9 million for the six months ended 30 June 2019.

  Our gross profit margin for this segment increased from 22.6% for the six months ended 30 June 2018 to 30.0% for the six months ended 30 June 2019, which was attributable to the improvement of operation efficiency and construction management.

Selling and marketing expenses

Our selling and marketing expenses increased by 50.0% from RMB125.5 million for the six months ended 30 June 2018 to RMB188.2 million for the six months ended 30 June 2019, primarily due to the increase in advertising and promotion expenses including online promotional advertisements as well as the increase of outsourced labor cost due to our expansion of the selling and marketing teams to support the expansion of our Platform Business.

Administrative expenses

Our administrative expenses decreased slightly by 2.6% from RMB34.2 million for the six months ended 30 June 2018 to RMB33.3 million for the six months ended 30 June 2019.

Research and development expenses

Our research and development expenses increased by 30.6% from RMB18.0 million for the six months ended 30 June 2018 to RMB23.5 million for the six months ended 30 June 2019, primarily due to hiring of more research and development staff in order to further enhance our platform.

Other (losses)/gains – net

Other net losses for the six months ended 30 June 2019 were mainly due to (1) the receipt of a government grant of RMB4.3 million during the first half year of 2019; and (2) the impairment loss on investment accounted for using the equity method of RMB14.1 million on financial instruments.

Finance income – net

Our finance income for the six months ended 30 June 2019 was mainly due to the interest income from our internal funds.

Income tax (expense)/credit

Our income tax expenses for the six months ended 30 June 2019 was RMB0.6 million, mainly due to the decrease in deferred tax assets.

Non-IFRS measures: Adjusted net profit from continuing operations attributable to equity holders of the Company

As a result of the foregoing, our net profit was RMB13.4 million for the six months ended 30 June 2019, as compared to net profit from continuing operations of RMB722.6 million for the six months ended 30 June 2018.

To supplement our unaudited interim results, which is presented in accordance with International Accounting Standards 34, we also use adjusted net profit attributable to equity holders of the Company as an additional financial measure, which is not required by, or presented in accordance with IFRS. The term "adjusted net profit from continuing operations attributable to equity holders of the Company" is not defined under IFRS. We believe that this additional financial measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management do not consider to be indicative of our operating performance. We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the "adjusted net profit attributable to equity holders of the Company" may not be comparable to a similarly titled measure presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

The following table reconciles our adjusted net profit attributable to equity holders of the Company for the six months ended 30 June 2019 and 2018 to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Net profit from continuing operations attributable to equity holders of the Company	**20,097**	732,307
Impairment loss on investments accounted for using the equity method	**14,135**	–
Share-based compensation expenses	**954**	2,815
Fair value gain of preferred shares and convertible liabilities	**–**	(698,814)
Accretion charge of liabilities components of preferred shares	**–**	(21,309)
Listing expenses	**–**	15,350
Non-controlling interests effects	**–**	(151)
Adjusted net profit from continuing operations attributable to equity holders of the Company	**35,186**	30,198

Liquidity and financial resources

Our cash and other liquid financial resources as at 30 June 2019 and 31 December 2018 were as follows:

	30 June 2019	31 December 2018
	RMB'000	RMB'000
Cash and cash equivalents	**638,554**	779,779
Term deposits	**385,943**	333,552
Cash and other liquid financial resources	**1,024,497**	1,113,331

Liquidity and financial resources (continued)

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. 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.

Gearing ratio

As of 30 June 2019, our total borrowings were RMB12.0 million due in 2019 with annual average interest rate of 4.785%.

As of 30 June 2019, our gearing ratio, calculated as total borrowings divided by total equity attributable to equity holders of the Company was approximately 0.9%.

Operating lease commitments

Our Group leases office buildings under non-cancellable operating lease agreements.

As at 30 June 2019, the commitments related to short-term lease payments which will be recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases within a term of 12 months. Future minimum payments under non-cancellable operating leases for office and warehouse facilities were as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
No later than 1 year	**671**	13,866
Later than 1 year and no later than 5 years	**–**	26,732
Later than 5 years	**–**	2,743
	671	43,341

The Group has adopted IFRS 16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance on 1 January 2019. Details of the amended standards are set out in note 4 to the condensed consolidated interim financial information.

Treasury policy

We have adopted a prudent financial management approach towards our treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 June 2019. 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.

During the six months ended 30 June 2019, we have funded our cash requirements principally from cash generated from our operating activities. We have primarily used cash to develop new operations and support mid-to-long term strategic investments along the value chain in order to better consolidate industry resources. We had cash and cash equivalents of RMB638.6 million as of 30 June 2019. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Capital expenditure

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Payment of land deed tax	**9,358**	–
Purchase of intangible assets	**1,568**	2,475
Purchase of property and equipment	**32**	6,164
Total	**10,958**	8,639

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 payment of land deed tax. The land will be developed into a commercial complex, including a comprehensive interior design industrial park in Shanghai, which will consolidate verticals of the interior design and construction value chain.

Long-term investment activities

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Investments accounted for using the equity method	**184,628**	196,065
Financial assets at fair value through other comprehensive income ("**FVOCI**")	**43,099**	41,919
Total	**227,727**	237,984

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 stage, and while successful investments could generate substantial returns, unsuccessful ones may need to be impaired.

In respect of the Group's investments accounted for using the equity method, the Group tested them for impairment as at 30 June 2019. Based on the result of the test, impairment loss of RMB14,135,000 was recognised as at 30 June 2019.

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 United States Dollar. Our Company's primary subsidiaries were incorporated in the PRC and these subsidiaries use Renminbi as their functional currency. Our Group operates mainly in the PRC with most of the transactions settled in Renminbi. 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 denominated in the currencies other than the respective functional currencies of our Group's entities. Hence, we currently do not hedge or consider necessary to hedge any of these risks.

Contingent liabilities

As of 30 June 2019, we did not have any material contingent liabilities.

Employee and remuneration policy

As of 30 June 2019, the Group had 1,125 full-time employees, most of whom were based in China, primarily at our headquarters in Shanghai, with the rest based in Beijing, Fuzhou and various other cities in China. The number of employees employed by the Group varies depending on needs and employees are remunerated based on industry practice.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. As required under the PRC regulations, we participate in housing fund and various employee social security plan that are organized by applicable local municipal and provincial governments. Bonuses are generally discretionary and based in part on the overall performance of our business. We have granted and planned 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 Period, we did not have any material acquisitions and disposals of subsidiaries and joint ventures.

Directors' Interests and Short positions in Shares and underlying Shares and debentures of the Company or any of its Associated Corporations

As of 30 June 2019, the interests and short positions of the Directors in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Interest in Shares of the Company

Name of Director	Nature of interest	Number of ordinary Shares	Number of underlying Shares	Total number of Shares	Approximate percentage of the issued voting Shares of the Company
Mr. Deng[(1)]	Interest in controlled corporation and interest of spouse	315,937,140	–	315,937,140	26.10%
Mr. Gao Wei[(2)]	Interest in controlled corporation and beneficial owner	28,639,970	8,981,390	37,621,360	3.11%
Mr. Tian Yuan[(3)]	Interest in controlled corporation	5,578,876	–	5,578,876	0.46%
Mr. Gabriel Li[(4)]	Interest of spouse	100,000,000	–	100,000,000	8.26%

Notes:

(1) Mr. Deng holds 100% equity interests of Qeeka Holding Limited, which in turn directly holds 302,349,530 Shares. Accordingly, Mr. Deng is deemed to be interested in the 302,349,530 Shares held by Qeeka Holding Limited. Mr. Deng is the spouse of Ms. Sun Jie ("Ms. Sun"), and is deemed to be interested in the 13,587,610 Shares of Ms. Sun held through Qeeka Sunjie Home Holding Limited, representing approximately 1.12% interest in the Company.

(2) Mr. Gao Wei holds 100% equity interests in Qeeka Josephine Holding Limited, which in turn directly holds 28,639,970 Shares. Accordingly, Mr. Gao Wei is deemed to be interested in the 28,639,970 Shares held by Qeeka Josephine Holding Limited. In addition, Mr. Gao Wei was granted a total of 8,981,390 options under the pre-IPO Share Option Scheme on 31 December 2011.

(3) Mr. Tian Yuan holds 100% equity interests of Qeeka Tianyuan Home Holding Limited, which in turn directly holds 5,578,876 Shares. Accordingly, Mr. Tian Yuan is deemed to be interested in the 5,578,876 Shares held by Qeeka Tianyuan Home Holding Limited.

(4) Mr. Gabriel Li is the spouse of Ms. Lam Lai Ming ("Ms. Lam"), and is deemed to be interested in the Shares held by Ms. Lam in Orchid Asia. Orchid Asia directly holds 100,000,000 Shares. Orchid Asia is owned as to 95% by Orchid Asia VI, L.P. and as to 5% by Orchid Asia V Co-Investment Limited. The general partner of Orchid Asia VI, L.P. is OAVI Holdings, L.P. and the general partner of OAVI Holdings, L.P. is Orchid Asia VI GP, Limited, a company which is indirectly wholly-owned by Ms. Lam. Orchid Asia V Co-Investment Limited is wholly controlled by Ms. Lam.

Save as disclosed above, as of 30 June 2019, none of the Directors and chief executives of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As of 30 June 2019, the following persons (other than the Directors whose interests have been disclosed in this interim report) had an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company, pursuant to Section 336 of the SFO:

Name of Shareholders	Nature of interest	Number of shares	Approximate percentage of shareholding in the Company
Qeeka Holding	Beneficial owner	302,349,530 (L)[1]	24.99%
Mr. Deng [2]	Interest in a controlled corporation and interest of spouse	315,937,140 (L)	26.11%
Ms. Sun [3]	Interest in a controlled corporation and interest of spouse	315,937,140 (L)	26.11%
Baidu (Hong Kong) Limited [4]	Beneficial owner	139,333,330 (L)	11.51%
Baidu Holdings Limited [4]	Interest in a controlled corporation	139,333,330 (L)	11.51%
Baidu, Inc. [4]	Interest in a controlled corporation	139,333,330 (L)	11.51%
Hua Yuan International [5]	Beneficial owner	101,912,750 (L)	8.42%
China-Singapore Suzhou Industrial Park Ventures Co., Ltd. [5]	Interest in a controlled corporation	101,912,750 (L)	8.42%
Suzhou Oriza Holdings Co., Ltd [5][7]	Interest in a controlled corporation	185,246,080 (L)	15.31%
Suzhou Industrial Park Economic Development Co., Ltd. [5][7]	Interest in a controlled corporation	185,246,080 (L)	15.31%
Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. [5][7]	Interest in a controlled corporation	185,246,080 (L)	15.31%
Suzhou Industrial Zone Management Committee [5][7]	Interest in a controlled corporation	185,246,080 (L)	15.31%
Orchid Asia [6]	Beneficial owner	100,000,000 (L)	8.26%
Orchid Asia VI, L.P. [6]	Interest in a controlled corporation	100,000,000 (L)	8.26%
Orchid Asia V Group Management, Limited [6]	Interested in a controlled corporation	100,000,000 (L)	8.26%
Orchid Asia V Group, Limited [6]	Interested in a controlled corporation	100,000,000 (L)	8.26%
Areo Holdings Limited [6]	Interested in a controlled corporation	100,000,000 (L)	8.26%
OAVI Holdings, L.P. [6]	Interest in a controlled corporation	100,000,000 (L)	8.26%
Orchid Asia VI GP, Limited [6]	Interest in a controlled corporation	100,000,000 (L)	8.26%
Lam Lai Ming [6]	Interest in a controlled corporation	100,000,000 (L)	8.26%
Mr. Gabriel Li [6]	Interest of spouse	100,000,000 (L)	8.26%
SIP Oriza [7]	Beneficial owner	83,333,330 (L)	6.89%
SIP Oriza PE Fund Management Co., Ltd. [7]	Interest in a controlled corporation	83,333,330 (L)	6.89%
SIP Oriza Jingfeng Equity Investment Management Co., Ltd. [7]	Interest in a controlled corporation	83,333,330 (L)	6.89%
Yao Hua [7]	Interest in a controlled corporation	83,333,330 (L)	6.89%
Karst Peak Capital Limited[8]	Investment manager	72,653,500 (L)	6.00%
Leitzes Adam Gregory[8]	Interest in a controlled corporation	72,653,500 (L)	6.00%
Li Tao[9]	Interest in a controlled corporation	65,000,000 (L)	5.37%
Teng Yue Partners GP, LLC[9]	Interest in a controlled corporation	65,000,000 (L)	5.37%
Teng Yue Partners Holdings GP, LLC[9]	Interest in a controlled corporation	65,000,000 (L)	5.37%
Teng Yue Partners Holdings, LLC[9]	Interest in a controlled corporation	65,000,000 (L)	5.37%
Teng Yue Partners Master Fund, L.P.[9]	Beneficial owner	65,000,000 (L)	5.37%
Teng Yue Partners, L.P.[9]	Investment manager	65,000,000 (L)	5.37%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Qeeka Holding Limited is wholly-owned by Mr. Deng, therefore Mr. Deng is deemed to be interested in the 302,349,530 Shares held by Qeeka Holding Limited under the SFO. In addition, Mr. Deng is the spouse of Ms. Sun and therefore is deemed to be interested in the 13,587,610 Shares which Ms. Sun is interested in under the SFO.

(3) Qeeka Sunjie Home Holding Limited is wholly-owned by Ms. Sun Jie, therefore Ms. Sun is deemed to be interested in the 13,587,610 Shares held by Sunjie Home under the SFO. In addition, Ms. Sun Jie is the spouse of Mr. Deng and is therefore deemed to be interested in the 302,349,530 Shares which are interested by Mr. Deng under the SFO.

(4) Baidu (Hong Kong) Limited is an investment holding company wholly-owned by Baidu Holdings Limited, which is wholly-owned by Baidu, Inc., a company listed on NASDAQ (NASDAQ: BIDU). Under the SFO, Baidu, Inc. and Baidu Holdings Limited are deemed to be interested in the Shares held by Baidu (Hong Kong) Limited.

(5) Hua Yuan International Limited is wholly-owned by China-Singapore Suzhou Industrial Park Ventures Co., Ltd., which is wholly-owned by Suzhou Oriza Holdings Co., Ltd, which is owned as to 70% by Suzhou Industrial Park Economic Development Co., Ltd. And as to 30% by Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd., both of which are wholly-owned by Suzhou Industrial Zone Management Committee. Under the SFO, China-Singapore Suzhou Industrial Park Ventures Co., Ltd., Suzhou Oriza Holdings Co., Ltd, Suzhou Industrial Park Economic Development Co., Ltd., Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. and Suzhou Industrial Zone Management Committee are deemed to be interested in the Shares held by Hua Yuan International Limited.

(6) Orchid Asia is owned as to 95% by Orchid Asia VI, L.P., and as to 5% by Orchid Asia V Co-Investment Limited. The general partner of Orchid Asia VI, L.P. is OAVI Holdings, L.P., and the general partner of OAVI Holdings, L.P. is Orchid Asia VI GP, Limited. Orchid Asia VI GP, Limited is wholly owned by Orchid Asia V Group Management, Limited, which is wholly owned by Orchid Asia V Group, Limited. Orchid Asia V Group, Limited is wholly owned by Areo Holdings Limited, a company which is wholly owned by Ms. Lam. Under the SFO, Orchid Asia VI, L.P., OAVI Holdings, L.P., Orchid Asia VI GP, Limited, Orchid Asia V Group Management, Limited, Orchid Asia V Group, Limited, Areo Holdings Limited and Ms. Lam are deemed to be interested in the Shares held by Orchid Asia. Mr. Gabriel Li is the spouse of Ms. Lam, and is deemed to be interested in the Shares held by Ms. Lam in Orchid Asia.

(7) The general partner of SIP Oriza is SIP Oriza PE Fund Management Co., Ltd., which is owned as to 51% by SIP Oriza Jingfeng Equity Investment Management Co., Ltd. and as to 49% by Suzhou Oriza Holdings Co., Ltd.. SIP Oriza Jingfeng Equity Investment Management Co., Ltd. is owned as to 44.19% by Yao Hua. Suzhou Oriza Holdings Co., Ltd. is owned as to 70% by Suzhou Industrial Park Economic Development Co., Ltd. and as to 30% by Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd., both of which are wholly-owned by Suzhou Industrial Zone Management Committee. Under the SFO, SIP Oriza PE Fund Management Co., Ltd., SIP Oriza Jingfeng Equity Investment Management Co., Ltd., Suzhou Oriza Holdings Co., Ltd., Yao Hua, Suzhou Industrial Park Economic Development Co., Ltd., Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. and Suzhou Industrial Zone Management Committee are deemed to be interested in the Shares held by SIP Oriza.

(8) The number of Shares disclosed was based on the latest disclosure of interest forms filed on 24 June 2019 (the date of relevant event be 19 June 2019) received from Karst Peak Capital Limited and Adam Gregory Leitzes. According to the filed forms, Karst Peak Asia Master Fund and Vermilion Peak Master Fund (collectively, the "Controlled Entities") held 44,766,900 Shares and 27,886,600 Shares, respectively. Karst Peak Capital Limited is noted as the controlling person (with 100% control) of each Controlled Entity as it is the sole discretionary manager of each such Controlled Entity. Adam Gregory Leitzes is a director of, and shareholder and Chief Investment Officer of, Karst Peak Capital Limited. Accordingly, Karst Peak Capital Limited and Adam Gregory Leitzes are deemed to be interested in the 72,653,500 Shares held by the Controlled Entities aggregately.

(9) The number of Shares disclosed was based on the disclosure of Interest form filed on 12 July 2018 received from Mr. LI Tao. According to the filed form, (1) Teng Yue Partners Master Fund, L.P., holds 65,000,000 Shares, which is wholly owned by Teng Yue Partners GP, LLC. Teng Yue Partners GP, LLC. is wholly owned by Teng Yue Partners Holdings GP,LLC, a company which is owned as to 99% by Mr. Li Tao. (2) Teng Yue Partners, L.P. is wholly owned by Teng Yue Partners Holdings, LLC, a company which is owned as to 99% by Mr. Li Tao. Accordingly, based on the above disclosure, Teng Yue Partners Master Fund, L.P., Teng Yue Partners GP, LLC, Teng Yue Partners Holdings GP,LLC, Teng Yue Partners Holdings, LLC, Teng Yue Partners, L.P. and Mr. LI Tao are deemed to be interested in the Shares held by Teng Yue Partners Master Fund, L.P.

Other Information

Purchase, Sale or Redemption of the Company's Listed Securities

During the Period, the Company has repurchased 3,542,000 shares on the Stock Exchange at an aggregate consideration of approximately HKD9,318,849. The highest and the lowest price paid per share was HKD2.91 and HKD2.46 respectively. All of them were cancelled on 17 July 2019.

Save as disclosed above, neither the Company nor its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Period.

Pre-IPO Share Option Scheme

A Pre-IPO Share Option Scheme (the "**Scheme**") was approved and adopted by the Company in 2011 which was formalised in 2018. The purposes of the Scheme are to reward the participants defined thereunder for their past contribution to the success of the Group and to provide incentives to them to further contribute to the Group.

The principal terms of the Scheme are summarised in the section headed "Statutory and General Information – 11. Pre-IPO Share Option Scheme" in Appendix IV to the Company's Prospectus dated 21 June 2018. The terms of the Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as this Scheme will not involve the grant of options by the Company to subscribe for Shares subsequent to the Listing of the Company.

During the Period under the Pre-IPO Share Option Scheme, 3,000 share options were exercised and 896,315 share options were lapsed. As at 30 June 2019, the total number of outstanding share options was 44,441,300 representing approximately 3.7% of the total number of issued shares of the Company as at that date. The details below set out the movement of the share option granted under the Pre-IPO Share Option Scheme during the Period:

Name of grantee	Date of grant	Balance as at 01/01/2019	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Balance as at 30/06/2019	Exercise price per Share (RMB)	Option period
Director								
GAO Wei	31/12/2011	8,981,390	–	–	–	8,981,390	2.004	10 years from grant date
Senior management								
Senior management (in aggregate)	31/12/2011	12,461,680	–	–	–	12,461,680	2.004	10 years from grant date
	31/12/2016	2,357,620	–	–	–	2,357,620	2.004	10 years from grant date
Employee								
Employee (in aggregate)	31/12/2016	21,539,925	3,000	–	896,315	20,640,610	2.004	10 years from grant date
Total	–	45,340,615	3,000	–	896,315	44,441,300	–	–

Compliance with the CG Code

The Company is committed to maintaining and promoting stringent corporate governance standards. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of the Company.

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

Save for the code provision A.2.1 and A.5.5(2), the Company has complied with all the code provisions as set out in the CG Code during the Period.

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 of the circumstances of the Company as a whole.

Compliance with code provision A.5.5(2) of the CG Code

Mr. WONG Man Chung Francis (黃文宗) ("**Mr. Wong**"), an independent non-executive Director of the Company, has been serving as independent non-executive directors in more than seven listed companies including our Company, Hilong Holding Limited (HKSE: 1623), China New Higher Education Group Limited (HKSE: 2001), GCL-Poly Energy Holdings Limited (HKSE: 3800), Greenheart Group Limited (HKSE: 094), Integrated Waste Solutions Group Holdings Limited (HKSE: 923), Digital China Holdings Limited (HKSE: 861); Wai Kee Holdings Limited (HKSE: 610) and China Oriental Group Company Limited (HKSE: 581). Based on the factors that (1) Mr. Wong did not hold any senior management role in the other listed issuers and his involvement in other listed issuers as an independent non-executive director does not require him to participate in the day-to-day management of these issuers and does not require him to devote substantial time and attention as is required from senior management members of listed issuers; (2) Mr. Wong does not hold any other job positions except as non-executive director of Union Alpha CAAP Certified Public Accountants Limited and non-executive chairman of Union Alpha C.P.A. Limited, and he is not involved in their daily operation; (3) Mr. Wong's experience as an independent non-executive director of listed companies in Hong Kong would facilitate his understanding of corporate governance and his proper discharge of responsibilities as a director; and (4) Mr. Wong has undertaken to devote sufficient time to attend to the management meeting of our Group, our Directors believe that Mr. Wong will be able to devote sufficient time to the Company and will be able to discharge his duties as an independent non-executive Director.

Other Information

Reference is made to the circular of the Company dated 25 April 2019 (the "**Circular**"). Given that (i) the Company has set out above the relevant factors in considering how Mr. Wong would be able to devote sufficient time to the Company and discharge his duties as an independent non-executive Director in its Prospectus dated 21 June 2018 (as supplemented by the supplemental prospectus dated 3 July 2018) which was published within one year before the publication of the Circular; (ii) the Company has set out the respective attendances of the board meetings and audit and risk management committee meeting held by the Company during the year ended 31 December 2018 after the listing date, all of which were attended by Mr. Wong; and (iii) Mr. Wong has reduced the number of directorship and resigned as the independent non-executive director of Kunming Dianchi Water Treatment Co., Ltd (HKSE: 3768) since the date of the Prospectus, and such detail has been included in his latest biographies details set out in the Circular, the Company is of the view that its shareholders, by making reference to the information set out above, would have sufficient information to access the suitability of Mr. Wong to be re-elected as independent non-executive Director and therefore, made a shortened summary of the biographical details of Mr. Wong in the Circular.

Compliance with the Model Code

The Company has adopted the Model Code as its code of conduct for Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that they have complied with the required standards as set out in the Model Code during the 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 have been noted during the period after making reasonable enquiry.

Audit and Risk Management Committee and Review of Financial Statements

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

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

Interim Dividend

The Board has resolved not to declare any interim dividend for the Period.

Sufficiency of Public Float

Based on the information publicly available to the Company and to the best of the Directors' knowledge, information and belief, the Company has maintained sufficient public float throughout the Period.

Use of proceeds from the Global Offering

The total net proceeds from the Company's initial public offering and listing of its shares on the main board of the Stock Exchange on 12 July 2018 and partially exercising the overallotment option received by the Company were approximately RMB949.8 million after deducting the underwriting fees and related expenses, and the balance of unutilized net proceeds of approximately RMB765.8 million was kept at the bank accounts of the Group as at 30 June 2019.

The net proceeds (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to 30 June 2019:

Use of proceeds	Planned applications (RMB million)	Percentage of total net proceeds	Actual usage up to 30 June 2019 (RMB million)	Unutilized net proceeds as at 30 June 2019 (RMB million)
Marketing expense	379.9	40.0%	76.5	303.4
Development of supply chain management business	95.0	10.0%	30.0	65.0
Development of Loan referral business	95.0	10.0%	–	95.0
Development of our self-operated interior design and construction business	95.0	10.0%	25.0	70.0
Investment in our technology infrastructure and system	142.5	15.0%	37.5	105.0
Additional strategic investments and acquisitions	95.0	10.0%	–	95.0
General working capital	47.4	5.0%	15.0	32.4
Total	949.8	100.0%	184.0	765.8

Pursuant to the Prospectus, the Company expects to utilise the balance of unutilised net proceeds of approximately RMB765.8 million within the next 3 years.

Important Events after the Period

On 31 July 2019, Shanghai Qilai Furniture and Decorations Co., Ltd. (上海齊萊家居用品有限公司) was established in the PRC by Shanghai Qiyu Information Technology Co.,Ltd., a wholly-owned subsidiary of the Company, and Guangzhou Holike pursuant to a joint venture agreement entered into between the parties on 19 July 2019, details of which have been disclosed in the announcement of the Company published on 9 August 2019. Save as the above, our Group had no other important events after the Period.

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2019

	Note	Unaudited Six months ended 30 June 2019 RMB'000	2018 RMB'000
Continuing operations			
Revenue	7	**366,465**	275,584
Cost of sales	8	**(113,200)**	(112,029)
Gross profit		**253,265**	163,555
Selling and marketing expenses	8	**(188,151)**	(125,473)
Administrative expenses	8	**(33,281)**	(34,236)
Research and development expenses	8	**(23,536)**	(18,042)
Net impairment losses on financial assets	8	**(2,598)**	(21)
Other (losses)/gains – net	9	**(8,117)**	5,921
Operating loss		**(2,418)**	(8,296)
Finance income	10	**15,113**	29,886
Finance costs	10	**(959)**	–
Finance income-net	10	**14,154**	29,886
Share of net profit of investments accounted for using the equity method	13	**2,228**	1,947
Fair value gains of preferred shares and convertible liabilities		**–**	698,814
Profit before income tax		**13,964**	722,351
Income tax (expense)/credit	11	**(560)**	279
Profit from continuing operations		**13,404**	722,630
Discontinued operation			
Profit from discontinued operation		**–**	31,987
Profit for the period		**13,404**	754,617
Profit attributable to:			
– Equity holders of the Company		**20,097**	764,294
– Non-controlling interests		**(6,693)**	(9,677)
		13,404	754,617
Earnings per share from continuing and discontinued operations attributable to equity holders of the Company			
Basic earnings per share (RMB)	12		
– Continuing operations		**0.02**	1.76
– Discontinued operation		**–**	0.08
– Total		**0.02**	1.84
Diluted earnings per share (RMB)	12		
– Continuing operations		**0.02**	0.01
– Discontinued operation		**–**	0.03
– Total		**0.02**	0.04

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

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2019

	Note	Unaudited Six months ended 30 June **2019** **RMB'000**	 2018 RMB'000
Profit for the period		**13,404**	754,617
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Share of other comprehensive income/(loss) of investments accounted for using the equity method	13	**470**	(194)
Exchange difference on translation of foreign operations		**1,224**	(18,165)
		1,694	(18,359)
Items that will not be reclassified to profit or loss			
Changes in the fair value of financial assets at fair value through other comprehensive income	14	**(2,420)**	683
Effects of changes in credit risk for liabilities designated as at fair value through profit or loss		**–**	(920)
		(2,420)	(237)
Other comprehensive loss for the period, net of tax		**(726)**	(18,596)
Total comprehensive income for the period		**12,678**	736,021
Total comprehensive income for the period attributable to:			
– Equity holders of the Company		**19,371**	745,698
– Non-controlling interests		**(6,693)**	(9,677)
		12,678	736,021
Total comprehensive income attributable to equity holders of the Company arising from:			
– Continuing operations		**19,371**	713,711
– Discontinued operation		**–**	31,987
		19,371	745,698

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

Interim Condensed Consolidated Balance Sheet

As at 30 June 2019

	Note	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**11,791**	17,572
Right-of-use assets	4	**22,769**	–
Intangible assets		**9,201**	9,156
Goodwill		**7,796**	7,796
Deferred tax assets		**12,512**	13,147
Investments accounted for using the equity method	13	**184,628**	196,065
Financial assets at fair value through other comprehensive income ("FVOCI")	14	**43,099**	41,919
Prepayment for land use rights	4	**321,288**	311,930
Total non-current assets		**613,084**	597,585
Current assets			
Inventories		**36,598**	25,576
Trade and other receivables and advances to suppliers	16	**149,210**	91,745
Amounts held for securities trading purposes		**21,428**	–
Amounts due from related parties	22(c)	**10,270**	1,643
Contract assets		**5,083**	–
Financial assets at fair value through profit or Loss ("FVPL")	15	**117,123**	70,000
Term deposits	17	**385,943**	333,552
Cash and cash equivalents	17	**638,554**	779,779
Total current assets		**1,364,209**	1,302,295
Total assets		**1,977,293**	1,899,880
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	18	**805**	805
Share premium	18	**2,378,018**	2,378,009
Treasury stock	18	**(8,200)**	–
Other reserves	19	**(204,737)**	(204,962)
Accumulated losses		**(800,746)**	(820,392)
Equity attributable to equity holders of the Company		**1,365,140**	1,353,460
Non-controlling interests		**(37,326)**	(32,783)
Total equity		**1,327,814**	1,320,677

Interim Condensed Consolidated Balance Sheet

As at 30 June 2019

	Note	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**809**	889
Lease liabilities	4	**15,040**	–
Total non-current liabilities		**15,849**	889
Current liabilities			
Short-term borrowings		**12,000**	–
Trade and other payables	21	**463,124**	425,899
Contract liabilities	21	**107,950**	110,255
Amounts due to related parties	22(c)	**1,653**	69
Lease liabilities	4	**8,926**	–
Income tax liabilities		**39,977**	39,971
Deferred revenue		**–**	2,120
Total current liabilities		**633,630**	578,314
Total liabilities		**649,479**	579,203
Total equity and liabilities		**1,977,293**	1,899,880

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

The condensed consolidated interim financial information on pages 26 to 58 of the Company were approved by the Board of Directors on 20 August 2019 and were signed on its behalf by:

Deng Huajin
Director

Tian Yuan
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

		Unaudited						
		Attributable to the equity holders of the Company						
	Note	Share capital RMB'000	Share premium RMB'000	Treasury Stock RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 31 December 2018		805	2,378,009	–	(204,962)	(820,392)	(32,783)	1,320,677
Changes on initial application of IFRS 16		–	–	–	–	(451)	–	(451)
Restated balance at 1 January 2019		805	2,378,009	–	(204,962)	(820,843)	(32,783)	1,320,226
Profit/(loss) for the period		–	–	–	–	20,097	(6,693)	13,404
Other comprehensive loss		–	–	–	(726)	–	–	(726)
Total comprehensive loss/(income) for the six months ended 30 June 2019		–	–	–	(726)	20,097	(6,693)	12,678
Total transactions with owners, recognised directly in equity								
– Repurchase of shares	18	–	–	(8,200)	–	–	–	(8,200)
– Exercise of ESOP ("Employee Share Option Plan")		–*	9	–	(3)	–	–	6
– Share-based compensation under ESOP		–	–	–	954	–	–	954
– Capital contribution from non-controlling interests		–	–	–	–	–	2,150	2,150
		–	9	(8,200)	951	–	2,150	(5,090)
As at 30 June 2019		805	2,378,018	(8,200)	(204,737)	(800,746)	(37,326)	1,327,814

Note (*): The balance stated above is less than RMB1,000.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Unaudited					
	Attributable to the equity holders of the Company					
	Share capital RMB'000	Share premium RMB'000	Other reserves (Note 19) RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 31 December 2017	25	15,616	144,851	(1,627,457)	(24,565)	(1,491,530)
Changes on initial application of IFRS 9	–	–	(50,227)	49,471	–	(756)
Restated balances at 1 January 2018	25	15,616	94,624	(1,577,986)	(24,565)	(1,492,286)
Profit/(loss) for the period	–	–	–	764,294	(9,677)	754,617
Other comprehensive loss	–	–	(18,596)	–	–	(18,596)
Total comprehensive loss/(income) for the six months ended 30 June 2018	–	–	(18,596)	764,294	(9,677)	736,021
Total transactions with equity holders, recognised directly in equity						
– Issuance of Series C Preferred Shares	–	–	59,285	–	–	59,285
– Acquisition of additional equity interest in a subsidiary	–	–	390	–	(1,069)	(679)
– Conversion of convertible liabilities to Series A Preferred Shares	–	–	161,859	–	–	161,859
– Pre-IPO share option plan	–	–	3,027	–	–	3,027
– Capital contribution from non-controlling interests	–	–	–	–	920	920
	–	–	224,561	–	(149)	224,412
As at 30 June 2018	25	15,616	300,589	(813,692)	(34,391)	(531,853)

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Note	Unaudited Six months ended 30 June 2019 RMB'000	 2018 RMB'000
Cash flows from operating activities			
– Cash (used in)/generated from operations		**(16,227)**	24,077
– Interest received		**3,855**	8,602
– Income tax paid		**(3)**	(3,481)
Net cash (used in)/generated from operating activities		**(12,375)**	29,198
Cash flows from investing activities			
– Purchase of property, plant and equipment		**(32)**	(6,164)
– Purchase of land use rights		**(9,358)**	–
– Purchase of intangible assets		**(1,568)**	(2,475)
– Net increase in term deposits		**(52,391)**	–
– Proceeds from disposal of property, plant and equipment		**107**	514
– Proceeds from disposal of financial assets at fair value through profit or loss		**70,000**	–
– Interest received on term deposits and FVPL		**8,036**	–
– Dividends received from investments accounted for using the equity method		**–**	2,303
– Repayment of loans from a related party	22(b)	**–**	5,697
– Loans to related parties	22(b)	**(7,429)**	–
– Purchase of financial assets at fair value through profit or loss		**(117,738)**	–
– Net increase in amounts held for securities trading purposes		**(21,428)**	–
– Disposal of a subsidiary, net of cash disposed		**–**	(92,254)
Net cash used in investing activities		**(131,801)**	(92,379)
Cash flows from financing activities			
– Cash received from capital contributions in subsidiaries from non-controlling interests		**2,150**	920
– Proceeds from borrowings		**12,000**	–
– Cash paid in repurchase of shares		**(8,200)**	–
– Interest paid for short-term borrowings		**(71)**	–
– Cash received from exercise of ESOP		**6**	–
– Principal elements of lease payments		**(3,271)**	–
– Interest elements of lease payments		**(888)**	–
– Proceeds from issues of Series C Preferred Shares		**–**	63,095
– Net cash inflow from settlement of receivables and payables with SIP Oriza PE Fund Management Co., Ltd. and SIP Oriza Qijia PE Enterprise (Limited Partnership)		**–**	4,400
– Listing costs paid		**–**	(24,197)
Net cash generated from financing activities		**1,726**	44,218
Net decrease in cash and cash equivalents		**(142,450)**	(18,963)
Effect on exchange rate difference		**1,225**	8,212
Cash and cash equivalents at beginning of the period		**779,779**	480,637
Cash and cash equivalents at end of the period		**638,554**	469,886

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

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 order recommendation services, provision of advertising and promotion services, licensing its brand to business partners and others("Platform Business"); (ii) the provision of interior design and construction service ("Self-operated Interior Design and Construction Business"); (iii) the provision of building and home decoration materials supply chain services ("Materials Supply Chain Business"). 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.

This condensed consolidated interim financial information is presented in Renminbi thousand (RMB'000), unless otherwise stated. This condensed consolidated interim financial information was approved by the Board of Directors for issue on 20 August 2019.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, except for the adoption of new and amended standards as set out below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and as a result of adopting the following standards:

- IFRS 16, "Lease"
- Amendments to IFRS 9, "Financial instruments" – Prepayment features with negative compensation
- Amendments to IAS 28, "Investments in associates" – Long term interests in associates and joint ventures
- Amendments to IAS 19, "Employee benefits" – Plan amendment, curtailment or settlement
- Annual improvements 2015-2017
- IFRIC 23, "Uncertainty over income tax"

Except as described in Note 4, the adoption of these new standards, amendments and interpretations listed above were not significant on the condensed consolidated interim financial information.

3 ACCOUNTING POLICIES (CONTINUED)

(b) New standards and amendments to standards have been issued but are not effective in 2019 and have not been early adopted by the Group:

- Amendments to IFRS 3, "Business combinations", definition of a business, effective for the accounting period beginning on or after 1 January 2020;

- Amendments to IAS 1, "Presentation of financial statements", and IAS 8, "Accounting policies, changes in accounting estimates and errors" definition of material, effective for the accounting period beginning on or after 1 January 2020;

- Amendments to the Conceptual framework, effective for the accounting period beginning on or after 1 January 2020; and

- IFRS 17, "Insurance contracts", effective for the accounting period beginning on or after 1 January 2021.

The Group has already commenced an assessment of the impact of these new or revised standards which are relevant to the Group's operation. The Group considers that the application of the new standards, amendments and interpretations are unlikely to have a material impact on the Group's financial position and performance as well as the disclosure in the future.

4 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 "Leases" on the Group's condensed consolidated interim financial information and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

The Group has adopted IFRS 16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Impact on the condensed consolidated interim financial information

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.39%.

The total impact on the Group's accumulated losses as at 1 January 2019 is as follows:

	Unaudited 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	**43,341**
Termination of certain lease contracts in 2019	**(5,694)**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**30,445**
Less:	
Short-term leases recognised on a straight-line basis as expense	**(3,442)**
Lease liabilities recognised as at 1 January 2019	**27,003**

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Impact on the condensed consolidated interim financial information (continued)

The recognised right-of-use assets and lease liabilities relate to the following types of assets:

	Unaudited 30 June 2019 RMB'000	1 January 2019 RMB'000
Buildings	**22,769**	26,552
Current lease liabilities	**8,926**	8,812
Non-current lease liabilities	**15,040**	18,191
Total lease liabilities	**23,966**	27,003

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by RMB26,552,000
- lease liabilities – increase by RMB27,003,000.

The net impact on retained earnings on 1 January 2019 was a decrease of RMB451,000.

There was no impact on segment disclosures for the six months ended 30 June 2019.

Earnings per share decreased by RMB0.0003 per share for the six months ended 30 June 2019 as a result of the adoption of IFRS 16.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 "Determining Whether an Arrangement Contains a Lease".

4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Accounting policy for the Group's leasing activities from 1 January 2019

The Group leases various offices and showrooms. Rental contracts are typically made for fixed periods with no extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) Impact on the Group's prepayment for land use rights

The Group's prepayment for land use rights represented the full payments to acquire long-term interest in the usage of certain land. It will be reclassified into right-of-use asset under IFRS 16 and begin amortization when the respective land use rights certificate is obtained. As of 30 June 2019, the certificate for this land has not been obtained and therefore the corresponding rights have not been granted to the Group. In this regard, the Group has not reclassified this prepayment for land use rights into right-of-use asset as of 30 June 2019.

5 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2018.

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

6.1 Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures as described in the annual financial statements for the year ended 31 December 2018.

There have been no changes in the risk management policies since 31 December 2018.

6.2 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

6.2 Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value at 30 June 2019.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at FVPL	**30,745**	**–**	**86,378**	**117,123**
Financial assets at FVOCI	**–**	**–**	**43,099**	**43,099**
Total	**30,745**	**–**	**129,477**	**160,222**

The following table presents the Group's financial assets that are measured at fair value at 31 December 2018.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at FVPL	–	–	70,000	70,000
Financial assets at FVOCI	–	–	41,919	41,919
Total	–	–	111,919	111,919

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

There were no other changes in valuation techniques during the period.

The changes in level 1 and level 3 instruments for the six months ended 30 June 2019 and 2018 are presented in Note 14 and Note 15 respectively.

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

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

- Trade and other receivables (except for advances to suppliers);
- Amounts held for securities trading purposes
- Amounts due from related parties
- Cash and cash equivalents and term deposits;
- Short-term borrowings
- Trade and other payables (except for accrued taxes other than income tax);
- Amounts due to related parties
- Lease liabilities

7 SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are 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 six months ended 30 June 2019, the provision of building and home decoration material supply chain services, which was previously reported in the Platform Business, was separately reported as it is closely monitored by the CODM as a potential growth segment and is expected to materially contribute to Group's revenue in the future. The comparatives have been reclassified to conform with the current period's classification.

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

- Platform Business;
- Self-operated Interior Design and Construction Business; and
- Materials Supply Chain Business.

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.

7 SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June 2019 (Unaudited)				
Segment	Platform Business RMB'000	Self-operated Interior Design and Construction Business RMB'000	Materials Supply Chain Business RMB'000	Others RMB'000	Total RMB'000
Revenue					
Segment revenue	253,188	130,721	35,345	2,664	421,918
Inter-segment sales	(28,557)	(20,483)	(6,413)	–	(55,453)
Revenue from external customers	224,631	110,238	28,932	2,664	366,465
Timing of revenue recognition					
– At a point in time	145,527	5,742	28,932	–	180,201
– Over time	79,104	104,496	–	2,664	186,264
	224,631	110,238	28,932	2,664	366,465
Results					
Segment gross profit	215,468	32,910	3,928	959	253,265
Selling and marketing expenses					(188,151)
Administrative expenses					(33,281)
Research and development expenses					(23,536)
Net impairment losses on financial assets					(2,598)
Other losses – net					(8,117)
Finance income – net					14,154
Share of net profit of investments accounted for using the equity method					2,228
Profit before income tax					13,964

7 SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June 2018 (Unaudited)					
Segment	Platform Business RMB'000	Self-operated Interior Design and Construction Business RMB'000	Materials Supply Chain Business RMB'000	Others RMB'000	Total RMB'000	Discontinued Business RMB'000
Revenue						
Segment revenue	226,112	118,316	23,571	2,445	370,444	22,666
Inter-segment sales	(83,167)	(5,470)	(6,223)	–	(94,860)	–
Revenue from external customers	142,945	112,846	17,348	2,445	275,584	22,666
Timing of revenue recognition						
– At a point in time	98,648	7,790	17,348	–	123,786	1,618
– Over time	44,297	105,056	–	2,445	151,798	21,048
	142,945	112,846	17,348	2,445	275,584	22,666
Results						
Segment gross profit	135,805	26,289	1,661	(200)	163,555	3,421
Selling and marketing expenses					(125,473)	(8,709)
Administrative expenses					(34,236)	(1,550)
Research and development expenses					(18,042)	(1,729)
Net impairment losses on financial assets					(21)	–
Other gains – net					5,921	41,730
Finance income – net					29,886	26
Share of net profit of investments accounted for using the equity method					1,947	–
Fair value gains of preferred shares and convertible liabilities					698,814	–
Profit before income tax					722,351	33,189

7 SEGMENT INFORMATION (CONTINUED)

(a) Revenue

The revenue from the continuing operations for the six months ended 30 June 2019 and 2018 are set out as follows:

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Platform Business	**224,631**	142,945
– Order recommendation fees	**199,409**	125,177
– Storefront fees	**10,470**	6,261
– Inspection service fee	**8,474**	2,572
– Licence fee	**6,278**	8,935
Self-operated Interior Design and Construction Business	**110,238**	112,846
– Self-operated Decoration Business	**104,496**	105,056
– Sales of goods	**5,742**	7,790
Materials Supply Chain Business	**28,932**	17,348
Others	**2,664**	2,445
	366,465	275,584

(b) Revenue by geographical markets

All the revenue of the Group was generated in the PRC during the six months ended 30 June 2019 and 2018.

(c) Information about major customers

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

8 EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Advertising and promotion expenses	**111,118**	65,173
Outsourced labor costs	**81,439**	24,485
Cost of construction materials	**61,347**	57,759
Employee benefit expenses	**56,830**	74,907
Operating lease expenses	**8,203**	11,027
Professional fees	**7,465**	3,629
Travelling, entertainment and communication expenses	**6,975**	5,566
Depreciation of property, plant and equipment	**5,133**	5,314
Depreciation of right-of-use assets	**3,783**	–
Supervision charges	**4,082**	2,347
Provision for impairment of trade and other receivables	**2,598**	21
Bank charges and point-of-sale device processing fees	**1,846**	1,377
Amortisation of intangible assets	**1,523**	1,181
Taxes and levies	**823**	2,684
Transportation and storage	**563**	470
Utilities and electricity	**492**	661
Listing expenses	**–**	15,350
Miscellaneous	**6,546**	17,850
	360,766	289,801

9 OTHER (LOSSES)/GAINS – NET

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Government grants	**4,313**	6,109
Recovery of the write-off of receivables	**3,600**	–
Loss on investment on financial assets at fair value through profit or loss – net	**(294)**	–
Losses on disposal of property, plant and equipment – net	**(2,076)**	–
Impairment loss on investment in an associate (a)	**(14,135)**	–
Others	**475**	(188)
	(8,117)	5,921

(a) In respect of the Group's investments accounted for using the equity method, the Group tested them for impairment as at 30 June 2019. Based on the result of the test, impairment loss of RMB14,135,000 was recognised as at 30 June 2019 (Note 13).

10 FINANCE INCOME – NET

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Finance income:		
Interest income	**15,113**	8,577
Accretion charge	**–**	21,309
	15,113	29,886
Finance costs:		
Interest expense	**(959)**	–
Finance income – net	**14,154**	29,886

11 INCOME TAX EXPENSE/(CREDIT)

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Current tax:		
Current tax on profit for the period	**5**	3,897
Deferred income tax:		
Decrease/(increases) in deferred tax assets	**635**	(2,895)
Decrease in deferred tax liabilities	**(80)**	(79)
Income tax expense	**560**	923
Income tax expense/(credit) attributable to:		
Profit from continuing operations	**560**	(279)
Profit from discontinued operation	**–**	1,202
	560	923

Income tax expense/(credit) is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

11 INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

(a) Cayman Islands

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

(b) British Virgin Islands

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

(c) Hong Kong

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

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

CIT provision was made on the estimated assessable profits of entities within the Group incorporated/established in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the six months ended 30 June 2019 and 2018.

Certain subsidiaries of the Group in the PRC were approved as High and New Technology Enterprises, and accordingly, they were subject to a reduced preferential CIT rate of 15% for the six months ended 30 June 2019 and 2018 according to the applicable CIT Law.

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

(e) Withholding tax on undistributed profits

According to CIT law, distribution of profits earned by PRC companies since 1 January 2008 is subject to withholding tax 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 six months ended 30 June 2019 and 2018, the PRC companies of the Group have incurred net accumulated operating losses and do not have any profit distribution plan.

12 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 weighted average number of ordinary shares issued during the interim periods.

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the six months ended 30 June 2018 has been retroactively adjusted for the capitalisation of the share premium account arisen from the IPO of the Company.

	Unaudited Six months ended 30 June	
	2019	2018
Profit from continuing operations attributable to equity holders of the Company (RMB'000)	**20,097**	732,307
Weighted average number of ordinary shares in issue (thousand)	**1,210,276**	415,109
Earnings per share from continuing operations (RMB per share)	**0.02**	1.76
Profit from discontinued operation attributable to equity holders of the Company (RMB'000)	**–**	31,987
Weighted average number of ordinary shares in issue (thousand)	**–**	415,109
Earnings per share from discontinued operation (RMB per share)	**–**	0.08

(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 six months ended 30 June 2019, the Company has one category of dilutive potential ordinary shares: Pre-IPO share option plan. For the six months ended 30 June 2018, the Company has various categories of dilutive potential ordinary shares, including Series A, Series B and Series C Preferred Shares (collectively, "Preferred Shares") and Pre-IPO share option plan.

For the Pre-IPO 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.

For the Preferred Shares, they are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the accretion charge less the tax effect and any exchange and fair value movements. For the six months ended 30 June 2018, the impact of weighted outstanding shares from Preferred Shares on earnings per share was dilutive. As all the Preferred Shares have been coverted into ordinary shares upon the completion of the IPO, there was no such dilutive potential ordinary shares for the six months ended 30 June 2019.

12 EARNINGS PER SHARE (CONTINUED)

The calculation of the diluted earnings per share for six months ended 30 June 2019 and 30 June 2018 was shown as follows:

	Unaudited Six months ended 30 June	
	2019	2018
Continuing operations		
Profit from continuing operations attributable to equity holders of the Company (RMB'000)	**20,097**	732,307
Adjustments for Preferred Shares	**–**	(720,123)
Adjusted profit from continuing operations attributable to equity holders of the Company (RMB'000)	**20,097**	12,184
Weighted average number of ordinary shares in issue (thousand)	**1,210,276**	415,109
Adjustments for Pre-IPO share option plan (thousands of shares)	**12,570**	23,290
Adjustments for Preferred Shares (thousands of shares)	**–**	524,684
Weighted average number of ordinary shares for diluted earnings per share (thousands of shares)	**1,222,846**	963,083
Diluted earnings per share from continuing operations (RMB per share)	**0.02**	0.01
Discontinued operation		
Profit from discontinued operation attributable to equity holders of the Company (RMB'000)	**–**	31,987
Adjustments for Preferred Shares	**–**	–
Adjusted profit from discontinued operation attributable to equity holders of the Company (RMB'000)	**–**	31,987
Weighted average number of ordinary shares in issue (thousand)	**–**	415,109
Adjustments for Pre-IPO share option plan (thousands of shares)	**–**	23,290
Adjustments for Preferred Shares (thousands of shares)	**–**	524,684
Weighted average number of ordinary shares for diluted earnings per share (thousands of shares)	**–**	963,083
Diluted earnings per share from discontinued operation (RMB per share)	**–**	0.03

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments accounted for using the equity method are referred to investments in associates held by the Group, movements of which are set out as follows:

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
At the beginning of the period	**196,065**	198,784
Share of profit of associates	**2,228**	1,947
Dividends received from an associate	**–**	(2,303)
Share of other comprehensive income/(loss) of investments accounted for using the equity method	**470**	(194)
	198,763	198,234
Less: provision of impairment (Note 9)	**(14,135)**	–
At the end of the period	**184,628**	198,234

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
At the beginning of the period	**41,919**	49,636
Addition (a)	**3,600**	–
Changes in the fair value	**(2,420)**	683
At the end of the period	**43,099**	50,319

(a) The addition represents the Group's investment in Shanghai Fufu Information Technology Co., Ltd. (上海輔福信息科技有限公司,"Shanghai Fufu") in June 2019.

(b) As these instruments are not traded in active markets and their fair values have been determined using various applicable valuation techniques, including discounted cash flows method, back solve method, etc. Key assumptions used in the valuation include historical discount rate and volatility.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Bank wealth management products (a)	**86,378**	70,000
Investment in a listed company (b)	**30,745**	–
At the end of the period	**117,123**	70,000

(a) As at 30 June 2019, bank wealth management products of RMB10,000,000 were pledged to the Group's certain bank borrowings of RMB7,000,000.

(b) As at 30 June 2019, the investment in a listed company represents the equity in interests of Guangzhou Holike Creative Home Co., Ltd. (廣州好萊客創意家居股份有限公司, "Guangzhou Holike"), a company listed in Shanghai Stock Exchange.

16 TRADE AND OTHER RECEIVABLES AND ADVANCES TO SUPPLIERS

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Trade receivables		
Due from third parties	**18,859**	6,073
Less: provision for impairment of trade receivables	**(2,630)**	(34)
Net trade receivables	**16,229**	6,039
Other receivables		
Receivable from third parties	**64,065**	23,709
Interest receivable	**19,807**	16,264
Staff advances	**4,842**	3,289
Rental deposits	**3,825**	5,596
Project deposits	**2,340**	–
Others	**4,663**	3,886
Gross other receivables	**99,542**	52,744
Less: provision for impairment of other receivables	**(12,695)**	(12,693)
Net other receivables	**86,847**	40,051
Others		
Advances to suppliers	**34,092**	33,669
Value-added tax recoverable	**12,042**	11,986
	46,134	45,655
Total	**149,210**	91,745

16 TRADE AND OTHER RECEIVABLES AND ADVANCES TO SUPPLIERS (CONTINUED)

The fair values of the current portion of trade and other receivables of the Group, except for the all advances to suppliers and valued-added tax recoverable which are not financial assets, approximated their carrying amounts.

The carrying amounts of trade and other receivables are denominated in RMB.

(a) The Group grants credit terms to customers ranging from 30 days up to 180 days. As at 30 June 2019 and 31 December 2018, the ageing analysis of the trade receivables based on invoice date was as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Trade receivables – gross		
Within 1 month	**5,989**	1,823
Over 1 month and within 3 months	**1,126**	1,105
Over 3 months and within 1 year	**11,744**	3,145
	18,859	6,073

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

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
At the beginning of the period	**(34)**	–
Changes on initial application of IFRS 9	**–**	(34)
Restated balance at the beginning of the period	**(34)**	(34)
Provision for impairment for the period	**(2,596)**	(15)
At the end of the period	**(2,630)**	(49)

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

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
At the beginning of the period	**(12,693)**	(11,750)
Changes on initial application of IFRS 9	**–**	(722)
Restated balance at the beginning of the period	**(12,693)**	(12,472)
Provision for impairment for the period	**(2)**	(136)
Write-off against uncollectible receivables	**–**	127
At the end of the period	**(12,695)**	(12,481)

17 CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Cash at bank	**1,024,349**	1,113,201
Cash on hand	**148**	130
	1,024,497	1,113,331
Less: term deposits with initial term of over three months	**(385,943)**	(333,552)
	638,554	779,779

Cash at bank and on hand and cash equivalents are denominated in the following currencies:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
RMB	**390,519**	274,956
U.S. dollars ("USD")	**614,120**	836,065
Hong Kong dollars ("HKD")	**19,858**	2,310
	1,024,497	1,113,331

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Cash at bank	**638,406**	779,649
Cash on hand	**148**	130
	638,554	779,779

18 SHARE CAPITAL, SHARE PREMIUM AND TREASURY STOCK

	Ordinary shares				Preferred shares			
	Number of ordinary shares	Number of Class A ordinary shares	Number of Class B ordinary shares	Nominal value of ordinary shares US$'000	Number of Series A preferred shares	Number of Series B preferred shares	Number of Series C preferred shares	Nominal value of preferred shares US$'000
Authorised:								
At 1 January 2019 and 30 June 2019	2,000,000,000	–	–	200	–	–	–	–
At 1 January 2018	–	405,792,632	42,344,184	45	32,730,531	22,534,014	–	5
Reclassification and re-designation on issuance of Series A and Series C	–	(1,134,014)	–	–	–	–	1,134,014	–
At 30 June 2018	–	404,658,618	42,344,184	45	32,730,531	22,534,014	1,134,014	5

	Number of ordinary shares	Number of Class A ordinary shares	Number of Class B ordinary shares	Nominal value of ordinary shares USD'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
Issued:						
At 1 January 2019	1,210,274,090	–	–	121	805	2,378,009
Exercise of ESOP	3,000	–	–	–	–	9
At 30 June 2019	1,210,277,090	–	–	121	805	2,378,018
At 1 January 2018 and 30 June 2018	–	–	41,510,851	4	25	15,616

(a) Share capital

Before the completion of IPO, the super voting rights of Class B ordinary shares has been terminated and all the Class A ordinary shares and Class B ordinary shares issued has been be re-designated as ordinary shares. Upon the completion of IPO, all the preferred shares have been converted into ordinary shares.

(b) Treasury stock

In June 2019, 3,542,000 shares with a nominal value of USD354 (equivalent to RMB2,000) were repurchased at an aggregate consideration of HKD9,319,000 (equivalent to RMB8,200,000). The amount was recorded as "treasury stock" in equity. These shares were subsequently cancelled on 17 July 2019.

19 OTHER RESERVES

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Preferred shares reserve RMB'000	Currency translation differences RMB'000	Share option reserve RMB'000	FVOCI reserve RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019 (audited)	**(188,495)**	**10,277**	**–**	**24,890**	**10,687**	**(51,657)**	**(10,664)**	**(204,962)**
Currency translation differences (a)	**–**	**–**	**–**	**1,224**	**–**	**–**	**–**	**1,224**
Financial assets at fair value through other comprehensive income reserve	**–**	**–**	**–**	**–**	**–**	**(2,420)**	**–**	**(2,420)**
Share of other comprehensive income of investments accounted for using the equity method (Note 13)	**–**	**–**	**–**	**–**	**–**	**–**	**470**	**470**
Exercise of ESOP	**–**	**–**	**–**	**–**	**(3)**	**–**	**–**	**(3)**
Pre-IPO share option plan	**–**	**–**	**–**	**–**	**954**	**–**	**–**	**954**
At 30 June 2019 (unaudited)	**(188,495)**	**10,277**	**–**	**26,114**	**11,638**	**(54,077)**	**(10,194)**	**(204,737)**
At 1 January 2018 (audited)	(188,495)	10,277	319,889	(2,476)	5,713	–	(57)	144,851
Changes on initial application of IFRS 9	–	–	–	–	–	(50,710)	483	(50,227)
Restated balance at 1 January 2018	(188,495)	10,277	319,889	(2,476)	5,713	(50,710)	426	94,624
Acquisition of additional equity interest in a subsidiary	–	–	–	–	–	–	390	390
Issuance of Series C Preferred Shares	–	–	59,285	–	–	–	–	59,285
Conversion of convertible liabilities to Series A Preferred Shares	–	–	161,859	–	–	–	–	161,859
Currency translation differences (a)	–	–	–	(18,165)	–	–	–	(18,165)
Effects of changes in credit risk for liabilities designated as at fair value through profit or loss	–	–	–	–	–	(920)	–	(920)
Share of other comprehensive income of investments accounted for using the equity method (Note 13)	–	–	–	–	–	–	(194)	(194)
Financial assets at fair value through other comprehensive income reserve	–	–	–	–	–	683	–	683
Pre-IPO share option plan	–	–	–	–	3,027	–	–	3,027
At 30 June 2018 (unaudited)	(188,495)	10,277	541,033	(20,641)	8,740	(50,947)	622	300,589

(a) Currency translation difference reserve represents the difference arising from the translation of the financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Company and the Group.

20 DIVIDENDS

No dividend has been paid or declared by the Company or the companies now comprising the Group during each of the six months ended 30 June 2019 and 2018.

21 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Trade payables	**67,342**	70,695
Other payables		
Deposits payments	**237,557**	168,977
Quality and performance guarantee deposits from customers	**70,202**	67,732
Payables for listing expenses	**–**	4,219
Payables for purchases of property, plant and equipment	**–**	526
Other accrued expenses and payables	**17,441**	18,291
	325,200	259,745
Others		
Staff salaries and welfare payables	**47,889**	69,444
Accrued taxes other than income tax	**22,693**	26,015
	463,124	425,899
Contract liabilities	**107,950**	110,255

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

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Within 1 month	**19,239**	36,254
Over 1 month and within 3 months	**4,005**	7,306
Over 3 months and within 1 year	**37,226**	18,468
Over 1 year	**6,872**	8,667
	67,342	70,695

22 RELATED PARTY TRANSACTIONS

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

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2019 and 2018, and balances arising from related party transactions as at 30 June 2019 and 31 December 2018.

(a) Name and relationship with related parties

Name of related parties	Relationship with the Group
Mr. Deng	Controlling shareholder and executive director of the Company
Mr. Zuo Hanrong (左漢榮)	Non-controlling shareholder of the Company's subsidiary
Mr. Yang Weihan (楊衛涵)	Non-controlling shareholder of the Company's subsidiary
SIP Oriza PE Fund Management Co., Ltd. (蘇州工業園區元禾重元股權投資基金管理有限公司, "SIP Oriza Fund")	Non-controlling shareholder of the Company
SIP Oriza Qijia PE Enterprise (Limited Partnership) (蘇州工業園區重元齊家股權投資企業(有限合夥), "SIP Oriza")	Controlled by the non-controlling shareholder of the Company
Shanghai Qijia E-commerce Co., Ltd. (上海齊家電子商務有限公司, "Qijia E-commerce")*	Controlled by the controlling shareholder
Shanghai Qiyuan Intelligent Technology Co.,Ltd (上海齊願智能科技有限公司, "Shanghai Qiyuan")	Controlled by the controlling shareholder
Suzhou Qijia E-commerce Co., Ltd. (蘇州齊家電子商務有限公司, "Suzhou Qijia E-commerce")	Controlled by the controlling shareholder
Kunming Xinfeilin Panel Board Co., Ltd. (昆明新飛林人造板有限公司, "Xinfeilin")	Controlled by the non-controlling shareholder of the Company's subsidiary

* The Group disposed Qijia E-commerce on 31 March 2018. The related party transactions with Qijia E-commerce represented the transactions after the disposal.

22 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
i) *Repayments to a related party*		
SIP Oriza Fund	**–**	310,090
ii) *Loans provided by the Group*		
Mr. Zuo Hanrong	**6,449**	–
Mr. Yang Weihan	**980**	–
	7,429	–

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

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
iii) *Payments made by a related party*		
Xinfeilin	**1,470**	–
iv) *Lease provided by the Group*		
Qijia E-commerce	**224**	–
v) *Service revenue from a related party*		
Qijia E-commerce	**2,226**	–
vi) *Advertising service to a related party*		
Qijia E-commerce	**542**	–
vii) *Purchase of goods from a related party*		
Shanghai Qiyuan	**2**	–
viii) *Lease from a related party*		
Qijia E-commerce	**180**	–
ix) *Proceeds from a related party*		
SIP Oriza	**–**	314,490
x) *Repayment of loans from a related party*		
Mr. Deng	**–**	5,697

xi) As at 30 June 2019, the real estate owned by Mr. Yang Weihan was pledged to the Group's bank borrowings of RMB5,000,000.

22 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Amounts due from related parties:		
Mr. Zuo Hanrong	**6,449**	–
Qijia E-commerce	**2,729**	1,643
Mr. Yang Weihan	**980**	–
Suzhou Qijia E-commerce	**112**	–
	10,270	1,643

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Amounts due to related parties:		
Xinfeilin	**1,470**	–
Qijia E-commerce	**112**	–
Shanghai Qiyuan	**71**	69
	1,653	69

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

(d) Key management compensation

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

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Salaries, wages and bonus	**2,502**	1,198
Pension cost – defined contribution plan	**180**	156
Other social security costs, housing benefits and other employee benefits	**179**	58
Share-based compensation expenses	**240**	152
	3,101	1,564

23 CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not has any material contingent liabilities.

24 COMMITMENT

(a) Operating lease commitments

Our Group leases office buildings under non-cancellable operating lease agreements.

As at 30 June 2019, the commitments related to short-term lease payments which will be recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases within a term of 12 months. Future minimum payments under non-cancellable operating leases for office and warehouse facilities were as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
No later than 1 year	**671**	13,866
Later than 1 year and no later than 5 years	**–**	26,732
Later than 5 years	**–**	2,743
	671	43,341

The Group has adopted IFRS 16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance on 1 January 2019. Details of the amended standards are set out in note 4 to the condensed consolidated interim financial information.

(b) Capital commitment

On 8 April 2019, the Company entered into a strategic cooperation and cross-investment agreement with Guangzhou Holike, pursuant to which within three months from 8 April 2019, the Company shall purchase shares of Guangzhou Holike of an aggregate amount of approximately HKD80 million from the existing shareholders of Guangzhou Holike on secondary market; and (ii) Guangzhou Holike shall purchase shares of the Company of an aggregate amount of approximately HKD80 million from the shareholders of the Company. As of 30 June 2019, the Company has purchased shares of Guangzhou Holike of an amount of HKD36,078,000 (Note 15), and will make remaining purchases of shares of an aggregate amount of HKD43,922,000, out of which HKD31,500,000 was purchased subsequent to 30 June 2019 up to approval date of the condensed consolidated interim financial information by the Board of Directors on 20 August 2019.

Definition

"Board"	the board of Directors of the Company
"Chairman"	the chairman of the Board
"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
"CG Code"	the Corporate Governance Code as see out in Appendix 14 of the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"IDC"	interior design and construction
"Listing Rules"	the Rules governing the Listing of Security on the Stock Exchange
"Materials Supply Chain Business"	the provision of building material supply chain 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
"Period"	the six months ended 30 June 2019
"Platform Business"	the provision of an online marketplace for building materials sellers and decoration service providers, provision of order recommendation services, provision of advertising and promotion services, licensing brand to business partner and others
"PRC" or "China"	the People's Republic of China, except where the context requires otherwise and only for the purposes of this interim report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus being issued in connection with the listing of the Shares of the Company on 21 June 2018
"RMB"	Renminbi, the lawful currency of PRC
"SaaS"	Software-as-a-Service
"Self-operated Interior Design and Construction Business"	the provision of interior design and construction service

Definition

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"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
"%"	per cent