齐屹科技
Qeeka Home

Qeeka Home (Cayman) Inc.

Stock Code:1739

2021 ANNUAL 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
Ms. PING Xiaoli
Mr. ZHAO Guibin

Independent Non-executive Directors

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

JOINT COMPANY SECRETARIES

Mr. TIAN Yuan
Ms. LEUNG Kwan Wai

AUTHORIZED REPRESENTATIVES

Mr. DENG Huajin
Mr. TIAN Yuan

AUDIT AND RISK MANAGEMENT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE

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

HEADQUARTERS

Building 1, No. 1926, Cao An Highway
Jiading District, Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

HONG KONG SHARE REGISTRAR

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

LEGAL ADVISERS

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

AUDITOR

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

STOCK CODE

1739

COMPANY'S WEBSITE

www.qeeka.com

PRINCIPAL BANKS

China Merchants Bank, Shanghai Branch
Road Jinshajiang Sub-branch
1-2/F, Tower A, Shengnuoya Building
No. 1759, Road Jinshajiang
Putuo District
Shanghai
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

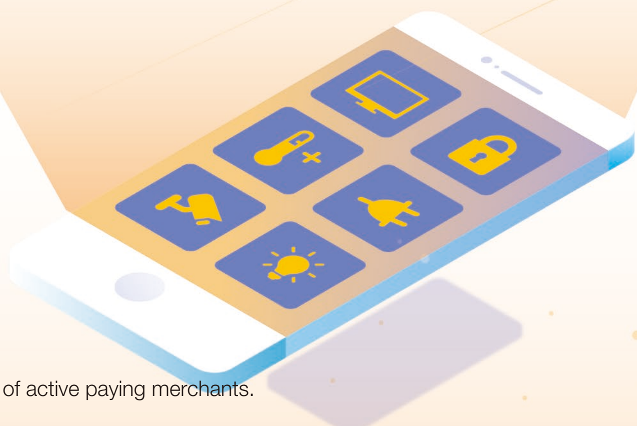
HIGHLIGHTS OF FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

RMB1,106.5 million
Total revenue increased by ***20.8%*** year-on-year

RMB74.1 million
Net profit attributable to equity holders of the Company

72.5%
Retention rates[(1)] increased by ***17.3%*** year-on-year

5,799
Number of active paying merchants increased by ***18.3%*** year-on-year



Note:

(1) It refers to the retention rates of active paying merchants.

1. FINANCIAL SUMMARY

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

Note:

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

2. KEY OPERATION METRICS

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

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

Notes:

(1) It refers to the number of merchants who paid for our SaaS service during the year.

(2) It refers to the average revenue per sales lead, which equals revenue of marketing service for the year ended 31 December 2021 divided by the sales leads as of the year ended of 31 December 2021.

(3) It refers to the number of paying merchants retained over a year divided by the number of paying merchants as of the end of the previous period.

Chairman's Statement

Dear shareholders:

On behalf of the Board of the Company, I hereby present the annual results of the Group for the year ended 31 December 2021.

In 2021, the interior design and construction industry is still facing severe challenges. On the one hand, the recurring epidemic has caused a huge impact on measurement service and construction process, on the other hand, due to the policy and market environment of real estate industry, the related companies were facing major operation risks, in addition, affected by the global economy, raw material prices continued to rise, we believed that the impact of these factors on the entire interior design and decoration industry is long-term.

With the continuous deepening of industrial digitalization, the iterative evolution of operation methods and service forms of the entire industry is still in the exploratory stage, leaving a large number of IDC service providers unable to adapt to the deep adjustment of the industry effectively. On the whole, these changes have put forward higher requirements for the IDC practitioners. Therefore, how to empower IDC service providers to cope with the changes, so as to transform and upgrade service to promote the industry development has become the main tone for us in 2021.

In 2021, we promoted the SaaS empowerment strategy steadily, improved our operational efficiency and profitability through refined operations. The effective empowerment measures helped many IDC service providers reduce costs and improve operating efficiency, and further enhance the attractiveness of uninhabited IDC service providers.

FINANCIAL PERFORMANCE HIGHLIGHTS

As of 31 December 2021, our financials generally maintained a solid growth trend. Our total revenue increased from RMB916.3 million in 2020 to RMB1,106.5 million, representing a year-on-year increase of 20.8%, and the revenue from SaaS and Extended Services Business, Interior Design and Construction and others Business increased by 17.3% and 25.6% respectively compared with 2020. Net profit attributable to equity holders of the Company reached RMB74.1 million in 2021, which is the result of our focus on main business.

BUSINESS REVIEW

SaaS and Extended Services Business

Under the background of the in-depth adjustment of the industry and digitalization trend, SaaS has become an important tool for marketing management, efficiency improvement, supply chain management and brand upgrading for the IDC service providers, and it is a "digital middle platform" for them to survive, develop and improve operational efficiency. The new industrial forms are taking shape with the increasing demand from IDC service providers.

In order to meet the increasing demands of the IDC service providers, we continued to push forward the SaaS empowerment strategy steadily, and provide the one-stop overall solutions covering marketing services, supply chain services and innovative value-added services to IDC service providers, help IDC service providers improve their competitiveness in marketing, operation and supply. Benefiting from the empowering effect of the SaaS strategy, our service capability and reputation have been improved. As a result, the total number of our active paying merchants reached 5,799 in 2021, representing an increase of 18.3% year-on-year, and the number of new active paying merchants increased by 2,242, retention rate of the paying merchants increased by 72.5% and the retention rate of the new active paying merchants increased by of 81.4%, showing a solid development trend.

We also continued to improve user experience in 2021. Through a series of measures such as upgrading Qijia Bao Service and further strengthening the platform supervision, we effectively improved user experience in the process of IDC service and consolidated the word-of-mouth effect, with user demands increased by 8.3% year-on-year. We believed that, the epidemic recurrence and the policy regulation have curbed the growth of user demands for home improvement to a certain extent, but with the epidemic gradually subsides and the growth of PCDI ("Per Capita Disposable Income"), people's demands for better homes will continue to increase.

Interior Design and Construction and others Business

We operated two full-service interior design and construction business, namely, Brausen and Jumei, both of which are present on our interior design and construction platform along with third-party service providers and our licensees.

We believe there is significant synergy between our SaaS and extended service business and interior design and construction business. In addition to strengthening our brand awareness, our interior design and construction business helped us achieve our mission of making the interior design and construction process more efficient, convenient, and transparent. And benefiting from our active exploration in this respect, our interior design and construction business has also achieved good results in 2021, with a year-on-year growth of 27.6%.

Innovation and others business are the business layout in smart home, soft furnishings, new retail, etc., representing our continued exploration of diversified realization. Concerning new business models and fields, we will also actively focus on the new monetization opportunities for the development of the Company.

OUTLOOK

Looking forward to the future, we will continue to implement the SaaS strategy, solving the problems of the industry with technology, strengthening industrial empowerment, actively promoting transformation and upgrading the industry to the direction of digitalization, standardization and ecology, enhancing overall operational efficiency and service experience of the industry, continuing to expand the scale of partner merchants, improving the retention rate, helping IDC service providers improve their digital operational capabilities and achieving cost reduction and efficiency. And meanwhile, we will focus on new demands of the new generation of users, while further strengthening our investment in research and development, helping users avoid possible risks in the process of construction, fully protecting the rights and interests of users, and ensuring that we achieve our mission of "helping users to achieve a beautiful living easily, cost-effectively and with peace of mind".

APPRECIATION

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

Mr. DENG Huajin
Chairman and Chief Executive Officer

Shanghai, China
22 March 2022

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

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

Business Review

- **SaaS and Extended Service Business**

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

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

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

  – ***SaaS***

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

  – ***Marketing Service***

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

  – ***Supply Chain Service***

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

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

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

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

Company Financial Highlights

For the year ended 31 December 2021:

- Total revenue increased by 20.8% year over year to RMB1,106.5 million in 2021. We achieved solid revenue growth across all major business segment.

- Total gross profit increased by RMB72.9 million year over year to RMB593.4 million in 2021. We continued to make high gross margin improvement in our core business such as SaaS and extended service.

- Net profit attributable to equity holders of the Company reached RMB74.1 million in 2021, which is the result of our focus on main business.

Company Business Outlook

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Revenue

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

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

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

SaaS and Extended Service Business

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

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

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

– ***SaaS***

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

– ***Marketing Service***

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

– ***Supply Chain Service***

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

Interior Design and Construction and others Business

– ***Interior Design and Construction***

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

– ***Innovation and others***

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

Cost of sales

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

SaaS and Extended Service Business

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

Interior Design and Construction Business

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

Gross profit and gross profit margin

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

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

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

SaaS and Extended Service Business

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

Interior Design and Construction and others Business

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

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

Selling and marketing expenses

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

Administrative expenses

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

Research and development expenses

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

Net impairment losses on financial assets

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

Other gains – net

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

Finance income – net

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

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

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

Income tax expenses

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

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

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

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

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

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

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

Note:

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

Liquidity and financial resources

We had historically funded our cash requirements principally from capital contribution from shareholders and financing through issuance and bank borrowings. We had cash and cash equivalents of RMB548.0 million and restricted cash of RMB21.7 million as of 31 December 2021, compared to the balance of cash and cash equivalents and term deposits of RMB897.1 million and RMB9.8 million as of 31 December 2020, respectively. The decrease in cash and other liquid financial resources was due to payment for more low risk wealth management products to improve the utilization of funds.

The following table sets forth a summary of our cash on hand and at bank for the years indicated:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Cash and cash equivalents	**548,017**	897,093
Restricted cash	**21,734**	–
Term deposits	**–**	9,787
Cash on hand and at bank at the end of the year	**569,751**	906,880

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

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	**(190,570)**	80,720
Net cash (used in)/generated from investing activities	**(82,374)**	550,592
Net cash used in financing activities	**(65,402)**	(108,681)
Net (decrease)/increase in cash and cash equivalents	**(338,346)**	522,631
Effect on exchange rate difference	**(10,991)**	(36,430)
Cash and cash equivalents at the beginning of the year	**897,354**	411,153
Cash and cash equivalents at the end of the year	**548,017**	897,354*

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

Net cash (used in)/generated from operating activities

For the year ended 31 December 2021, our net cash used in operating activities was RMB190.6 million, which was primarily attributable to our profit before income tax of RMB80.9 million, as adjusted by (i) non-cash items, which primarily comprised depreciation and amortization of RMB24.3 million, provision for bad debt and impairment loss on investment in associate of RMB25.8 million and share-based payments of RMB12.4 million, partially offset by fair value gains on investments of RMB9.7 million and losses on disposal of subsidiaries of RMB113.0 million; and (ii) changes in working capital, which primarily comprised an increase in trade and other receivables of RMB60.8 million, an increase in contract assets of RMB81.3 million, an increase in restricted cash of RMB21.7 million, and a decrease in trade and other payables and contract liabilities of RMB53.4 million.

Net cash (used in)/generated from investing activities

For the year ended 31 December 2021, our net cash used in investing activities was RMB82.4 million, which was mainly attributable to purchase of property, plant and equipment of RMB19.5 million and purchase of financial assets at fair value through profit or loss of RMB1,137.5 million, partially offset by proceeds from disposals of financial assets at fair value through profit or loss of RMB763.9 million and proceeds from disposals of subsidiaries of RMB300.8 million.

Net cash used in financing activities

For the year ended 31 December 2021, net cash used in financing activities was RMB65.4 million, which was mainly attributable to proceeds from borrowings of RMB79.3 million and cash received from capital contributions in subsidiaries from non-controlling interests of RMB4.0 million, partially offset by repayment of borrowings of RMB70.0 million, repurchase of shares of RMB61.9 million, lease payments of RMB15.3 million and finance costs paid of RMB1.4 million.

Trade and other receivables and advances to suppliers

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

Borrowings

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

Gearing ratio

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

Treasury policy

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

Capital expenditure

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

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

Significant Investment Held

As at 31 December 2021, the Group had the following significant investment held with a value of 5 per cent. or more of the Group's total assets which was classified as investment accounted for using the equity method:

Name of the investment	Investment costs RMB'000	Net book value as at 31 December 2021 RMB'000	Number of shares of investment held as at 31 December 2021	Percentage of investment held as at 31 December 2021 (%)	Performance/ Change in share of results of investment accounted for using the equity method for the year ended 31 December 2021 RMB'000	Performance/ Change in share of other comprehensive (loss)/income for the year ended 31 December 2021 RMB'000	Performance/ Change in provision of impairment for the year ended 31 December 2021 RMB'000	Size as compared to the Group's total assets as at December 2021 (%)
Guangzhou Seagull Kitchen and Bath Products Co. Ltd. (廣州海鷗住宅工業股份有限公司, "Seagull")	242,834	274,727	36,109,091	6.13%	6,803	(730)	(10,581)	12.9%

Description of the investment

In 2014, we made a minority investment in Guangzhou Seagull Kitchen and Bath Products Co. Ltd. ("**Seagull**"), a PRC company listed on the Shenzhen Stock Exchange (Stock code: 002084) that engages in the production and sale of high-end plumbing equipment and hardware. The investment in Seagull is not held for trading. We believe that we enjoyed strategic and synergic benefits from our investment and consider it as strategic investment. We will review our investment strategy regularly in response to the changes in market situation. The financial performance of this company has stabilized but still fell short of original projection and lowered the expectation to its future profitability and consequently affected the valuation conducted by independent valuer. As of 31 December 2021, except for the aforementioned investment, there were no other investments held with a value of 5% or more of the Group's total assets.

Material acquisition and disposal

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

There were no other material acquisitions and disposals of subsidiaries and joint ventures during the year ended 31 December 2021.

Financial assets at fair value through profit or loss

As at 31 December 2021, the Group had current and non-current financial assets at fair value through profit or loss of approximately RMB639.3 million (31 December 2020: approximately RMB263.6 million), mainly comprised (i) investments in wealth management products of approximately RMB603.0 million (31 December 2020: approximately RMB229.1 million); (ii) investments in listed companies of approximately RMB18.4 million (31 December 2020: approximately RMB23.5 million); (iii) investments in financial assets related to redemption rights of approximately RMB12.4 million (31 December 2020: approximately RMB11.1 million); and (iv) private equity funds of approximately RMB5.0 million (31 December 2020: nil).

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Financial assets at fair value through profit or loss		
Current		
Wealth management products[1]	**603,013**	229,070
Investments in listed companies	**18,432**	23,489
Financial assets related to redemption rights	**12,350**	–
Mutual funds	**548**	–
Subtotal	**634,343**	252,559
Non-current		
Private equity funds	**5,000**	–
Financial assets related to redemption rights	**–**	11,056
Subtotal	**5,000**	11,056
Total	**639,343**	263,615

Note:

(1) Wealth management products were denominated in RMB and USD with expected rate of return of 1.68% to 3.50% per annum. Wealth management products increased by 163.2% from RMB229.1 million as at 31 December 2020 to RMB603.0 million as at 31 December 2021, mainly to improve the utilization of funds.

None of the wealth management products purchased by the Group accounted for more than 5% of total assets.

Long-term investment activities

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Investments accounted for using the equity method[1]	**280,069**	285,564
Financial assets at fair value through other comprehensive income	**48,388**	64,565
Financial assets at fair value through profit or loss	**5,000**	11,056
Total	**333,457**	361,185

Note:

(1) As at 31 December 2021, other than the Group's investment in Seagull as disclosed in Note 16 to the consolidated financial statements, none of the carrying amount of any of our investments constitutes 5% or more of our total assets.

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

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

Foreign exchange risk

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

Contingent liabilities

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

Board of Directors and Senior Management

OUR DIRECTORS

The following table presents certain information in respect of the members of our Board throughout the year and as at the Latest Practicable Date:

Members of our Board

Name	Age	Position/Title	Date of Appointment
Mr. DENG Huajin	49	Executive Director and Chairman and Chief Executive Officer	2 April 2018
Mr. TIAN Yuan	52	Executive Director	2 April 2018
Mr. GAO Wei	50	Executive Director	2 April 2018
Mr. LI Gabriel	54	Non-executive Director	2 April 2018
Mr. ZHAO Guibin	52	Non-executive Director	24 April 2020
Ms. PING Xiaoli	37	Non-executive Director	29 October 2019
Mr. ZHANG Lihong	50	Independent non-executive Director	4 June 2018
Mr. CAO Zhiguang	48	Independent non-executive Director	4 June 2018
Mr. WONG Man Chung Francis	57	Independent non-executive Director	4 June 2018

The biography of each Director during the year and as at the Latest Practicable Date:

EXECUTIVE DIRECTORS

Mr. DENG Huajin (鄧華金), aged 49, is the Chairman, an executive Director and the chief executive officer of our Company since April 2018. He is also the founder of the Group in 2007 and is responsible for overall strategic planning and business direction of the Group. He is also a member of the Remuneration Committee and the chairman of the Nomination Committee. He was appointed as a Director in November 2014, and was re-designated as an executive Director and appointed as the Chairman of the Board in April 2018.

Mr. Deng is a director of Guangzhou Seagull Kitchen and Bath Products Co. Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 002084), since November 2014.

Mr. Deng received a bachelor's degree in chemistry from East China Normal University in 1996. In 2021, he was elected as the "Fifth Honorary Vice President of the National Federation of Industry and Commerce Furniture Decoration Chamber of Commerce (全國工商聯家具裝飾業商會第五屆榮譽副會長)" and was honored as the "Outstanding CEO of 2020 (2020年度傑出CEO)" by iiMedia Consulting.

Mr. TIAN Yuan (田原), aged 52, is an executive Director and a joint company secretary. He was appointed as a Director in 2015 and was re-designated as an executive Director of the Company in April 2018. He is responsible for the overall management of the Company.

Mr. Tian joined the Group in August 2007 and having over 20 years experience in this industry.

Mr. Tian received a bachelor's degree in engineering in electronic precision machinery from Shanghai University in 1991.

Mr. GAO Wei (高巍), aged 50, is an executive Director. He was appointed as a Director in April 2015 and was re-designated as an executive Director in April 2018. He is responsible for the overall management of the Company.

Mr. Gao joined the Group in 2007 and having over 25 years experience in this industry.

Mr. Gao received an executive master's degree in business administration from Fudan University in 2014.

NON-EXECUTIVE DIRECTORS

Mr. LI Gabriel (李基培), aged 54, is a non-executive Director. He was appointed as a Director in April 2015 and re-designated as a non-executive Director in April 2018. He is responsible for providing professional opinion and judgement to our Board.

Mr. Li has been serving as the managing partner and a member of the investment committee of Orchid Asia Group Management Limited since August 2004. He has also been serving as a director of Trip.com Group Limited, a company listed on NASDAQ (NASDAQ: TCOM), since March 2000. From October 2013, Mr. Li served as a non – executive director of Nirvana Asia Ltd, a company which was listed on the Stock Exchange (HKSE: 1438) until October 2016 when the listing of its shares was withdrawn from the Stock Exchange upon the completion of its privatization under relevant rules and regulations. From September 2012 to October 2014, Mr. Li was a director of Autohome Inc., a company listed on NASDAQ (NASDAQ: ATHM). Mr. Li was also a director of Lifetech Scientific Corporation, a company listed on the Stock Exchange (then HKSE: 8122 (GEM Board); now HKSE: 1302 (Main Board)), between September 2006 and January 2013.

Mr. Li graduated from the University of California in Berkeley, the United States, in chemical engineering in 1990. He received his master of science degree (majored in chemical engineering practice) from the Massachusetts Institute of Technology in the United States in 1991, and his master's degree in business administration from Stanford University Business School in the United States in 1995.

Mr. 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.

Mr. ZHAO Guibin (趙貴賓), aged 52, was appointed as a non-executive Director on 24 April 2020. Mr. ZHAO joined Suzhou Cowin Zhengde Investment Management Co., Ltd. (蘇州凱風正德投資管理有限公司) ("**Suzhou Cowin**") in June 2010. Mr. ZHAO indirectly holds 36.26% of the equity interest of Suzhou Cowin as of the date of this annual report through Huzhou Shi Tong Li He Enterprise Management Partnership (湖州時通利合企業管理合夥企業) and is the general manager of Suzhou Cowin. Suzhou Cowin holds 1% of the equity interest of Tibet Cowin Jinqu Venture Capital Co., Ltd. (西藏凱風進取創業投資有限公司, previously named as Huoerguosi Cowin Jinqu Venture Capital Co., Ltd. (霍爾果斯凱風進取創業投資有限公司), "**Tibet Cowin**"), which in turns hold the entire equity interest of Cowin Jinqu Limited. Cowin Jinqu Limited ("**Cowin Jinqu**") holds 12,167,567 ordinary shares of the Company, representing approximately 1.05% of the total issued capital of the Company, as of the date of this annual report. Mr. ZHAO is a director of each of Tibet Cowin and Cowin Jinqu.

Mr. ZHAO has also served as a director of Nanjing Sanchao Advanced Materials Co., Ltd. (南京三超新材料股份有限公司, a company listed on the Shenzhen Stock Exchange ChiNext market (stock code: 300554)) from May 2018 to April 2021.

Mr. ZHAO graduated from the National University of Defense Technology (國防科技大學) with a bachelor degree in computer application in July 1992 and received a master's degree in business administration from Nanjing University (南京大學) in July 2003.

Ms. PING Xiaoli (平曉黎), aged 37 was appointed as a non-executive Director of the Company on 29 October 2019. She has been working at Baidu, Inc. (a company which is listed on the Nasdaq Stock Market and Hong Kong Stock Market (NASDAQ: BIDU; HKEX: 9888)) since 2007 and has held various positions including person-in-charge of wireless network alliance business, online financial platform and information flow solutions of Baidu, Inc..

Ms. PING currently holds the position of vice president of Baidu and general manager of Baidu APP and she obtained her bachelor's degree from Beihang University (北京航空航天大學) in 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. ZHANG Lihong (張禮洪), aged 50, is the independent non-executive Director since June 2018 and is responsible for providing independent advice and judgment to the Board. He also serves a member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. Mr. Zhang has been teaching civil and commercial law at East China University of Political Science and Law since December 2003, and is currently a professor in the same university. Mr. Zhang has extensive knowledge and background in civil and commercial law will contribute to the internal control, compliance and corporate governance aspects of our Company's operations.

Mr. Zhang obtained a bachelor's degree in economics from China University of Political Science and Law in 1992, a master's degree in civil and commercial law from China University of Political Science and Law in 1995, and a doctorate in Civil Law and Roman Law from University La Sapienza of Rome in 2003.

Mr. Zhang obtained his qualification as a lawyer in the PRC in 2010.

Mr. CAO Zhiguang (曹志廣), aged 48, is an independent non-executive Director since June 2018 and is responsible for providing independent advice and judgment to the Board. He also serves as a member of our Audit and Risk Management Committee and Nomination Committee and the chairman of our Remuneration Committee. Mr. Cao has been teaching applied finance in Shanghai University of Finance and Economics since 2003.

Mr. Cao obtained a bachelor's degree in chemistry from East China Normal University in 1996, a master's degree in analytical chemistry from East China Normal University in 1999, and a doctorate in management science from Fudan University in 2003. Mr. Cao has extensive knowledge and background in finance will contribute to the financial and accounting aspects of our Company's operations.

Mr. Cao obtained the qualification certificate for college teachers in the PRC in 2005.

Mr. WONG Man Chung Francis (黃文宗), aged 57, is the independent non-executive Director since June 2018 and is responsible for providing independent advice and judgment to our Board. He also serves as the chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee.

Mr. Wong has been serving as an independent non-executive director of the following companies listed on the Stock Exchange: Shanghai Dongzheng Automotive Finance Co., Ltd. (HKSE: 2718) since 24 February 2020; IntelliCentrics Global Holdings Ltd. (HKSE: 6819) since 23 January 2020; Hilong Holding Limited (HKSE: 1623) since 2017; China New Higher Education Group Limited (HKSE: 2001) since 2017 and resigned on 6 December 2019; Kunming Dianchi Water Treatment Co., Ltd (HKSE: 3768) since 2016 and resigned on August 2018; GCL-Poly Energy Holdings Limited (HKSE: 3800) since 2016; Greenheart Group Limited (HKSE: 094) since 2015; Integrated Waste Solutions Group Holdings Limited (HKSE: 923) since 2013; Digital China Holdings Limited (HKSE: 861) since 2006; Wai Kee Holdings Limited (HKSE: 610) since 2004; and China Oriental Group Company Limited (HKSE: 581) since 2004.

Mr. Wong is a Certified Public Accountant (Practising). He was admitted as a Certified Public Accountant in 1990, and obtained a master's degree in accounting from Jinan University (暨南大學), the PRC, in 2005. Mr. Wong is currently a fellow member of the Chartered Association of Certified Accountants of the United Kingdom, the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the Society of Chinese Accountants and Auditors, and a Certified Tax Advisor of the Taxation Institute of Hong Kong.

OUR SENIOR MANAGEMENT

See disclosure in "Board of Directors and Senior Management – Our Directors" for the biographies of Mr. Deng, Mr. Tian and Mr. Gao.

Mr. KANG Liang (康梁), aged 37, was appointed as chief financial officer of the Company from 24 June 2021 to 25 March 2022. He is mainly responsible for corporate finance, investor relations, investments and acquisitions and strategy matters.

Mr. Kang obtained his master of business administration from China Europe International Business School (中歐國際工商學院) in March 2012 and his bachelor degree in automation from Shanghai Jiao Tong University (上海交通大學) in July 2007.

JOINT COMPANY SECRETARIES

Mr. TIAN Yuan (田原), an executive Director, was the joint company secretary and the authorised representative of the Company since August 2019.

Biographies of Mr. Tian was disclosed in "Board of Directors and Senior Management – Our Directors".

Ms. LEUNG Kwan Wai (梁君慧) was our joint company secretary since June 2021. Ms. Leung is currently a manager of Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated Business, Corporate and Investor Services.

Ms. Leung has over 15 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Leung is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (CGI) (formerly The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year of 2021.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code.

Save as disclosed herein, the Company has been in compliance with the code provisions set out in the CG Code.

THE BOARD

Responsibilities

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference.

Delegation of Management Functions

The major powers and functions of the Board include, but are not limited to, convening the general meetings, reporting its work at the general meetings, implementing the resolutions passed at the general meetings, considering and approving the operating plans and investment plans of the Company, formulating the Company's strategic development plans, formulating annual financial budgets and final accounts plans, formulating profit distribution plans and plans on making up losses, and exercising other powers and functions as conferred by the Memorandum and Articles of Association.

All Directors have full and timely access to all the information of the Company and advices from the joint company secretaries and senior management of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board is responsible for making decision with respect to the strategic plans, major investment decisions and other significant operational matters of the Company, while responsibilities with respect to the implementation of the decisions of the Board, day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to entering into any significant transactions.

Composition of the Board

The Board currently comprises nine Directors:

Executive Directors

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

Non-executive Directors

Mr. LI Gabriel
Ms. PING Xiaoli
Mr. ZHAO Guibin

Independent non-executive Directors

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

A list of members of the Board, their positions and dates of appointment, and each Director's biography have been set out in the section headed "Board of Directors and Senior Management".

All Directors, including non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

Save as disclosed in this annual report, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Directors.

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and performed by different individuals.

Up to the date of this annual report, the roles of Chairman and chief executive officer of the Company were not separated and Mr. DENG Huajin currently performs these two roles. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Independent non-executive Directors

During the year, the Company has three independent non-executive Directors in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. The number of independent non-executive Directors accounts for one third of the number of the Board members.

According to the Rule 3.13 of Listing Rules, the independent non-executive Directors have made confirmations to the Company regarding their independence during the Reporting Period. Based on the confirmations of the independent non-executive Directors, the Company considers each of them to be independent during the Reporting Period.

Appointment and Re-election of Directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG Code states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Memorandum and Articles of Association.

Each of the executive Directors have entered into a service contract with the Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from the Listing Date or until the third annual general meeting of the Company since the Listing Date (whichever ends earlier). Either party has the right to give not less than three months' written notice to terminate the agreement.

Each of the non-executive Directors has entered into an appointment letter with the Company with an initial term for three years or until the third annual general meeting of the Company since the Listing Date, whichever ends earlier, subject to re-election as and when required under the Memorandum and Articles of Association unless terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

Each of the independent non-executive Directors has entered into an appointment letter with the Company with an initial term for three years or until the third annual general meeting of the Company since the Listing Date, whichever ends earlier, subject to re-election as and when required under the Memorandum and Articles of Association unless terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

In accordance with the Memorandum and Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new director appointed to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment. Any director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Article 108(a) of the Memorandum and Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

Model Code for Securities Transactions

The Company has adopted the Model Code as the code of conduct for the Directors to conduct securities transactions. After making specific enquiry to all Directors, each of the Directors confirmed that he/she has fully complied with the required standard set out in the Model Code during the Reporting Period.

Training and Continuous Professional Development of Directors

Each newly appointed director shall be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each director to discharge their duties. Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company have from time to time updated and provided written training materials relating to the roles, functions and duties of a director.

According to records provided by the Directors, a summary of training received by the Directors for the year ended 31 December 2021 is as follows:

Name of Director	Training*
Mr. DENG Huajin	√
Mr. TIAN Yuan	√
Mr. GAO Wei	√
Mr. LI Gabriel	√
Ms. PING Xiaoli	√
Mr. ZHAO Guibin	√
Mr. ZHANG Lihong	√
Mr. CAO Zhiguang	√
Mr. WONG Man Chung Francis	√

* Each of the Directors has attended training sessions arranged by the Company on connected transactions, corporate governance and continuing obligations of listed companies and as directors. On top of the above-mentioned trainings, each of the Directors has also read materials prepared by external professional advisers on the same topics.

Liability Insurance of Directors and Senior Management

The Company has purchased insurances for all Directors and members of the senior management to minimize risks that may be incurred in their normal performance of responsibilities.

Directors' Responsibility on Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group for the financial year ended 31 December 2021.

The Directors are responsible for overseeing the preparation of consolidated financial statements of the Group with a view to ensuring that such consolidated financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the senior management the management accounts and such accompanying explanation and information as necessary to enable the Board to make an informed assessment for approving the financial statements.

Board Meetings and General Meeting

The Company held 4 board meetings and one general meeting during the year.

The attendance of the above meetings by each Director is as follows:

Name of Directors	Attended/ No. of Eligible Meetings Board Meeting	Annual General Meeting
Mr. DENG Huajin	4/4	1/1
Mr. TIAN Yuan	4/4	1/1
Mr. GAO Wei	4/4	1/1
Mr. LI Gabriel	4/4	1/1
Ms. PING Xiaoli	4/4	1/1
Mr. ZHAO Guibin	4/4	1/1
Mr. ZHANG Lihong	4/4	1/1
Mr. CAO Zhiguang	3/4	1/1
Mr. WONG Man Chung Francis	4/4	1/1

Notices for all regular Board meetings and the agendas and accompanying Board papers will be given to all Directors at least three days before the meetings in order that they have sufficient time to review the papers. Minutes of meetings are kept by the joint company secretary with copies circulated to all Directors or Board committee members for information and records. Directors who have conflicts of interest in a board resolution have abstained from voting for that resolution.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors/Board committee members. Draft and final versions of the minutes of each Board meeting and Board committee meeting are sent to the Directors/ Board committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors. All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner. Any Director can seek independent professional advice at the Company's expense after making reasonable request to the Board.

BOARD COMMITTEES

Audit and Risk Management Committee

The Audit and Risk Management Committee consists of three independent non-executive Directors, namely Mr. WONG Man Chung Francis, Mr. ZHANG Lihong and Mr. CAO Zhiguang. Mr. WONG, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairman of the Audit and Risk Management Committee.

The primary duties of the Audit and Risk Management Committee are:

- to propose the appointment or dismissal of the external auditor of the Company, and approve the remuneration and terms of engagement of the external auditor;

- to discuss with the external auditor the nature and scope of the audit and relevant reporting obligations and to facilitate communications and monitor the relationship between the internal audit department and the external accounting firm;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- to monitor integrity of the Company's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant reporting judgments contained therein;

- to review the Company's financial controls, risk management and internal control systems, discuss the risk management and internal control systems with the senior management;

- to review the Company's financial and accounting policies and practices; and

- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Memorandum and Articles of Association, and as authorized by the Board.

During the year ended 31 December 2021, the Audit and Risk Management Committee held two meetings, at which the Company's interim results for 2021 and the annual results for 2020 and the relevant accounting principles and practices adopted by the Group were reviewed and discussed with the external auditors.

Code provision C.3.3(e)(i) of the CG Code provides that the terms of reference of the audit committee shall have the terms that the members of the audit committee should liaise with the Board and senior management and the audit committee must meet at least twice a year with the auditor. The Company has included such terms in relevant terms of reference, and thus complied with the Code provision C.3.3(e)(i) of the CG Code during the Relevant Period.

The attendance of the meetings by each member is as follows:

Name of Members	Attended/ No. of Eligible Meetings
Mr. WONG Man Chung Francis	2/2
Mr. ZHANG Lihong	2/2
Mr. CAO Zhiguang	1/2

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three independent non-executive Directors, namely Mr. CAO Zhiguang, Mr. ZHANG Lihong and Mr. WONG Man Chung Francis, and one executive Director, namely Mr. DENG Huajin. Mr. CAO currently serves as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are:

- to make recommendations to the Board on the Company's remuneration policy and structure for the Directors and senior management and on the establishment of formal and transparent procedures for developing remuneration policy;

- to make recommendation to the Board on the remuneration proposals of individual executive Directors and senior management;

- to review the Company's policy on expense reimbursements for the Directors and senior management; and

- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Memorandum and Articles of Association, and as authorized by the Board.

Two Remuneration Committee meetings were held during the year ended 31 December 2021.

The attendance of the meeting by each member is as follows:

Name of Members	Attended/ No. of Eligible Meetings
CAO Zhiguang	1/2
DENG Huajin	2/2
ZHANG Lihong	2/2
WONG Man Chung Francis	2/2

Pursuant to the code B.1.5 of the CG Code, the following table sets forth the remuneration of the Directors and members of senior management categorized by remuneration group for the year ended 31 December 2021:

Group (Note)	Remuneration (RMB)	Number of Individuals
1	1–1,000,000	0
2	1,000,001–2,000,000	3
3	2,000,001–3,000,000	1

Notes:

Group 2 includes 2 Directors and 1 senior management of the Company.

Group 3 includes 1 Director of the Company.

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix 16 of the Listing Rules are set out in note 37 to the consolidated financial statements.

Nomination Committee

The Nomination Committee consists of two independent non-executive Directors, namely Mr. ZHANG Lihong, Mr. CAO Zhiguang and one executive Director, namely Mr. DENG Huajin. Mr. DENG currently serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are:

- to formulate procedures and standards for the election of Directors and senior management, and make recommendations to the Board on the proposed procedures and standards;
- to make recommendations to the Board on the appointment or re-appointment of directors and succession plans for directors, in particular the chairman and the chief executive officer;
- to assess the independence of independent non-executive directors;
- to preliminarily examine the eligibility of candidates for directorship;
- to recommend to the Board concerning the membership of the Company's audit and remuneration committees, in consultation with the chairmen of those committees; and
- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Memorandum and Articles of Association, and as authorized by the Board.

One Nomination Committee meeting was held during the year ended 31 December 2021, at which the Nomination Policy of the Company and the Board Diversity Policy were reviewed and recommendations was made to the Board.

The attendance of the meeting by each member is as follows:

Name of Members	Attended/ No. of Eligible Meetings
DENG Huajin	1/1
ZHANG Lihong	1/1
CAO Zhiguang	0/1

According to the Nomination Policy, in evaluating and selecting any candidate for directorship, the Nomination Committee would consider the following criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon the receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

The Board has adopted the Board Diversity Policy. In designing the Board's composition, the Nomination Committee has considered Board diversity from a number of aspects, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

We believe the Board has a well-balance of cultural background, educational background, industry experience and professional experience where members of the Board have diversified branch of learning and working experience in different countries and regions.

CORPORATE GOVERNANCE FUNCTION

The Board recognizes that corporate governance should be the collective responsibility of Directors which include:

- to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the Listing Rules and disclosure in the Corporate Governance Report.

JOINT COMPANY SECRETARIES

Mr. TIAN Yuan, the executive Director was appointed as a joint company secretary of the Company in August 2019, is the primary contact person of Ms. LEUNG Kwan Wai at the Company.

Ms. LEUNG Kwan Wai, of Tricor Services Limited, has been engaged by the Company as a joint company secretary of the Company, and is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

During the year, the joint company secretaries of the Company, Mr. TIAN and Ms. LEUNG, actively participated in studies and updated their professional knowledge related to the Listing Rules and corporate governance to continuously improve their professional skills as company secretaries. They had complied with the requirements on taking no less than 15 hours of relevant professional training as set out in Rule 3.29 of the Listing Rules.

AUDITOR

Consolidated financial statements contained in this report have been audited by PricewaterhouseCoopers. Service fees which shall be paid by the Company to PricewaterhouseCoopers for the year amounted to RMB3.6 million (value added tax and other related tax excluded).

Service rendered	Fees Payable (RMB'000)
Audit service	3,500
Non-audit services	140
Total	3,640

The statement of the external auditor of the Company about its reporting responsibilities for the Consolidated Financial Statements is set out in the "Independent Auditor's Report" on pages 76 to 82.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Company is committed to establishing high level risk management and internal control systems to safeguard the Company's interests and shareholders' investment. We have established robust, comprehensive and technology – driven risk management to effectively manage and mitigate risks inherent in our business to protect us, our clients and our partners, as well as to meet regulatory obligations.

The Board assumes the ultimate responsibility for our risk management, internal control and compliance. Our risk management activities are undertaken and monitored by a risk management committee and supplemented by the legal and compliance department, internal audit department and other business departments. Our risk management committee is responsible for identifying, controlling and preventing major risks across our organization, as well as promulgating and ensuring compliance with risk management policies. We also have a compliance and risk management department with expertise in legal and regulatory, finance and internal audits to oversee our daily risk management activities.

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness and such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board, as supported by the audit and risk management committee, reviewed the risk management and internal control systems, including the financial, operational and compliance controls periodically and considered such systems are effective and adequate.

Internal Control

The Company establishes an internal audit department with corresponding supervision and audit responsibility.

In 2021, the Company conducted a review of its risk management and internal control system. The method, findings, analysis and results of the evaluation have been reported to the risk management committee and the Board.

The Board discussed and considered the risk management and internal control system of the Company and was of the opinion that the risk management and internal control system of the Company was adequate and effective.

INVESTOR RELATIONS

General Meetings and Shareholders' Rights

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meetings as such in the notices calling them. The extraordinary general meetings are convened irregularly. In accordance with the Memorandum and Articles of Association, an extraordinary general meeting shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or any one of the joint company secretaries for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholder(s) who wish to move a resolution may request the Company to convene an extraordinary general meeting in accordance with the procedures set out in the preceding paragraph. Detailed procedures for Shareholders to propose a person for election as a director of the Company are published on the Company's website (www.qeeka.com).

Communication with Shareholders and Investors

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

To promote effective communication, the Company makes up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information available in the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.qeeka.com) for public access.

The general meetings of the Company provide a forum and an important channel for communication between the Board and the shareholders. The Chairman of the Board as well as chairman of the Nomination Committee, the Remuneration Committee and the Audit and Risk Management Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available normally at the annual general meetings and other relevant shareholder meetings to answer questions. Shareholders are also encouraged to attend general meetings held by the Company and are invited to express their views and raise questions thereat.

Shareholders should direct their inquiries about their shareholdings to Tricor Investor Services Limited, the Company's Hong Kong Share Registrar. Investors may also write to the Company at its principal place of business in Hong Kong or China for any enquiries.

The Company sets out the following contact details for Shareholders to communicated with the Company:

Mailing address:
Building 1, No. 1926, Cao An Highway,
Jiading District, Shanghai, PRC
Telephone number: 021-69108770
E-mail address: ir@qeeka.com

AMENDMENTS TO CONSTITUTIONAL DOCUMENT

There had been no changes in constitutional documents of the Company after the Listing Date.

Environmental, Social and Governance Report

ABOUT THE REPORT

Reporting Scope

The report covers the Company and its subsidiaries, including two primary businesses: (i) SaaS and Extended Service Business; (ii) Interior Design and Construction and others Business. Reporting period covers from 1 January 2021 to 31 December 2021 (the "Reporting Period"). There is no significant adjustment to the reporting scope as compared to the Environmental, Social and Governance ("ESG") Report included in the Qeeka Home (Cayman) Inc. Annual Report 2020.

For information on our corporate governance, please refer to the Corporate Governance Report of the current year.

Reference and principles

The Report has been prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (the "*ESG Reporting Guide*") set out in Appendix 27 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Hong Kong Exchanges and Clearing Limited ("HKEx") and describes the environmental and social impacts of the Group's businesses and operating activities according to the ESG Reporting Guide. The report is prepared in accordance with the following reporting principles:

- "Materiality": The Group determines material ESG issues through stakeholder engagement and materiality assessment, which have been disclosed in the report;
- "Quantitative": Information on the standards and methodologies used in reporting emission and energy data, as well as the sources of the emission factors used have been disclosed;
- "Consistency": Statistical methods and key performance indicators ("KPIs") of the report are consistent with those of previous years.

RESPONSIBLE GOVERNANCE

ESG strategy and governance

Adhering to the strategy of sustainable development, the Group is committed to providing the society with high-quality home decoration services. We have included ESG risk and opportunity factors in our business strategy and established ESG management organizational structure with clear responsibilities, which provide a direction for our daily operation.

The Board of Directors ("the Board") supports the Group's commitment to its corporate social responsibility and takes full responsibility for the Group's ESG strategies and reporting. As the highest decision-maker of ESG management in the Group, the Board develops ESG management approach and strategy, including evaluating, prioritizing, and managing material ESG-related issues and their risks to the Group's businesses. The Board regularly reviews the Group's ESG performance, examines and approves the Group's annual ESG report.

The management of the Group is responsible for arranging ESG working group to carry out relevant work according to the approach and strategy formulated by the Board. The management reports ESG related risks and opportunities to the Board, provides the Board with the Group's annual ESG performance and annual ESG report.

In order to carry out ESG work in full coverage, the Group has established the ESG working group directly involving department heads. The ESG working group has designated specific persons to carry out daily ESG work and prepare annual ESG report. The ESG working group reports to the management on the daily ESG performance and the progress of annual ESG report.

The Group has developed its ESG strategy based on the core principle and achievable goal of green and sustainable development to provide guidance for ESG management in daily operation. In addition, the Group regularly reviews its corporate social responsibility policies and strategies to ensure their appropriateness for its businesses.

Organization structure for ESG management

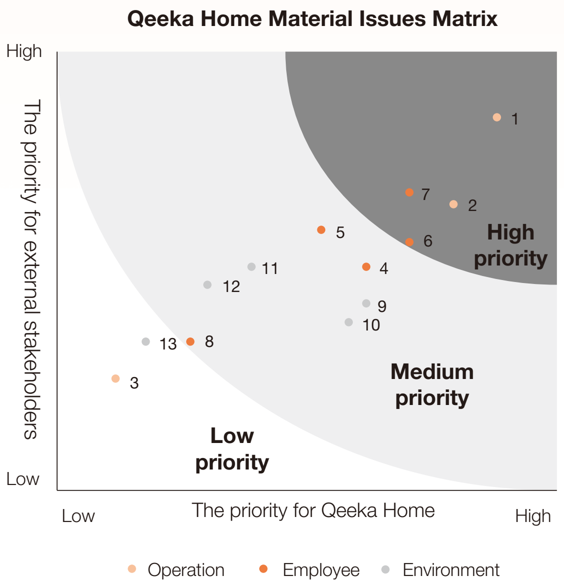
Stakeholder Communication

We firmly believe that the effective engagement of stakeholders has an important significance in our long-term development. The Group has identified major stakeholders and adopted various communication mechanisms to engage with stakeholders and actively respond to their expectations.

Stakeholders	Communication mechanisms	Stakeholders' expectations
Governments and regulators	• Daily management • Meetings • Monitoring and inspections • Policy consultation • Reporting	• Compliance with laws • Pay taxes according to laws • Support local development
Shareholders	• Shareholders' general meetings • Information disclosure • Activities promoting investor relations	• Sustainable development and return to shareholders • Information disclosure and investor relations • Corporate governance and risk control
Customers	• Contract signing • Transactions	• High-quality products • Top-class pre-sale and after-sale services
Employees	• Employee trainings • Employee activities and employee care • Performance management	• Remuneration and benefits • Good work environment and development platforms • Equal opportunities for promotion and development • Smooth communication
Media	• Interviews about business operation • Corporate culture publicity • Thematic activities	• Fulfilment of corporate social responsibilities • Measures to learn about the Company's important events and activities
Cooperating parties	• Negotiation and communication • Supplier investigation and evaluation • Open bidding and tendering • Communications and exchange visits	• Keep promise • Equal, open and fair procurement • Win-win development
Community and society	• Promote urban and rural development	• Promote common prosperity

Materiality assessment

We identified 13 ESG issues in accordance with the ESG Reporting Guide and classified them into three aspects, i.e., Operation, Employee and Environment. After communicating with internal and external stakeholders and considering the Group's businesses, we conducted assessment and screening accordingly. Finally, the following ESG issues were identified and were highlighted for disclosure and response in the report.



SEQUENCE	ISSUES NAME
1	product responsibility
2	supply chain management
3	community charity
4	development and training
5	anti-corruption and upholding integrity
6	employee rights and interests
7	health and safety
8	labor code
9	energy management
10	water resource management
11	emissions
12	waste management
13	climate change

SUSTAINABLE OPERATION

In strict compliance with relevant laws and regulations including but not limited to the Telecommunications Regulations of the PRC, the Administrative Measures on Internet Information Services, the Provisions on the Administration of Mobile Internet Application Information Services, etc., the Group, as a leading e-commerce platform in areas of decoration, construction materials and furniture & furnishing in China, provides a complete set of high efficient e-commerce solutions to domestic providers of construction materials and furniture & soft furnishing products and domestic suppliers of decoration design and decoration construction management services. By applying software technologies, we also provide Internet decoration customers with high-quality decoration and furniture & furnishing related services, to help them decorate their homes easily and safely.

Honours	Issuers	Award time
Best Technology, Media, Telecommunications (TMT) Company	Zhitong Finance and Tonghuashun Finance	6 January 2021
Most Innovative Brand/Company in 2020	iiMedia Research	25 January 2021
Outstanding CEO in 2020	iiMedia Research	25 January 2021
Leading Company in Interior Design and Construction Industry	Beijing Wanglian Media Technology Co., Ltd	3 February 2021
AAAAA-rated Company in Furniture & Furnishing Industry	China Furniture & Decoration Chamber of Commerce	15 March 2021
Excellent Cooperation Platform of Ideal Home	KUAISHOU	1 April 2021
Industry Model of Corporate Social Responsibility Award	The 11th Philanthropy Festival Organising Committee	22 November 2021
Best SaaS Enterprise	Zhitong Finance	11 January 2022
2021 Best Investor Relations Management Award	Tonghuashun Finance	17 January 2022

Sound Product Quality

As one of China's leading SaaS service platforms for furniture & furnishing enterprises, we focus on maintaining product quality, continuously improving market satisfaction, and providing high quality construction materials and efficient, transparent one-stop interior design and construction solutions to users by virtue of our diversified businesses.

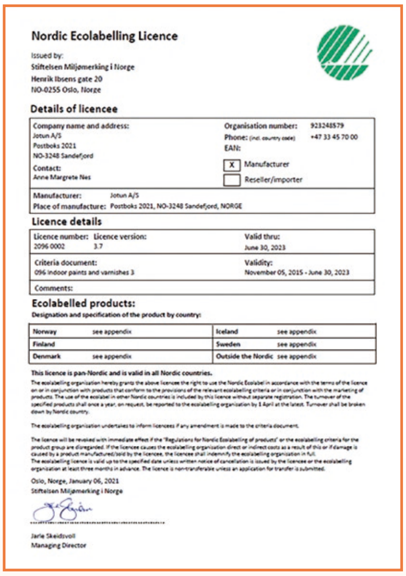
In respect of material selection, we use furniture, auxiliary materials and accessories meeting European environmental protection standards, including those certified by DVGW, CSTB, WRAS, Nordic Swan Ecolable and IAC-GOLD, so as to safeguard the health of our customers and achieve environmental-friendly goals.

WRAS, UK

CSTB, France

DVGW, Germany

IAC-GOLD



Nordic Swan Ecolable

In terms of product inspection, we guarantee the pass rate of finished products before delivery, and enhance the foundation for production innovation, so as to fully practice our commitment to quality production. Taking Nola, our brand of light fashion and stylish furniture for instance, we require all Nola suppliers to perform whole-scale tests, including fire-retardant performance, high temperature resistance, pollution resistance, formaldehyde content etc. in accordance with national standards such as GB/T 10125 Corrosion Tests in Artificial Atmospheres – Salt spray tests, GB/T 8624 Classification of Combustion Performance of Building Materials and Products. The suppliers are allowed to supply products to Nola only after obtaining the qualified inspection report issued by us. We strictly practice quality inspection on Nola's finished and semi-finished products in accordance with guidances on craft operation and quality standards. The problems detected will be publicised and assessed, and classified analysis and improvement will be carried out at the same time.

In terms of project implementation and acceptance, we strictly assess the construction teams. Only those of business partners who have passed the review and cooperated with Qeeka Home are eligible to apply for certification of quality construction teams. We require the quality construction teams to participate in the training for construction team leaders organised by Qeeka Home, and only after assessment can they maintain the certification of qualification. In any month, if three owners are dissatisfied with the same quality construction team, the qualification shall be cancelled to ensure the excellence of construction. In accordance with the requirements of the GB 50210 Code for Construction Quality Acceptance of Building Decoration and GB 50327 Code for Construction of Decoration of Housings, we have formulated acceptance criteria for water, electricity, mud, wood, paint, etc., to strictly control the quality of delivery.

During the reporting period, the Group did not have any products recalled for reasons of safety and health.

Customer First

In the course of the Company's development, we have always attached importance to the needs of users, resolving problems from users' perspective, continuously optimising service standards, improving service quality, and gradually developing into a one-stop service platform for digital interior decoration. Through efforts on construction, lay-out and planning for digital ecosystem, we also help improve overall industry efficiency.

➢ SaaS Services Platform

In 2021, we promoted the SaaS service platform strategy, offering furniture & furnishing enterprises with comprehensive business solutions covering marketing, supply chain aggregation and innovative value-added services etc., so as to precisely serve targeted users. The SaaS service platform comprehensively ensures the intelligent management of each sector such as construction, operation and branding of furniture & furnishing enterprise. The platform empowers the enterprises with digital technology, which directly enhances enterprises' ability in customer operation management, enterprise management and interior decoration process management, thus ensuring the improvement of overall operational efficiency of the industry. At the same time, through digital technology, we standardise the service processes of platform upon furniture & furnishing enterprises, and encourage business partners to refine service level, thus promoting the standardisation of industry services.

➢ High Quality Design and Decoration

Design and decoration are essential components of the interior decoration services. We are committed to recruiting more design talents to provide our customers more outstanding and distinctive designs, as well as personalised services.

Designer Contest

In September 2021, we held the fourth designer competition. Many interior design elites stood out. With the design work, they present customers with lovely and warm "homes", and inspire users with reference, providing new driving force for the development of interior decoration industry.

We have also formulated strict standards and requirements for selecting and managing decoration companies, enabling customers to enjoy better interior decoration service and improving customer satisfaction:

- We have formulated the Eighteen Safety Hazard Checks of Qeeka Home to strengthen the awareness of construction personnel for safety and civilised construction, so as to safeguard the interests of customers;

- We have launched the "livestream on site" function, which enables customers to monitor the decoration process through mobile phones and computers, and provide transparent service scenarios that guarantee the process. Therefore, customers can understand the project progress and quality more thoroughly;

- Through a comprehensive quality inspection process and a specific rating system, our commercial quality inspection team regularly follows up on the customer's evaluation of the merchant and satisfaction with the interior decoration process, so as to guarantee the customer's rights and interests;

- We have initiated the phased acceptance through "Qijia Bao Service", which protects customers through comprehensive insurance and one-on-one secretary. At this regard, we help customers to monitor decoration quality more conveniently, and mitigate the risks of "absconding with the money" by renovation companies, unethical order stealing/bypassing and construction accidents;

- We have revised and released the Rules 3.0 of the Qeeka Home Decoration Platform to alleviate the financial pressure of business partners and to give more discount incentives to business partners who lock their orders. Meanwhile, we also imposed penalties on business partners who maliciously submitted refund and supplement orders.

➢ **Life-cycle Service and Complaint Management**

For consumers, we adhere to the service concept of customer first and strictly abide by relevant laws and regulations, including, but not limited to, the Consumer Rights and Interests Protection Law of the PRC, etc. We carry out decoration life-cycle services. We understand the needs of users in a timely manner through telephone and online service. We also provide customers with whole-process decoration butler service, which offers the recommendation in the first stage, follows up construction in the medium term, inspects construction quality in the latter stage, addresses after-sales issues, etc., to satisfy the demands for rapid intervention, constant following up, and coordination of customers services both online and offline, thus providing integrated and quality service to customers.

We attach great importance to customer feedback and suggestions, and have formulated a series of rules and regulations including the Administrative Measures for Complaint Handling, the Procedures for Daily Complaint Handling by Personnel, the Process of Customers' Complaint Management, the Process of After-decoration Services, etc. In addition, the Group has provided 400 customer service hotline and online customer service, direct access via app, 12315 complaint hotline, third-party media complaint channel, WeChat and Weibo complaint channel, etc., in order to receive and handle customers' information and demands. We assigned corresponding customer complaint staff in different business segments to specifically address the customer's problems and needs. The customer complaint staff strictly complies with the 3.1.5 Service Commitment and handles the customer's complaints according to the criteria of response in 3 hours, preliminary plan in 1 day, and processing finished in 5 days. In addition, we have also formulated the Customer Complaint Assessment System, which scores the performance of the customer complaint staff according to various indicators such as complaint resolution rate, process optimisation rate and customer call-back rate, and we continuously rectify the efficiency and quality of customer service. During the period of the pandemic, we put customers first, provided 24-hour online customer service to improve the efficiency of resolution upon consumer dispute.

We have formulated strict regulations on the after-sales service of suppliers. We require suppliers to inspect the quality, size, quantity of products before delivery, and repair or replace defective goods in a timely manner. In accordance with the Standards for Acceptance and Return Of Products, customers can return or exchange the goods free of charge if we confirm that relevant criteria are met.

Win-win Cooperation

We recognise that to achieve the Company's long-term development we must ensure that our partners also operate in accordance with our principles, ethics and sustainable development methods. Therefore, we pay great attention to the quality of all interior decoration and building materials from co-operators who accommodated the platform and branch stations, so as work together with our partners to achieve win-win cooperation.

For co-operators, we have formulated the Regulation for Review of Co-operator Qualification and the Criteria for Assessment of Co-operator Qualification, etc., to strictly review business partners in terms of co-operator qualification, shareholder qualification, related enterprise qualification, litigation information, etc. For brand franchising, we have formulated standards such as the Franchising and Accommodation Standards and the Confirmation Letter of Franchising Information of Co-operators. We have optimised the franchising process through online contracting, video retention, and email follow-up to shorten the cycle, while strengthening risk control and raising the guarantee awareness of co-operators. We also require Nola to select legitimate distributors who own good business reputation and have no speculative behaviour or bad credit record as business partners, so as to expand brand recognition and comprehensive influence, and to create a favourable market environment together.

We strictly implement supplier introduction, information maintenance and evaluation, launch a life-cycle management process, and make requirements on suppliers in accordance with relevant policies such as the Supplier Management Procedure and the Supplier Access and Rating Management System.

- We require suppliers to provide qualification documents including a copy of business license, trademark certification, product testing report, bank account information, etc., so as to screen qualified suppliers;

- Apart from indicators such as pricing, financial and credit status, delivery and installation, we also include social risk indicators such as firefighting facilities at suppliers' factories, R&D team, information regarding social insurance for production technicians, so as to require suppliers to fulfil social responsibilities and pass on the concept of sustainable development;

- We perform quarterly evaluations on suppliers and eliminate unqualified suppliers in a timely manner, thus maintaining the quality of the supplier chain.

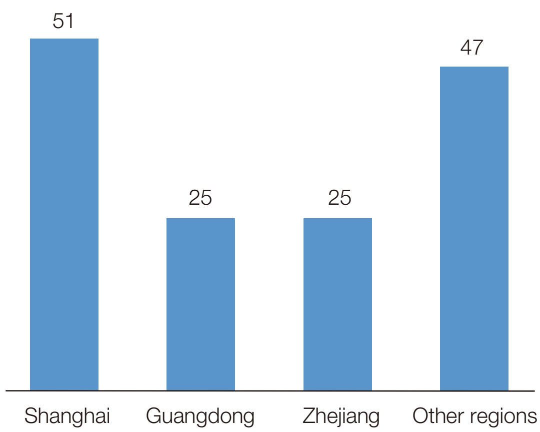
We continuously improve distribution efficiency by deploying mini-warehouses in 18 cities across the country in 2021, and achieved one-stop delivery to customers through the Qi Qi Li Auxiliary Materials Platform (hereinafter "Qi Qi Li"). We have formulated the Safety and Environmental Protection Site Management System to ensure that all products ordered from the "Qi Qi Li" meet higher requirements for safety and environmental protection. At the same time, we implement more stringent site acceptance standards to guarantee the safety and greenness of auxiliary materials for interior decoration, and enhance user satisfaction of cooperative decoration enterprises, so as to promote the sustainability of cooperation.

In 2021, we strengthened our communication with partners, heightened integration capabilities of our platform, and advanced the development of the industry by the activities such as industry ecosystem convention and training for distributors. Through training sessions, we delivered more knowledge to partners and thus enhance their service and technical capabilities. For example, our Nola Business School is designed for distributors, and provides training sessions covering marketing, design, installation, community promotion, etc. to empower distributors for better design teams, stronger marketing teams, and more accurate sources of flow. In addition, we seek strategic cooperation with our partners to jointly develop and update our products to create a better, more convenient and more intelligent product system to meet the diverse needs of our customers.

Interior Decoration Industry Ecology Conference

In July 2021, the Second Interior Decoration Industry Ecology Conference was consummated in Guangzhou. The conference discussed "user experience" and related topics, and solved consumers' concerns by providing targeted services, and joined up with decoration companies for common growth, thus promoting the healthy and steady development of the interior decoration industry.

As at the end of the reporting period, we had a total of 148 suppliers by geographical regions as follows:



Compliance with Rules and Laws

We scrupulously abide by the concept of honesty, trustworthiness and compliant operation, and strictly comply with relevant requirements such as the Contract Law of the PRC, the Consumer Rights and Interests Protection Law of the PRC, the Product Quality Law of the PRC, the Electronic Commerce Law of the PRC, and the Trademark Law of the PRC. In accordance with the Group's regulations, the Legal Compliance Guidelines are formulated to specify requirements related to contracts, product quality, consumer rights, network security, advertising, trademarks and price fraud for key positions such as market operation posts and decoration management posts, and to provide advice and penalties.

➢ **Privacy Protection**

We respect customers' privacy and attach great importance to protecting customers' privacy data so that our customers' interests are not compromised. In strictly compliance with laws and regulations, including but not limited to the Cybersecurity Law of the People's Republic of China, the Decision on Strengthening Network Information Protection, the Provisions on Protection of Personal Information of Telecommunications and Internet Users, etc., the Group develops a well-established privacy protection system composed of various regulations including the Regulations for Users' Information Security Management, the Provisions on the Establishment and Administration of Information Security Organisation, the Regulations for Personal Information Security Protection, the Administration Regulations for Complaint Handling Events Regarding Personal Information Protection, the Regulations for Emergency Processing of Network Security Events, the Information Security Policies, etc. We have formulated the Privacy Policy to specify the scope, purpose, sharing, transfer and disclosure of customer data, so as to ensure the security and control of the customer's personal information.

We have formulated the Employee Work Rules and Guidelines, which requires strict confidentiality of trade secrets such as user information and customer lists. If an employee divulges relevant information, the Company will terminate employment relationship with the employee without compensation. We do not collect or use user information without permission, nor do we disclose, falsify, damage, sell or illegally provide the user information collected to others. In addition, we adopt such measures as encryption and decryption and virtual numbers to protect user information in WEB ports, Qeeka Home database management platform, CRM system, background operation system, order receiving Apps, etc., and require business partners to communicate with users by our proprietary App. We also regularly review security to protect user privacy properly.

➢ **Intellectual Property**

Strictly abiding by laws and regulations related to intellectual property rights, including but not limited to the Trademark Law of the PRC etc., we actively conduct intellectual property protection, and formulate regulations such as the Management Standards for Intangible Assets to ensure the security and value of intangible assets.

We comprehensively regulate the use of the VI image through policies such as the Application Rules of Qeeka Home Model Image, the VI Image Recognition Manual, the Application Rules of IP Image "Qi Qi Li" usage specification, and the Provisions on the Operation and Management of Decoration Business Partners.

Strictly following laws and regulations, including but not limited to the Advertisements Law of the People's Republic of China etc., we have developed various regulations including the Specifications on Management of Advertisements and Copywriting, under which the Legal Department reviews the Company's promotion copywriting, publicity materials and advertisements, to ensure the legality and authenticity of the information and materials used for promotion and marketing, and safeguard rights and interests of the Group and consumers. We conduct regular trainings on the business promotion, operation and copywriting release, and communicate with employees weekly by email on existing problems, legal updates and hot spots. In 2021, we conducted numerous training sessions on compliance and self-inspection of advertising. The training included selection of illegal advertising cases and notes on the use of image and fonts, etc., with the aim of enhancing the professionalism of advertising staff, timely avoiding risks associated with non-compliance in the advertising process, ensuring the legality of promotional information, and avoiding exaggeration or false advertising, so as to protect customer interests.

Public Welfare and Charity

The Group actively practices corporate social responsibility while providing high-quality customer service, raising investors' income and promoting industry development. Through such actions, the Group contribute efforts to social stability and common prosperity.

Computer Donation

In 2021, we continued to assist rural education construction through the "Passing love, the renewable computer classroom" project that organised by Shanghai Zhonggu Charity, and endeavour modestly to promote rural education. We reassembled and repaired 219 idle electronic equipment, including computers, monitors, and projectors, etc. distributed to students in remote mountain areas. We also built more computer classrooms for them, thus providing a more convenient learning environment and enriching the learning resources.

CARE FOR EMPLOYEES

We are deeply aware that employees are the foundation for the continuous development of the Company, therefore cultivating and retaining talents is critical to maintain the Company's leading position in the industry. We strictly abide by the integrity policy and create a incorruptible business environment. We attach importance to the professional growth of employees, and provide them with thorough promotion channel and training system. We continuously rectify the talent management system and establish an integrated human resources management system. We safeguard the legitimate rights and interests of employees, and care for the physical and mental health of employees, so as to create a good working environment.

Integrity

The Group strictly complies with relevant laws and regulations, including but not limited to the Companies Law of the PRC, the Tenders and Bids Law of the PRC, the Anti-Unfair Competition Law of the PRC, and the Interim Provisions on Banning Commercial Bribery. We formulate and implement the Procedure for Tender and Price Parity among Multiple Parties, the Internal Control System for Procurement and Payments, the Code for Integrity Management, the Code of Ethics and Conduct, thus regulating the Group's operating activities and extinguish bribery, extortion, fraud and money laundering.

We adopt a "zero tolerance" approach to corruption, fraud, bribery and other illegal activities. For those violating laws and rules, we adhere to principles of "rigorous investigation and strict accountability system". We also encourage employees and partners to be an integral part of our integrity management system, providing open hotlines and e-mails for all parties to complain and report any breach of integrity policies or leads (including non-compliance by external partners):

- Compliance hotline: 021-69108705
- Compliance email: internalaudit@qeeka.com
- Compliance boxes are set up at headquarters

In addition, we have set up a Legal Supervision Department to proactively monitor violations of the laws and regulations:

- We obtain information about personnel with major violation of laws and regulations that have been identified or handled by the internal control department of an external enterprise;

- We keep track of the list of people who have lost their credibility or restricted consumption as notified by the national judicial authorities or the financial industry, and assist the Human Resource Department in conducting screening during the new employee on-boarding process;

- We conduct investigation for senior-level employees during their on-boarding process, including but not limited to the existence of a judicial decision, the concealment of external employment or investment, etc., and determine whether to hire them thereon.

In 2021, we conducted a half-year-long monitoring and investigation. In the course of this investigation, we established and optimised the channels for reports and complaints, and conducted publicity within and outside the Company continually; we carried out special trainings on honesty and integrity for new employees and staff in each department; we joined the external anti-fraud alliance for mutual force of studies, investigation and reporting in the industry; and we checked what we have missed and filled the gap of process blind areas identified during investigation and inspection, with two control points added and one process optimisation completed. The investigation was widely covered and deeply conducted, and had a long duration, from which we gained a lot. And we handled the irregularities found during the investigation process by the cancellation of labour contracts and deduction of bonuses.

We require all employees to abide by the Company's rules and regulations and relevant laws and regulations of China, and severely punish those who make false facts in the course of the investigation and do not cooperate in the investigation; and persons who are purposely withholding information and do not cooperate with the inquiry will also be held accountable for violations. And we spread, through continuous publicity and trainings, the Group's anti-corruption management requirements, promote a culture of integrity and honesty, and deepen employees' anti-corruption awareness, thus promoting healthy development within the Company.

Anti-fraud Seminar for the Internet Industry

In May 2021, we participated in the first anti-fraud seminar for the Internet industry. The seminar focused on the difficult and hot issues of Internet-based companies in the field of data construction, advertising, etc., aiming to jointly creating a clean and honest industry atmosphere.

No concluded legal cases regarding corrupt practices brought against the Group or our employees during the reporting period.

Career Development

We have built an all-around, multi-level talent training system that enables employees to conduct self-study based on their needs. Departments have, in accordance with the specific conditions in practice and in a regular manner, organised employees to learn professional knowledge and skills necessary for their position, thus enhancing the core competitiveness of employees, and providing them with more possibilities for career development, so as to better meet their career goals.

Our Business School makes full use of internal and external knowledge resources to set up training programmes such as "new recruits training", "leadership training and senior management training" to help employees quickly integrate into the Company and understand the culture of the Company, and also help them improve their overall quality, providing them with broad opportunities for career growth and a learning platform. The Business School covers courses such as group business, system, job skills and corporate culture.

Through the Management System for Staff Coaching and the Management System for Internal Trainers, we have tapped internal training resources, and promoted the accumulation, sharing and spreading of internal knowledge through coaches and internal trainers, thus raising the overall quality of the workforce.

The "Eagle Plan"

In 2021, we continued to carry out special training in middle management, which is called the "Eagle Plan". The training includes special courses such as "Qeeka Faith" and "Business Lecture and Efficient Reporting", aiming at helping middle management personnel of the Group acquire special skills and improve management capabilities to promote sustainable management operation of the enterprise.

During the reporting period, the percentage of employees who received training by gender and type of employment and the average hours[1] of training per employee are as follows:

		Percentage of employees receiving training	The average hours of training per employee
By gender	Male	54%	30.4
	Female	46%	19.3
By type	Senior management	2%	18.9
	Middle management	16%	37.9
	Junior staff	82%	22.8

Protection for Rights and Interests

We are in strict compliance with relevant laws and regulations, including but not limited to the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and the Employment Promotion Law of the People' s Republic of China. We have prepared internal system processes such as the Recruitment Management Process and the Internal 180 Management System to standardise staff management and safeguard their rights and interests.

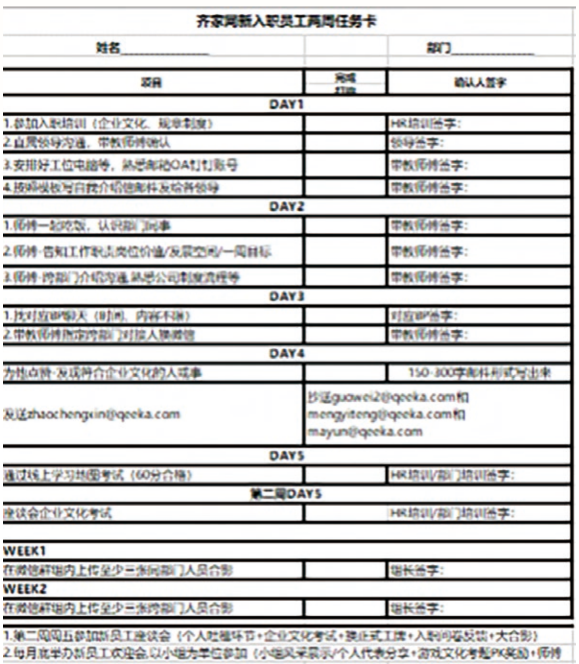
➢ **Recruitment and Employment**

Pursuant to the Recruitment Management Process, we adhere to principles of "fair recruitment, open recruitment, equal competition, merit-based recruitment" during our recruitment. And we abide by the laws and regulations of the state and local governments. We prohibit discrimination against any employee due to personal characteristics such as race, gender, colour, age, family background, national tradition, religion, physical attribute and original nationality, ensuring that employees are fairly treated and have equal opportunities in terms of remuneration and dismissal, recruitment and promotion, working hours, holidays, and other treatment and benefits. We also help new recruits to better understand the culture of the Company in various ways, so that they can quickly take on the new job.

1 Our statistics system for employee training data is under development and perfection. The employee training data disclosed in this report only covers those in Shanghai headquarters.

New employee on-boarding

In 2021, we launched the programme of "two-week mission card for new recruits" to help them quickly integrate into the team through our new recruits training, buddy system, enterprise culture testing, etc. We have also organised seminars for new recruits in different times to enable them to understand our corporate culture deeply.



齐家网新入职员工两周任务卡		
姓名____		部门____
项目	完成打勾	确认人签字
DAY1		
1.参加入职培训（企业文化、规章制度）		HR培训签字:
2.直属领导沟通，带教师傅确认		领导签字:
3.安排好工位电脑等，熟悉邮箱OA钉钉账号		带教师傅签字:
4.按照模板写自我介绍邮件发给各领导		带教师傅签字:
DAY2		
1.师傅一起吃饭，认识部门同事		带教师傅签字:
2.师傅-告知工作职责岗位价值/发展空间/一周目标		带教师傅签字:
3.师傅-跨部门介绍沟通,熟悉公司制度流程等		带教师傅签字:
DAY3		
1.找对应BP聊天（时间、内容不限）		对应BP签字:
2.带教师傅指定跨部门对接人聊聊		带教师傅签字:
DAY4		
为他点赞-发现符合企业文化的人或事		150-300字邮件形式写出来
发送zhaochengxin@qeeka.com	抄送guowei2@qeeka.com和 mengyiteng@qeeka.com和 mayun@qeeka.com	
DAY5		
通过线上学习地图考试（60分合格）		HR培训/部门培训签字:
第二周DAY5		
座谈会企业文化考试		HR培训/部门培训签字:
WEEK1		
在微信群组内上传至少三张同部门人员合影		组长签字:
WEEK2		
在微信群组内上传至少三张跨部门人员合影		组长签字:

1.第二周周五参加新员工座谈会（个人吐槽环节+企业文化考试+颁正式工牌+入职问卷反馈+大合影）
2.每月统一举办新员工欢迎会,以小组为单位参加（小组风采展示/个人代表分享+游戏文化考题PK奖励）+师傅

The incentive and punishment, the termination of labour contracts and the separation process have been specified in the Staff Manual, the Staff Award and Punishment System and the Employee Relations Management Process, and firing staff without reasonable grounds is not allowed.

As at the end of the reporting period, we had 569 Chinese employees[2], including 558 full-time employees and 11 part-time employees. The number of employees categorised by age and gender and the employee turnover ratio in the reporting period are as follows:

		Total Headcount	Employee turnover ratio
By gender	Male	303	44%
	Female	266	39%
By age	Under 30 years old	186	51%
	30-50 years old	367	36%
	Above 50 years old	16	30%

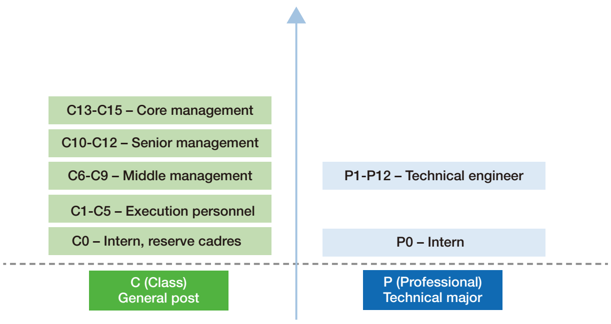
➢ **Emoluments and Benefits**

We have established a competitive compensation and benefits system and will provide fair and reasonable compensation to employees after assessing both internal and external situations and the different circumstances of employees. Employee compensation comprises of basic salary, job salary/performance bonus, post allowance, confidential salary or competition restriction compensation. We sign the Labour Contract with regular employees in accordance with the law, and pay various social insurance contributions for employees in accordance with local regulations. Employees can also enjoy welfare benefits including meal allowance, transportation subsidy, business communication fee and blessing fee. At the end of each year, we assess the performance of employees, and will offer outstanding employees a job promotion or a pay raise according to their business capability and the nature of their position.

2 Our staff statistics system is under development and perfection. The staff data disclosed in this report only covers those in Shanghai headquarters.

➢ Promotion and Development

We have established a sound career promotion channel for employees, and in accordance with the Internal Competition Management Regulations, we advance recruitment through internal candidates' competition by using the open selection mechanism of "open selection, competition for positions, and internal priority". In the Measures for the Administration of Remuneration and Job Grade, we provide guidance for employee benefits and salary standards by two main posts, i.e. the general posts and the technical professional posts, thus creating a transparent and fair path for promotion to maximise employees' potential.



➢ Care and Communication

In order to maintain a smooth communication with employees and to understand their needs in a timely manner, we have set up various channels to collect employees' opinions, such as the OA internal communication system, internal WeChat Official Account, Executive Horn, and questionnaire. We have carried out daily interactive exchanges with employees to ensure that employees' requests are received and resolved on the same day if possible. We have also established a trade union chaired by the Chief Operating Officer to guarantee that there will be no wage reduction or redundancy during the pandemic through the Collective Wage Negotiation System, and to safeguard the legitimate rights and interests of employees. We provide support and assistance to employees with special needs, including providing nursing rooms and appropriate care for lactating employees. We have set up the Company's internal electronic magazine "Qeeka Life" covering messages from senior management, company dynamics, team style, and new recruits' performance to enhance employees' sense of inclusion and honour.

We hold various festivals and cultural events every year, including the Staff Birthday Party, Honour of Kings Online Competition, and the anniversary of the listing, aiming at enriching the employees' lives, providing care to employees, and creating a good corporate culture.

In 2021, we carried out team building activities for many times to help new recruits quickly integrate into the team, and to improve team cohesion and enhance enthusiasm for work.

The Third Anniversary of the Listing of the Group

2021 Team Building of Qeeka Management Team

➢ Labour Standards

We respect the legitimate rights and interests of employees and comply with relevant laws and regulations, including but not limited to the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and the Provisions on the Prohibition of Using Child Labour. We eliminate child labour by checking employees' identity cards when they join us. If the illegal employment of a minor is found, we will promptly notify his/her guardian and terminate the employment relationship immediately.

We have prepared the Staff Attendance Management System in strict compliance with relevant laws and regulations of China, and we adopt fixed working hour system (8-hour workday and 7-hour workday), comprehensive working hour system, and flexible working hour system. We strictly abide by the statutory working hours to control overtime work. If working overtime is a must, employees should apply and get approved in advance, and employers should offer them compensatory time off or overtime pay in accordance with the law, with overtime meal allowance and transportation subsidy provided. Forced labour is strictly prohibited.

Our employees can enjoy statutory holidays in accordance with state regulations, and have the right to leave, including personal leave, sick leave, marriage leave, bereavement leave, maternity leave, paternity leave, nursing leave, rest at work, annual leave and work injury leave.

Health Safety

We keep paying attention to the health and safety of employees, and strictly abide by relevant laws and regulations, including but not limited to the Work Safety Law of the People's Republic of China, etc. By optimising the safety management system, we provide employees with a safe working environment to safeguard their health and safety, striving to build an intrinsically safe enterprise.

We carry out monthly inspections and maintenance on firefighting equipment, invite suppliers with fire qualifications to conduct pressure checks and dry powder refills on a yearly basis, and to install emergency lights and exit signs in the office areas and the aisles, making sure that our firefighting equipment is sufficient to deal with all contingencies and eliminate potential safety hazards.

In view of the potential safety hazards at the decoration site, we have conducted the comprehensive check on construction, electricity, fire protection and tools and equipment, etc. as part of the check of potential safety hazards in accordance with the Eighteen Safety Hazard Checks of Qeeka Technology. And we have arranged, when necessary, a supervisor to guide the check and investigate potential hazards to supervise construction specifications, thus nipping potential safety hazards in the bud, and protecting customers' decoration safety and the safety of construction personnel on site.

In order to respond positively to the state's request to get prepared for the normalisation of the pandemic and safeguard the health of our employees, we take the initiative to cooperate with the prevention and control departments at all levels, and have prepared the Covid-19 Prevention and Control Plan. The Plan specifies the control responsibilities of departments, makes clear of the information transfer process, details the level of prevention and control, stipulates the criteria for screening close contact personnel, and prepares the prevention and control measures and contingency plans. The Plan also sets the corresponding detailed regulations and standardised procedures from three aspects including medical treatment, staying in office buildings and working from home, thus achieving scientific prevention of pandemic prevention.

During the reporting period, the number of lost days due to work injury was zero. No work-related fatalities occurred in each of the past three years including the reporting year.

Low-carbon Environmental Protection

In order to advance the realisation of China's goals of "peak carbon dioxide emissions" and "carbon neutrality", we are committed to creating a healthy and sustainable green ecology, and we have set the following environmental objectives to enhance the corporate environmental management.

Emissions: All wastewater shall be discharged in compliance after its disposal is up to the standard

Non-hazardous waste: All non-hazardous waste shall be entrusted to qualified institutions for disposal

Energy: Energy consumption intensity shall be gradually reduced

Water resources: Water consumption intensity shall be gradually reduced

Based on the business characteristics, our emissions mainly come from nitrogen oxides (NOx), sulfur dioxide (SO_2), particulate matter and greenhouse gas released from petrol used in our own vehicles, greenhouse gas emissions from electricity used in the workplace, and non-hazardous waste emissions from the workplace; the resources used in the office are mainly electricity and water. Our water used is mainly sourced from municipal water system, which is sufficient for water supply in day-to-day operation.

As an enterprise with the eco-friendly concept, we attach great importance to the role of environmental protection in the development of enterprises. We strictly abide by relevant laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China and the Energy Conservation Law of the People's Republic of China, and we have prepared systems such as the Measures for the Management of Air Conditioner Use to achieve an eco-friendly office. We adopt various energy-conservation, water-conservation and emissions-reduction measures to save resources and lower the carbon emissions, thus reducing negative impacts on the environment and achieving eco-friendly development:

✓ We prefer energy-efficient and environmentally friendly equipment, and install LED lamps in the customer service centres, warehouses and headquarters offices to reduce energy consumption;

✓ In our daily work, we encourage our employees to conserve electricity and implement the principles of saving electricity, reducing energy consumption, and using as needed;

✓ Daily maintenance is carried out for water equipment to avoid dripping and leakage;

✓ Paperless office is encouraged to minimise copy and printing. And double-sided printing and reuse of waste paper are supported to avoid unnecessary waste of paper and reduce the amount of non-hazardous waste;

✓ Waste sorting is implemented, and all non-hazardous waste is collected, transported and disposed of in unification by municipal health departments.

Actively addressing climate change is one of the key elements of the United Nations Sustainable Development Goals. As a responsible company, we have developed a series of measures for responding positively to extreme weather arising from global climate change. During the typhoon period, all employees of the Company worked from home, and we actively responded to climate change, and assumed environmental and social responsibility of the Company under the premise of ensuring normal internal operation and continuous service to consumers.

Taking the initiative to follow the eco-friendly development trend, we carry out research and development of eco-friendly processes and launched more eco-friendly products to meet the growing need of users for green and environmentally friendly products.

We also organise "low-carbon environmental protection" activities and projects to take the lead in standardising the eco-friendly construction of the industry, and encourage platform users and cooperative furniture & furnishing enterprises to jointly fulfil their environmental protection responsibilities.

Environmentally Friendly Site Project

In order to achieve eco-friendly interior decoration and improve people's health, we launched the Environmentally Friendly Site Project in 2021, and established the Alliance of Eco-friendly and Environmentally Friendly Qualified Auxiliary Materials to ensure that all auxiliary materials used in the decoration process meet the eco-friendly and environmentally friendly standards to reduce pollution and protect the environment.

Centring on environmentally friendly qualified auxiliary materials, we have prepared a set of management process and output standards from commencement to acceptance. The materials are distributed by service providers in a unified manner to reduce intermediate links, save transportation costs and lower carbon emissions in the process. During construction, the safe implementation of concealed projects is guaranteed, and the waste of auxiliary materials is reduced. Qualified auxiliary materials are subsequently turned into environmentally friendly materials for an eco-friendly interior decoration, aiming at "living in an eco-friendly home", providing customers with a safe and environmentally friendly interior decoration, and achieving the eco-friendly and environmentally friendly goal.

We are not a heavy user of non-renewable energy and forest resources, and our operations will not affect the biodiversity. Therefore, A3. The Environment and Natural Resources are not applicable to the Group.

The environmental KPIs disclosed in the report cover the offices of our headquarters in Shanghai and its subsidiary companies Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd., and Brausen (Fujian) Decoration Engineering Co., Ltd., etc. Compared with the data in the 2020 ESG Report, due to the decoration of the new office building of our Shanghai headquarters in June 2021, our non-hazardous waste emissions, consumption of electricity, greenhouse gas emissions, water consumption and other relevant data in this year increased significantly over the previous year.

Emissions	**2021**	2020	2019
NOx emissions (kg)[1]	**112.41**	110.70	119.30
Sulfur dioxide emissions (kg)[1]	**0.28**	0.26	0.28
Particulate emissions (kg)[1]	**10.77**	10.61	11.43
Scope 1: Direct greenhouse gas emissions (tCO_2e)	**40.18**	38.22	41.10
Scope 2: Energy indirect greenhouse gas emissions (tCO_2e)	**480.97**	376.89	507.61
Total greenhouse gas emissions (tCO_2e)[2]	**521.15**	415.11	548.71
Intensity of greenhouse gas emission (tCO_2e per capita)	**0.66**	0.48	0.67
Total non-hazardous waste emission (tonne)[3]	**109.07**	39.56	45.52
Intensity of non-hazardous waste (tonnes per capita)	**0.14**	0.05	0.06

Note:

1. Emissions are accounted for in accordance with How to Prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs of the Hong Kong Stock Exchange.

2. Greenhouse gas emissions are presented as CO_2e and accounted for according to the Accounting Methods and Reporting Guide for Greenhouse Gas Emissions from Public Building Operators issued by the National Development and Reform Commission (NDRC).

3. The hazardous waste generated in our operation consists of a small amount of waste toner cartridges, waste ink cartridges, etc., all of which are recycled by qualified recyclers. Therefore, limited impact is exerted on the environment and the KPI A1.3 (Total hazardous wastes produced) is not disclosed in the Report.

Resource utilisation[2]	**2021**	2020	2019
Total direct energy consumption (MWh)	**164.33**	156.33	168.12
Total indirect energy consumption (MWh)	**683.69**	535.73	721.54
Total energy consumption (MWh)[1]	**848.02**	692.06	889.67
Energy consumption intensity (Mwh per capita)	**1.08**	0.80	1.09
Total water consumption (tonnes)	**5,277**	2,701	4,181
Total water consumption intensity (tonnes per capita)	**6.70**	3.14	5.12

Note:

1. Total energy consumption is calculated based on the consumptions of electricity and fuel and the default parameter values related to fossil fuel as shown in Attached Table 1 to the Accounting Methods and Reporting Guide for Greenhouse Gas Emissions from Public Building Operators issued by the NDRC.

2. As the operation of the Group does not use packaging materials, the KPI A2.5 (total packaging material used for finished products) is not applicable.

Report of the Directors

The Board is pleased to present this annual report and the audited financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL BUSINESSES AND ACTIVITIES

The Group is one of the leading providers of SaaS solution in Interior design and construction industry in China. The principal activities of the Group are (i) the provision of SaaS based total marketing solution ("**SaaS**"), (ii) provision of targeted marketing services and inspection service ("**Marketing Service**"); (iii) provision of building and home decoration material supply chain services ("**Supply Chain Services**"); (iv) provision of interior design and construction service and licensing its brand to business partners and others ("**Interior Design and Construction**"); and (v) provision of other initiative services ("**Innovation and others**").

The Company acts as an investment holding company and the principal activities of its subsidiaries are set out in Note 38 to the consolidated financial statements. There were no significant changes in the nature of Group's activities during the Reporting Period.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2021 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" from pages 6 to 8 and pages 9 to 21 of this annual report. Description of principal risks and uncertainties that the Group may be facing can be found in the sections headed "Report of the Directors – Risks Relating to the Contractual Arrangements" on page 72 of this annual report. An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company is set out in the "Environmental, Social and Governance Report" on pages 36 to 54 of this annual report.

PROSPECT

A review of the business of the Group during the year and a discussion on the Group's future business development, particulars of important events affecting the Group that have occurred since the end of the financial year are set out in the "Chairman's Statement" on pages 6 to 8 of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the "Key Financial and Operation Data" on pages 4 to 5 of this annual report.

The Company's compliance with relevant laws and regulations which have a significant impact on the Group are provided in the section headed "Compliance with Laws and Regulations" of this report of the Directors. An account of the Company's relationship with its employees, customers, and suppliers is disclosed in the section headed "Relationship with Stakeholders" of this report of the Directors.

RESULTS

The consolidated results of the Group for the year ended 31 December 2021 are set out in the Consolidated Statement of Comprehensive Income on pages 83 to 84 of this annual report. The financial condition of the Group as at 31 December 2021 is set out in the Consolidated Balance Sheet on pages 85 to 86 of this annual report. The consolidated cash flows of the Group for the year ended 31 December 2021 is set out in the Consolidated Statement of Cash Flows on page 89.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Group during the year are set out in "Management Discussion and Analysis" of this annual report on pages 9 to 21.

DIVIDEND POLICY

The dividend policy of the Company, adopted by the Board on 19 December 2018, is set out as follows:

Subject to the Companies Law of the Cayman Islands and the Memorandum and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalizing dividends or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (including in the repurchase by the Company of its own securities or the giving of any financial assistance for the acquisition of its own securities) as the Board may from time to time think fit, and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve, carry forward any profits which it may think prudent not to distribute by way of dividend.

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The Company will hold the AGM on 23 May 2022.

The register of members of the Company ("**Register of Members**") will be closed during the following periods and during these periods, no transfer of shares will be registered.

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the AGM, the Registers of Members will be closed from Wednesday, 18 May 2022 to Monday, 23 May 2022, both days inclusive.

In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar ("**Branch Share Registrar**") of the Company in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 May 2022.

SHARE CAPITAL

As at 31 December 2021, the authorised share capital of the Company was US$200,000, divided into 2,000,000,000 shares of US$0.0001 each. Details of movements in the share capital of the Company during the year ended 31 December 2021 are set out in Note 23 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 38 to the consolidated financial statements.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company established the Audit and Risk Management Committee with written terms of reference in compliance with the CG Code. The Audit and Risk Management Committee comprises three members, namely Mr. WONG Man Chung Francis, Mr. ZHANG Lihong and Mr. CAO Zhiguang. Mr. WONG is the chairman of the Audit and Risk Management Committee. The Audit and Risk Management Committee has reviewed the Group's 2021 annual results announcement, this annual report and the audited financial statements for the year ended 31 December 2021 prepared in accordance with the IFRS.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2021 are set out in the Consolidated Statement of Changes in Equity.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the amount of reserves available for distribution of the Company was approximately RMB1,851.0 million (2020: RMB1,942.7 million).

DONATIONS

During the year ended 31 December 2021, the Company and its subsidiaries made charitable donations of approximately RMB40,000 (2020: RMB15,000).

BORROWINGS

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

USE OF PROCEEDS FROM THE IPO

The total net proceeds from the issue of new Shares by the Company in its Listing (after deducting the underwriting fees and related expenses) amounted approximately RMB949.8 million, and the balance of unutilized net proceeds of approximately RMB311.8 million was kept at the bank accounts of the Group as at 31 December 2021.

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, purchases from the Group's five largest suppliers accounted for 22.7% of the Group's total purchases. In addition, purchases from the Group's single largest supplier accounted for 8.5% of the Group's total purchases during the same period.

For the year ended 31 December 2021, the Group's five largest customers accounted for 16.5% of the Group's total revenue. In addition, revenue from the Group's single largest customer accounted for 4.2% of the Group's total revenue during the same period.

During the year ended 31 December 2021, none of the Directors or any of their close associates or any Shareholders (which, to the knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment of the Company are set out in note 12 to the consolidated financial statements.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were:

Executive Directors

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

Non-executive Directors

Mr. LI Gabriel
Ms. PING Xiaoli
Mr. ZHAO Guibin

Independent Non-executive Directors

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

BIOGRAPHICAL DETAILS OF DIRECTORS

The Board comprises nine Directors in total. For details, please refer to the section headed "Board of Directors and Senior Management" above. There are four members of senior management in total, including Mr. DENG Huajin, Mr. TIAN Yuan, Mr. GAO Wei and Mr. KANG Liang.

Information about the details of the Directors and senior management of the Company is set out in the section headed "Board of Directors and Senior Management".

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent.

SERVICE CONTRACTS OF DIRECTORS

The Company has entered into service contracts with all Directors for a term of three years following each Director's respective appointment date or until the third annual general meeting of the Company since the Listing Date, whichever ends earlier, or which shall be terminated pursuant to relevant terms of respective contracts or letters of appointment.

None of the Directors has entered into any service contract with the Company or any of its subsidiaries which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save for service contracts and the Contractual Arrangements, there were no other transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which none of the Directors or its connected entities had a material interest, whether directly or indirectly, as at the end of the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

INTERESTS OF DIRECTORS IN BUSINESSES COMPETING WITH THE COMPANY

The Directors has confirmed that other than business of the Group, none of the Directors holds any interest in business which directly or indirectly competes or is likely to compete with the business of the Group.

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

As at 31 December 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of interest	Number of ordinary Shares	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	308,377,140	–	308,377,140	26.72%
Mr. Gao Wei[(2)]	Interest in controlled corporation	5,229,970	2,993,797	8,223,767	0.71%
Mr. Tian Yuan[(3)]	Interest in controlled corporation	4,578,876	–	4,578,876	0.40%
Mr. Gabriel Li[(4)]	Interest of spouse	100,000,000	–	100,000,000	8.67%

Notes:

(1) Mr. Deng holds 100% equity interests of Qeeka Holding, which in turn directly holds 294,789,530 Shares. Accordingly, Mr. Deng is deemed to be interested in the 294,789,530 Shares held by Qeeka Holding. Mr. Deng is the spouse of Ms. Sun Jie ("**Ms. Sun**"), and is deemed to be interested in the 13,587,610 Shares of Ms. Sun held through Qeeka Sunjie Home Holding, representing approximately 1.18% interest in the Company.

(2) Mr. Gao Wei holds 100% equity interests in Josephine Holding, which in turn directly holds 5,229,970 Shares. Accordingly, Mr. Gao Wei is deemed to be interested in the 5,229,970 Shares held by Josephine Holding. In addition, Mr. Gao Wei was granted a total of 2,993,797 restricted share units ("**RSUs**") under the post-IPO Restricted Share Unit Scheme on 14 December 2021.

(3) Mr. Tian Yuan holds 100% equity interests of Tianyuan Home, which in turn directly holds 4,578,876 Shares. Accordingly, Mr. Tian Yuan is deemed to be interested in the 4,578,876 Shares held by Tianyuan Home.

(4) Mr. Gabriel Li is the spouse of Ms. Lam, and is deemed to be interested in the Shares held by Ms. Lam in Clinton Global Limited. Clinton Global Limited directly holds 100,000,000 Shares and 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 31 December 2021, none of the Directors and chief executives of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code.

(ii) Interest in associated corporations

Save as disclosed above, so far as the Directors are aware, as at 31 December 2021, none of the Directors or chief executive of the Company and their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company, or (ii) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 31 December 2021, the following persons had interest or short positions in the shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company:

Name of Shareholders	Nature of interest	Number of shares[1]	Approximate percentage of shareholding in the Company
Mr. Deng[2]	Interest in a controlled corporation and interest of spouse	308,377,140(L)	26.72%
Ms. Sun[3]	Interest in a controlled corporation and interest of spouse	308,377,140(L)	26.72%
Qeeka Holding[2]	Beneficial owner	294,789,530(L)	25.54%
Suzhou Oriza Holdings Co., Ltd[4][5]	Interest in a controlled corporation	185,246,080(L)	16.05%
Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd.[4][5]	Interest in a controlled corporation	185,246,080(L)	16.05%
Suzhou Industrial Park Economic Development Co., Ltd.[4][5]	Interest in a controlled corporation	185,246,080(L)	16.05%
Suzhou Industrial Zone Management Committee[4][5]	Interest in a controlled corporation	185,246,080(L)	16.05%
Baidu HK[6]	Beneficial owner	124,981,861(L)	10.83%
Baidu Holdings Limited[6]	Interest in a controlled corporation	124,981,861(L)	10.83%
Baidu, Inc.[6]	Interest in a controlled corporation	124,981,861(L)	10.83%
Teng Yue Partners GP, LLC[7]	Interest in a controlled corporation	105,186,500(L)	9.11%
Teng Yue Partners Holdings GP, LLC[7]	Interest in a controlled corporation	105,186,500(L)	9.11%
Teng Yue Partners Holdings, LLC[7]	Interest in a controlled corporation	105,186,500(L)	9.11%

Name of Shareholders	Nature of interest	Number of shares[1]	Approximate percentage of shareholding in the Company
Teng Yue Partners Master Fund, L.P.[7]	Beneficial owner	105,186,500(L)	9.11%
Teng Yue Partners, L.P.[7]	Investment manager	105,186,500(L)	9.11%
Mr. Li Tao[7]	Interest in a controlled corporation	105,186,500(L)	9.11%
Hua Yuan International[4]	Beneficial owner	101,912,750(L)	8.83%
China-Singapore Suzhou Industrial Park Ventures Co., Ltd.[4]	Interest in a controlled corporation	101,912,750(L)	8.83%
Clinton Global Limited[8]	Beneficial owner	100,000,000(L)	8.67%
Areo Holdings Limited[8]	Interested in a controlled corporation	100,000,000(L)	8.67%
Mr. Gabriel Li[8]	Interest of spouse	100,000,000(L)	8.67%
Ms. Lam Lai Ming[8]	Interest in a controlled corporation	100,000,000(L)	8.67%
OAVI Holdings, L.P.[8]	Interest in a controlled corporation	100,000,000(L)	8.67%
Orchid Asia V Group Management, Limited[8]	Interested in a controlled corporation	100,000,000(L)	8.67%
Orchid Asia V Group, Limited[8]	Interested in a controlled corporation	100,000,000(L)	8.67%
Orchid Asia VI GP, Limited[8]	Interest in a controlled corporation	100,000,000(L)	8.67%
Orchid Asia VI, L.P.[8]	Interest in a controlled corporation	100,000,000(L)	8.67%
SIP Oriza[5]	Beneficial owner	83,333,330(L)	7.22%
Mr. Yao Hua[5]	Interest in a controlled corporation	83,333,330(L)	7.22%
SIP Oriza PE Fund Management Co., Ltd.[5]	Interest in a controlled corporation	83,333,330(L)	7.22%
SIP Oriza Jingfeng Equity Investment Management Co., Ltd.[5]	Interest in a controlled corporation	83,333,330(L)	7.22%
Suzhou Oriza Holdings Co., Ltd.[5]	Interest in a controlled corporation	83,333,330(L)	7.22%
Morgan Stanley[9]	Interest in a controlled corporation	81,538,900(L)	7.07%

Notes:

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

(2) Qeeka Holding is wholly-owned by Mr. Deng, therefore Mr. Deng is deemed to be interested in the 294,789,530 Shares held by Qeeka Holding under the SFO. In addition, Mr. Deng is the spouse of Ms. Sun and therefore is deemed to be interested in the 13,587,610 Shares which Ms. Sun is interested in under the SFO.

(3) Qeeka Sunjie Home Holding Limited is wholly-owned by Ms. Sun, therefore Ms. Sun is deemed to be interested in the 13,587,610 Shares held by Sunjie Home under the SFO. In addition, Ms. Sun is the spouse of Mr. Deng and is therefore deemed to be interested in the 294,789,530 Shares which are interested by Mr. Deng under the SFO.

(4) Hua Yuan International Limited is wholly-owned by China-Singapore Suzhou Industrial Park Ventures Co., Ltd., which is wholly-owned by Suzhou Oriza Holdings Co., Ltd, which is owned as to 60% by Suzhou Industrial Park Economic Development Co., Ltd., as to 20% by Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. and as to 20% by Jiangsu Investment Management Co. Ltd., the first two of which are wholly-owned by Suzhou Industrial Zone Management Committee, the latter is wholly-owned by Jiangsu Guoxin Group Co. Ltd.. Under the SFO, China-Singapore Suzhou Industrial Park Ventures Co., Ltd., Suzhou Oriza Holdings Co., Ltd, Suzhou Industrial Park Economic Development Co., Ltd., Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd., Jiangsu Investment Co. Ltd, Suzhou Industrial Zone Management Committee and Jiangsu Guoxin Group Co. Ltd. are deemed to be interested in the Shares held by Hua Yuan International Limited.

(5) The general partner of SIP Oriza is SIP Oriza PE Fund Management Co., Ltd., which is owned as to 51% by SIP Oriza Jingfeng Equity Investment Management Co., Ltd. and as to 49% by Suzhou Oriza Holdings Co., Ltd.. SIP Oriza Jingfeng Equity Investment Management Co., Ltd. is owned as to 44.19% by Yao Hua. Suzhou Oriza Holdings Co., Ltd. is owned as to 60% by Suzhou Industrial Park Economic Development Co., Ltd., as to 20% by Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. and as to 20% by Jiangsu Investment Management Co. Ltd., the first two of which are wholly-owned by Suzhou Industrial Zone Management Committee, the latter is wholly-owned by Jiangsu Guoxin Group Co. Ltd. Under the SFO, SIP Oriza PE Fund Management Co., Ltd., SIP Oriza Jingfeng Equity Investment Management Co., Ltd., Suzhou Oriza Holdings Co., Ltd., Yao Hua, Suzhou Industrial Park Economic Development Co., Ltd., Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd., Jiangsu Investment Management Co. Ltd., Suzhou Industrial Zone Management Committee and Jiangsu Guoxin Group Co. Ltd. are deemed to be interested in the Shares held by SIP Oriza.

(6) Baidu (Hong Kong) Limited is an investment holding company wholly-owned by Baidu Holdings Limited, which is wholly-owned by Baidu, Inc., a company listed on the Nasdaq Stock Market and Hong Kong Stock Market (NASDAQ: BIDU; HKEX: 9888). Under the SFO, Baidu, Inc. and Baidu Holdings Limited are deemed to be interested in the Shares held by Baidu (Hong Kong) Limited.

(7) Teng Yue Partners Master Fund, L.P., holds 105,186,500 Shares, which is wholly owned by Teng Yue Partners GP, LLC. Teng Yue Partners GP, LLC. is wholly owned by Teng Yue Partners Holdings GP, LLC, a company which is owned as to 99% by Mr. Li Tao. Teng Yue Partners, L.P. is wholly owned by Teng Yue Partners Holdings, LLC, a company which is owned as to 99% by Mr. Li Tao. Accordingly, based on the above disclosure, Teng Yue Partners Master Fund, L.P., Teng Yue Partners GP, LLC, Teng Yue Partners Holdings GP, LLC, Teng Yue Partners Holdings, LLC, Teng Yue Partners, L.P. and Mr. Li Tao are deemed to be interested in the Shares held by Teng Yue Partners Master Fund, L.P.

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

(9) Morgan Stanley & Co. LLC holds 66,818,000 shares, which is wholly-owned by Morgan Stanley Domestic Holdings, Inc.. Morgan Stanley Domestic Holdings, Inc. is wholly-owned by Morgan Stanley Capital Management, LLC, which is wholly-owned by Morgan Stanley. Under the SFO, Morgan Stanley Domestic Holdings, Inc., Morgan Stanley Capital Management, LLC and Morgan Stanley are deemed to be interested in these Shares held by Morgan Stanley & Co.,LLC.

Morgan Stanley & Co. International plc holds 14,720,900 shares, which is wholly-owned by Morgan Stanley Investments (UK). Morgan Stanley Investments (UK) is wholly-owned by Morgan Stanley International Limited, which is wholly-owned by Morgan Stanley International Holdings Inc, a wholly-owned subsidiary of Morgan Stanley. Under the SFO, Morgan Stanley Investments (UK), Morgan Stanley International Limited, Morgan Stanley International Holdings Inc and Morgan Stanley are deemed to be interested in these Shares held by Morgan Stanley & Co. International plc.

DEBENTURE ISSUED

The Company has not issued any debentures during the year ended 31 December 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate for the Reporting Period.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, the Company did not enter into any equity-linked agreement during the year ended 31 December 2021.

PERMITTED INDEMNITY PROVISION

Pursuant to the Memorandum and Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force during the Reporting Period.

The Company has maintained appropriate liability insurance for its Directors and senior management. The permitted indemnity provisions are set out in such liability insurance.

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company did not provide any financial assistance or guarantee to its affiliated companies during the Reporting Period, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Company did not enter into any loan agreement with covenants relating to specific performance of its controlling Shareholder nor breach the terms of any loan agreements during the Reporting 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.

Administration

The Pre-IPO Share Option Scheme is administered by the chief executive officer of the Company. All decisions, determinations and interpretations of the chief executive officer of the Company under the Pre-IPO Share Option Scheme will be final and binding on all recipients, and if applicable, transferees of awards under the scheme.

Eligible Participants

The Grantees include any individual, form of body corporate, unincorporated association, firm, partnership, joint venture, consortium, organization or trust (in each case whether or not having a separate legal personality) who or which is granted a right to subscribe for Shares pursuant to the Pre-IPO Share Option Scheme hereunder by the Company pursuant to the decision of the Committee.

Exercise Price

The price per Share at which a Grantee may subscribe for Shares on the exercise of an option shall be determined by the Board from time to time and shall be set out in an offer letter (the "**Offer Letter**").

Vesting Schedule

The vesting schedule shall be determined by the Board from time to time and shall be set out in the Offer Letter. There shall be no accelerated vesting of any options except that with the prior approval of the Board vesting may be fully accelerated for a period of not more than one year upon a change of control of the Company or the sale of all or substantially all of the assets of the Company.

Details of the Options Granted under the Pre-IPO Share Option Scheme

During the Reporting Period under the Pre-IPO Share Option Scheme, 7,790,772 share options were lapsed and 32,070,260 share options were modified. As at 31 December 2021, no outstanding options were exercisable.

The details below set out the movement of the share option granted under the Pre-IPO Share Option Scheme during the year:

Name of grantee	Date of grant	Balance as at 01/01/2021	Exercised during the year	Cancelled during the year	Modified during the year	Lapsed during the year	Balance as at 31/12/2021	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	1,684,016	–	–	–	1,684,016	–	2.004	10 years from grant date
Employee									
Employee (in aggregate)	31/12/2016	16,733,946	–	–	10,627,190	6,106,756	–	2.004	10 years from grant date
Total	–	39,861,032	–	–	32,070,260(1)	7,790,772	–	–	–

Note:

(1) In 2021, outstanding options of some participants under ESOP were replaced by another share-based compensation plan.

Further details of the Pre-IPO Share Option Scheme are set out in the Prospectus and Note 25 to the consolidated financial statements.

2021 RSU SCHEME

Restricted Share Unit Scheme

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

Persons eligible to receive RSUs under the 2021 RSU Scheme are existing employees, directors or officers of the Company (the "**RSU Eligible Persons**"). Our Board selects the RSU Eligible Persons to receive RSUs under the 2021 RSU Scheme at its discretion.

Subject to any termination as may be determined by the Board pursuant to the terms of the rules of the 2021 RSU Scheme (the "**Rules**"), the 2021 RSU Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date.

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

A Selected Participant shall not have any contingent interest in the Shares which are referable to him until such RSUs have been vested as Shares in accordance with the Rules. The RSU Trustee shall hold the Shares awarded until they are vested to the relevant Selected Participants in accordance with the terms of the RSUs.

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

Details of movements in the RSUs granted under the 2021 RSU Scheme during the year ended 31 December 2021 are as follows:

Grantee	Date of grant	Balance as at 01/01/2021	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Balance as at 31/12/2021	Vesting period of RSUs
Employee								
Employee (in aggregate)[1]	19/03/2021	–	28,522,540	3,815,540	–	3,984,500	20,722,500	by 2026[2]
Employee (in aggregate)	14/12/2021	–	4,243,424	–	–	–	4,243,424	2022[3]
Director								
GAO Wei	14/12/2021	–	2,993,797	–	–	–	2,993,797	2022[3]
Total		–	35,759,761	3,815,540	–	3,984,500	27,959,721	

Notes:

(1) Apart from the 11,000,000 RSUs granted to one Grantee which is exercisable at HK$1.00 per Share, other grantees of the RSUs are not required to pay for the exercise of the RSUs.

(2) The details as disclosed in announcement issued by the Company dated 22 March 2021.

(3) The details as disclosed in announcement issued by the Company dated 14 December 2021.

SUFFICIENCY OF PUBLIC FLOAT

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

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

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

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

Trading Month	Number of Shares Repurchased	Highest Price Paid HK$	Lowest Price Paid HK$	Total Paid HK$
January 2021	1,175,000	2.19	2.10	2,564,635
May 2021	2,496,000	2.01	1.79	4,675,815
July 2021	698,000	2.25	2.06	1,508,600
September 2021	1,504,500	1.57	1.50	2,282,445
December 2021	222,500	1.02	1.02	226,950
Total	6,096,500			11,258,445

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

For details of the shares purchased by the RSU Trustee for the purpose of the 2021 RSU Scheme during the year ended 31 December 2021, please refer to the section headed "EMPLOYEES, REMUNERATION AND PENSION SCHEME" below.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities during the year ended 31 December 2021.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Memorandum and Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's listed securities.

EMPLOYEES, REMUNERATION AND PENSION SCHEME

As at 31 December 2021, the Group had 917 full-time employees (2020: 788) in China. The Group remunerates the employees based on their performance, work experience and market rates. In addition, performance bonus is granted on a discretionary basis. Other employees benefits include provision fund, insurance and medical coverage. The Company has adopted the Pre-IPO Share Option Scheme, see the section headed "Pre-IPO Share Option Scheme" for details.

Pursuant to the 2021 RSU Scheme which was adopted on 15 January 2021 and the grant of restricted share units ("**RSUs**") as disclosed in the announcement dated 22 March 2021, Tricor Trust (Hong Kong) Limited was appointed as the RSU Trustee. During the year ended 31 December 2021, the RSU Trustee purchased an aggregate of 31,642,000 shares at a total cash consideration of approximately HK$63.2 million on-market to hold on trust for the benefit of the participants of the 2021 RSU Scheme (the "**RSU Participants**"). Such shares will be used as awards for relevant RSU Participants upon the grant and vesting of RSUs. As of 31 December 2021, RSUs in respect of an aggregate of 35,759,761 shares (representing approximately 3.1% of the total issued share capital of the Company as at the date of this announcement) granted by the Company under the 2021 RSU Scheme remained outstanding. Further details of the 2021 RSU Scheme, together with, among others, the RSUs granted under the 2021 RSU Scheme, are set out in the section headed "2021 RSU SCHEME" above.

Remuneration of the Directors is determined based on their roles and duties and with reference to the Company's remuneration policy and the prevailing market conditions. Details of remuneration of Directors and the five highest paid individuals of the Company for the year ended 31 December 2021 are set out in note 37 to the consolidated financial statements.

The Company participates in the national pension plans as defined by the laws of the PRC in which it has operations. Subsidiaries within the Group which are established and operate in China are required to provide certain staff pension benefits to their employees under existing regulations of the PRC (the "**PRC Pension Plan**"), whereby the Company is required to make contributions to the PRC Pension Plan based on certain percentages of the eligible employees' salaries. The Company's contributions to the PRC Pension Plan are vested fully with the employees upon the contributions are made and hence no forfeited contributions arise when the employees leave the respective plan. Accordingly, no forfeited contribution was utilised during the year ended 31 December 2021, and as at 31 December 2021, there was no forfeited contribution available which may be used to reduce the Group's existing level of contributions to the retirement benefit plans (2020: nil).

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had no material contingent liabilities.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors and their respective associates had an interest in any business which competes or may compete with the business in which the Group is engaged during the year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

Save as disclosed in this annual report, the Company has complied with the applicable code provisions of the CG Code during the Reporting Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding Directors' dealings in the securities of the Company.

Having made specific enquiry to all the Directors, each Director confirmed that he/she had complied with the required standards set out in the Model Code during the Reporting Period. The Board has also established written guidelines to regulate dealings by relevant employees who are likely to be in possession of 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.

AUDITORS

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire at the conclusion of the forthcoming AGM.

The Company will propose a resolution to re-appoint PricewaterhouseCoopers as the Company's auditor at the forthcoming AGM.

CONTINUING CONNECTED TRANSACTIONS

Connected Person

Mr. Deng is the chairman, chief executive officer, executive Director and a substantial shareholder of the Company and is therefore a connected person of the Company under the Listing Rules.

CONNECTED TRANSACTION

During the year ended 31 December 2021, save as disclosed in this annual report, no related party transaction disclosed in Note 33 to the consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules for which disclosure is required.

Continuing Connected Transactions

Referral Services Agreement

On 31 December 2020, Beijing Brausen, a non-wholly owned subsidiary of the Company, entered into the Brausen Referral Services Agreement with Shanghai Qijia E-Commerce, pursuant to which Shanghai Qijia E-Commerce will work with certain construction materials and household products suppliers, to sell customized construction materials and furniture packages to end-clients introduced by Beijing Brausen. In return for the referral services provided by Beijing Brausen, Shanghai Qijia E-Commerce will pay commission to Beijing Brausen. The Brausen Referral Services Agreement was initially effective from 1 January 2021 to December 31, 2021. On 31 December 2021, the parties entered into the Renewed Brausen Referral Services Agreement which is effective from 1 January 2022 to 31 December 2022.

Reference is made to the prospectus of the Company dated 21 June 2018 (as supplemented by the supplemental prospectus dated 3 July 2018) in respect of the Qiyi Referral Services Agreement. Given that the Brausen Referral Services Agreement and the Qiyi Referral Services Agreement are entered into between subsidiaries of the Company on the one hand and Shanghai Qijia E-Commerce on the other and the nature of the transactions under these two agreements are similar, the Brausen Referral Services Agreement and the Qiyi Referral Services Agreement shall be aggregated pursuant to Rule 14A.81 of the Listing Rules (the "**Aggregation**").

With consideration of the Aggregation, commissions receivable by Beijing Brausen under the Brausen Referral Services Agreement and by Shanghai Qiyi under the Qiyi Renewed referral services agreement are, on an aggregate basis, subject to a cap of RMB6,000,000, for the year ended 31 December 2021. The actual commission received by Beijing Brausen under the Brausen Referral Services Agreement was RMB2,202,000 for the year ended 31 December 2021. The commissions receivable by Beijing Brausen under the Renewed Brausen Referral Services Agreement for the year ending December 31, 2022 is subject to a cap of RMB4,000,000.

Pursuant to the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions and the report of the auditor and confirmed that the continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to (or from) independent third parties; and (iii) in accordance with the agreements governing it on terms that are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions with regard to the agreements in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Non-Exempt Continuing Connected Transactions – Contractual Arrangements

As disclosed in the Prospectus, the following transactions of the Group constituted continuing connected transactions for the Company during the Reporting Period. For further details, please refer to the section headed "Connected Transactions – Non-exempt Continuing Connected Transactions" of the Prospectus.

As disclosed in the section headed "Contractual Arrangements" of the Prospectus due to regulatory restrictions on foreign ownership in the PRC, we conduct a substantial portion of our business through Shanghai Qijia, a consolidated affiliated entity of the Company, in China. Shanghai Qijia is currently held by Mr. Deng as to 54.5%, Shanghai Qixin and Shanghai Qisong as to 6.0% and 5.5% respectively, and the onshore affiliates of the Series A Investors in aggregate as to 34.0%.

We do not hold any equity interests in Shanghai Qijia. Rather, through the Contractual Arrangements, we effectively control Shanghai Qijia and its subsidiary, Shanghai Qiyi, and are able to derive all of their economic benefits, and expect to continue to do so. The aggregate revenue and net assets value of the Shanghai Qijia and its subsidiary, Shanghai Qiyi that are subject to the Contractual Arrangements amounted to approximately RMB598.7 million for the year ended 31 December 2021 and approximately RMB267.8 million as at 31 December 2021 respectively.

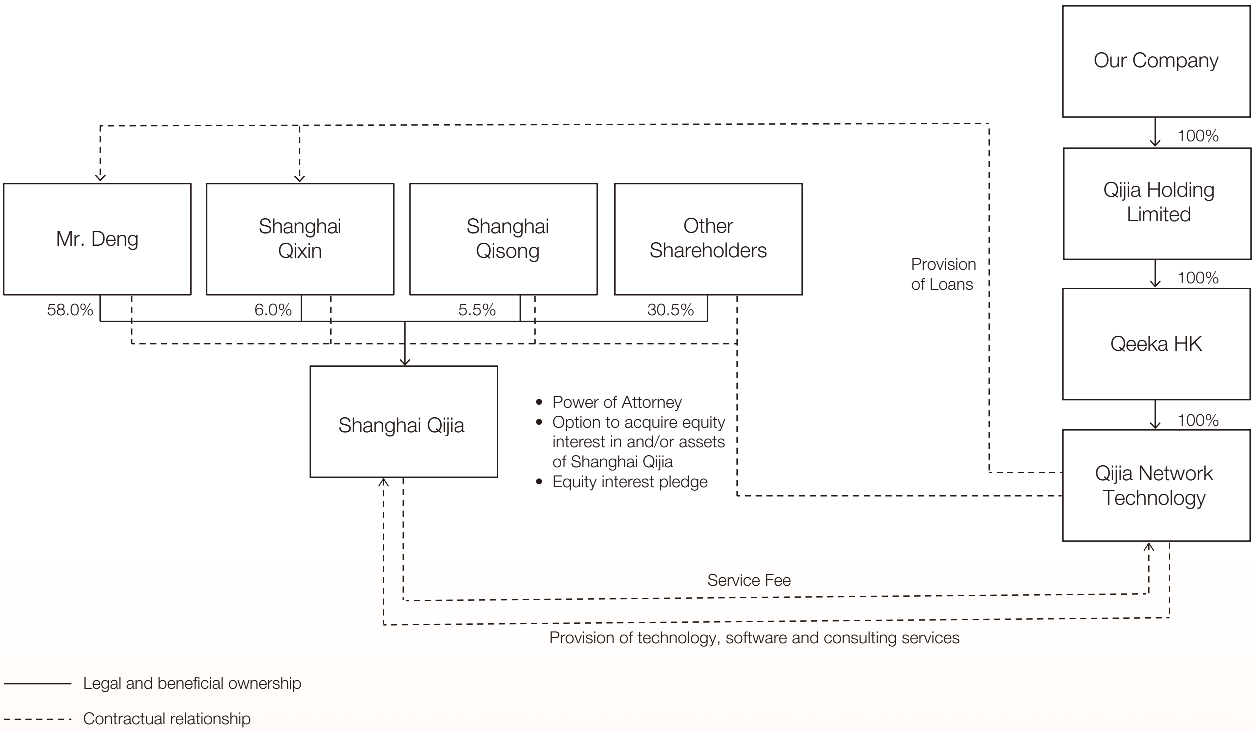
To comply with PRC laws and regulations, the Group conduct substantially all of the online interior design and construction platform business and provision of internet information services in China through of the Contractual Arrangements, which enable the Group to (i) have the power to direct the activities that most significantly affect the economic performance of the PRC Operating Entities; (ii) receive substantially all of the economic benefits from the PRC Operating Entities in consideration for the services provided by the Shanghai Qijia; (iii) have an exclusive option to purchase all or part of the equity interests in the PRC Operating Entities when and to the extent permitted by PRC law, or request any Registered Shareholder to transfer all or part of the equity interest in the PRC Operating Entities to another PRC person or entity designated by the Group at any time at its discretion; and (iv) have the pledged equity interests in Shanghai Qijia to ensure the performance of the above items.

On 27 December 2019, pursuant to an equity transfer agreement entered into between Suzhou Kunrong Venture Capital Co., Ltd. ("**Suzhou Kunrong**") and Suzhou Dingrong Investment Management Co., Ltd. ("**Suzhou Dingrong**"), Suzhou Kunrong transferred its 0.88% equity interest in Shanghai Qijia to Suzhou Dingrong. Pursuant to a succession agreement entered into on the same day amongst Shanghai Qijia, Qijia Network Technology, Suzhou Kunrong, Suzhou Dingrong, Mr. Deng, Shanghai Qisong Investment Management Co., Ltd., Shanghai Qixin Venture Capital Center (Limited Partnership), Cowin Venture Capital Co., Ltd., Horgo Kaifeng Jinqu Venture Capital Co., Ltd. (previously named as Suzhou Kaifeng Jinqu Venture Capital Co., Ltd.), GF Xinde Investment Management Co., Ltd. ("**GF Xinde**") and Beijing Baidu Netcom Science Technology Co., Ltd., Suzhou Dingrong assumed all the rights and obligations of Suzhou Kunrong under the Contractual Arrangements while Suzhou

Kunrong remained jointly liable for such obligations arising from the Contractual Arrangements. Suzhou Kunrong is an indirect wholly-owned subsidiary of Suzhou Dingrong, and therefore the Directors (including the independent non-executive Directors) are of the view that the transfer of equity between Suzhou Kunrong and Suzhou Dingrong does not constitute any material change to the Contractual Arrangements.

On 30 August 2021, pursuant to an equity transfer agreement entered into between GF Xinde and Mr. Deng, GF Xinde transferred its 3.51% equity interest in Shanghai Qijia to Mr. Deng. Pursuant to a succession agreement (the "**Succession Agreement**") entered into on the same day amongst Shanghai Qijia, Qijia Network Technology and each of the shareholders of Shanghai Qijia, namely Mr. Deng, Shanghai Qixin Venture Capital Center (Limited Partnership), Shanghai Qisong Investment Management Co., Ltd., Beijing Baidu Netcom Science Technology Co., Ltd., Cowin Venture Capital Co., Ltd., Tibet Cowin Jinqu Venture Capital Co., Ltd. (previously named as Horgo Kaifeng Jinqu Venture Capital Co., Ltd.), Suzhou Dingrong Investment Co., Ltd. and GF Xinde, Mr. Deng assumed all the rights and obligations of GF Xinde under the Contractual Arrangements. As Mr. Deng, an existing controlling shareholder of Shanghai Qijia, has assumed all the rights and obligations of GF Xinde pursuant to the Succession Agreement and the rights and obligations of all shareholders of Shanghai Qijia remain unchanged, the Directors (including the independent non-executive Directors) are of the view that the transfer of equity between GF Xinde and Mr. Deng does not constitute any material change to the Contractual Arrangements. As of 31 December 2021, GF Xinde has not completed release of the equity pledge, and Mr. Deng has not completed registration of the new part of the equity pledge.

The following simplified diagram illustrates the flow of economic benefits from the PRC Operating Entities to the Group stipulated under the Contractual Arrangements:



A brief description of each of the specific agreements comprises the Contractual Arrangements is set out as follows:

Exclusive Technological Services Agreement

Pursuant to the exclusive technological services agreement dated 26 February 2018 between Shanghai Qijia and Qijia Network Technology (the "**Exclusive Technological Services Agreement**"), Shanghai Qijia agreed to engage Qijia Network Technology as its exclusive provider of technical support, consulting services and software services in exchange for service fees.

Under the Exclusive Technological Services Agreement, the service fee shall consist of (a) an amount to be determined by Qijia Network Technology and Shanghai Qijia in writing through negotiation, considering factors such as: (i) the complexity of the services; (ii) the seniority of and the time spent by employees of Qijia Network Technology on providing the services; (iii) the content and value of the services; (iv) the market price of similar types of services; (v) the operating conditions of Shanghai Qijia; and (vi) necessary costs, expenses, taxes and statutory reserves or retaining funds and (b) an amount equivalent to the depreciation costs of the equipments actually used by Shanghai Qijia to be calculated based on the value of the equipments and the depreciable life.

The Exclusive Technological Services Agreement shall remain effective unless terminated (a) in writing by Qijia Network Technology; or (b) in the event that the entire equity interests held by the Relevant Shareholders in Shanghai Qijia or the entire assets of Shanghai Qijia have been transferred to Qijia Network Technology or its appointee(s) pursuant to the Exclusive Option Agreement.

Exclusive Option Agreement

Shanghai Qijia and each of the Relevant Shareholders entered into an exclusive option agreement with Qijia Network Technology on 26 February 2018 (the "**Exclusive Option Agreement**"), pursuant to which the Relevant Shareholders granted Qijia Network Technology an irrevocable and exclusive right to purchase, or designate one or more persons or entities (each, a "**designee**") to purchase the equity interests in Shanghai Qijia (the "**Optioned Interest**") then held by the Relevant Shareholders once or at multiple times at any time in part or in whole at Qijia Network Technology's sole and absolute discretion to the extent permitted under the applicable PRC laws. Where Qijia Network Technology chooses to purchase the Optioned Interest, the Relevant Shareholders shall cause Shanghai Qijia to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving the Relevant Shareholder's transfer of the Optioned Interests to Qijia Network Technology and/or its designee.

The purchase price to be paid by Qijia Network Technology or its designee upon exercise of the option by Qijia Network Technology or its designee in respect to: (i) Mr. Deng's Optioned Interest is RMB100.5 million or another amount as separately agreed among the Qijia Network Technology and the transferee; (ii) Shanghai Qixin's Optioned Interest is RMB16.88 million or another amount as separately agreed among Qijia Network Technology and the transferee; and (iii) all other Optioned Interests held by the Relevant Shareholders except Mr. Deng and Shanghai Qixin, is the minimum price permitted under applicable PRC laws. If Qijia Network Technology or its designee exercises the option to purchase part of the Optioned Interests held by the respective shareholders in Shanghai Qijia, then the purchase price shall be calculated on a pro rata basis. Shanghai Qijia shall use its best endeavors to obtain any required authorization from governmental authorities or any Independent Third Party and complete any required registration or filings under PRC laws at the time Qijia Network Technology or its designee, exercises its equity purchase option. Subject to applicable PRC laws, the Relevant Shareholders have undertaken to return all purchase price received from Qijia Network Technology or its designee, upon Qijia Network Technology's request within 10 days after the Relevant Shareholders receives the purchase price; provided that the purchase price received by Mr. Deng and Shanghai Qixin, that is, RMB100.5 million and RMB16.88 million, respectively, shall be used to offset their respective loans due to Qijia Network Technology under the Loan Agreements.

Equity Pledge Agreements

Qijia Network Technology and each of the Relevant Shareholders entered into equity pledge agreements on 26 February 2018 (the "**Equity Interest Pledge Agreements**"). Under the Equity Interest Pledge Agreements, the Relevant Shareholders agreed to pledge all their respective equity interests in Shanghai Qijia that they own, including any interest or dividend paid for the shares, to Qijia Network Technology as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts of Shanghai Qijia and the Relevant Shareholders under the Exclusive Technological Services Agreement, the Exclusive Option Agreement, the Power s of Attorney, and the Loan Agreements (as applicable).

The pledge in respect of Shanghai Qijia takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until after all the contractual obligations of the Relevant Shareholders and Shanghai Qijia under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Relevant Shareholders and the Consolidated Affiliated Entity under the relevant Contractual Arrangements have been fully paid.

Powers of Attorney

Shanghai Qijia, each of the Relevant Shareholders and Qijia Network Technology entered into a power of attorney on 26 February 2018 (the "**Powers of Attorney**"). Under the Powers of Attorney, each of the Relevant Shareholders irrevocably appointed Qijia Network Technology (as well as its successors, including a liquidator, if any, replacing Qijia Network Technology) or its designee(s) (including its directors) as its sole exclusive agent to exercise on its behalf, certain powers, including without limitation: (i) exercise all shareholder's rights and shareholder's voting rights in accordance with law and the constitutional documents of the Consolidated Affiliated Companies, including but not limited to the sale, transfer, pledge or disposal of any or all of the shares in Shanghai Qijia, (ii) to attend shareholders' meetings of Shanghai Qijia and to execute any and all written resolutions and meeting minutes in the name and on behalf of such shareholder, and (iii) to file documents with the relevant companies registry.

Loans Agreement

As part of our Contractual Arrangement, in February 2018, Mr. Deng entered into a loan agreement with Qijia Network Technology, pursuant to which Qijia Network Technology agreed to lend him RMB100.5 million for purposes of enabling the settlement of CDH Arrangement. For details on the CDH Arrangement, see "History and Corporate Structure – Pre-IPO Investments – 1. Overview." of Prospectus.

In addition, around the same time, Shanghai Qixin entered into a loan agreement with Qijia Network Technology pursuant to which Qijia Network Technology agreed to lend Shanghai Qixin RMB16.88 million for purposes of settling the loan lent to Shanghai Qixin by Shanghai Qijia (such loans collectively, the "**Loan Agreements**").

To secure the performance of all the obligations of Mr. Deng and Shanghai Qixin under the Loan Agreements, respectively, Mr. Deng and Shanghai Qixin have each entered into an Equity Pledge Agreement with Qijia Network Technology, whereby, among other things, Mr. Deng and Shanghai Qixin have pledged all his/its equity interests in Shanghai Qijia to Qijia Network Technology.

Each loan will become due and payable upon Qijia Network Technology's demand under any of the following circumstances: (i) Mr. Deng resigns or is being removed from the various positions held by him with the Group, (ii) the death or incapacity of Mr. Deng, (iii) Mr. Deng being engaged or involved in criminal activities, (iv) Mr. Deng becoming insolvent or incurring any other significant personal debt which may affect his ability to repay the loan, or (v) Qijia Network Technology or its Designee exercising its option to purchase all or part of the equity interests in Shanghai Qijia held by Mr. Deng or Shanghai Qixin, respectively, to the extent permitted by PRC laws and regulations as soon as the PRC foreign ownership restrictions applicable to the Group's value-added telecommunications business have been lifted, in which case the exercise price shall be settled against any portion of the loan repayable and Qijia Network Technology is not require to remit any fund for such exercise.

Reasons for adopting the Contractual Arrangements

From the perspective of operating the Group's existing business in a manner that is in compliance with applicable PRC laws and regulations, given the current policy of the relevant PRC government authorities and as advised by PRC legal advisors, the Company is currently unable to hold a shareholding interest in the PRC Operating Entities, which hold the license and permit required for the provision of internet information services through website and mobile based-apps. In order for the Company, as a foreign investor under the current regulatory regime, to maintain its business operations while complying with the PRC laws and regulations, Shanghai Qijia, and the Registered Shareholders entered into the Contractual Arrangements. For details of the foreign investment restrictions relating to the Contractual Arrangements, please refer to the sections headed "Contractual Arrangements – PRC Laws and Regulations relating to Foreign Ownership Restrictions" and "Contractual Arrangements – Development in the PRC Legislation on Foreign Investment" of the Prospectus.

The Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to the Group's legal structure and business, that such transactions have been and will be entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by any of the PRC Operating Entities and any member of the Group (the "**New Intergroup Agreements**" and each of them, a "**New Intergroup Agreement**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that, given that the Group is placed in a special position in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to the Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the reporting, annual review, announcement and the independent Shareholders' approval requirements. In view of the Contractual Arrangements, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, and (ii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject to the conditions as set out in the Prospectus.

Risks Relating to the Contractual Arrangements

There are certain risks that are associated with the Contractual Arrangements, including:

- If the PRC government finds that the agreements establishing the structure for operating the businesses of the Group in China do not comply with applicable PRC laws and regulations, or should these regulations or the interpretations change, the Group could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of its interests in the Operating Entities.

- The Group relies on Contractual Arrangements for its business operations in China, which may not be as effective in providing operational control or enabling the Group to derive economic benefits as through direct ownership of controlling equity interest. The Operating Entities or the Registered Shareholders may fail to perform their obligations under the Contractual Arrangements, which could adversely affect the results of operations and financial condition of the Group.

- The Group may cease to benefit from assets and licenses held by the Operating Entities that are critical to the operation of its business if the Operating Entities were to declare bankruptcy or become subject to a dissolution or liquidation proceeding.

- The Registered Shareholders may potentially have a conflict of interest with the Group, and they may breach or attempt to amend their contracts with the Group in a manner contrary to the interests of the Group.

- The Contractual Arrangements with the PRC Operating Entities may result in adverse tax consequences to the Group.
- Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the Draft PRC Foreign Investment Law and how it may impact the viability of the current corporate structure, corporate governance and business operations of the Group.
- If the Group exercises the option to acquire the equity ownership and assets of the PRC Operating Entities, the ownership or asset transfer may subject the Group to certain limitations and substantial costs.

For further details, please refer to the section headed "Risk Factors – Risks relating to Our Corporate Structure" of the Prospectus.

The management of the Company works closely with the external legal counsels and advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Contractual Arrangements. Besides, the Company has adopted the following measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and the compliance with the Contractual Arrangements:

- major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- the Company will disclose the overall performance and compliance with the Contractual Arrangements in annual reports; and
- the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board with reviewing the implementation of the Contractual Arrangements, and review the legal compliance of the WFOE and the Operating Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Listing Rules Implications and Waivers from the Stock Exchange

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company under the Listing Rules as Mr. Deng, the Director, to the Contractual Arrangements, is a connected person of the Company.

In respect of the Contractual Arrangements, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted to the Company, a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Rules 14A.04 and 14A.105 of the Listing Rules, and (ii) the requirement of setting an annual cap for the transaction under the Contractual Arrangements under Rule 14A.53 of the Listing Rules subject to the following conditions:

(a) No change to the Contractual Arrangements (including with respect to any fees payable to the Shanghai Qijia will be made without the approval of the independent non-executive Directors.

(b) Save as described in paragraph (d) below, no change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval.

(c) The Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by the PRC Operating Entities through (i) the Group's option (if and when so allowed under the applicable PRC laws) to acquire all or part of the entire equity interests and assets at a consideration which shall be the higher of (A) a nominal price or (B) the lowest price as permitted and applicable under PRC laws, (ii) the business structure under which the profit generated by the PRC Operating Entities is retained by the Group (after deduction of any accumulated deficit of the Operating Entities in the preceding financial year(s), working capital, expenses, taxes and other statutory contributions), such that no annual cap shall be set on the amount of service fees payable to the WFOE by the Operating Entities under the Exclusive Business Cooperation Agreement, and (iii) the Group's right to control the management and operation of, as well as the substance of, all of the voting rights of the Operating Entities.

(d) On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has a direct shareholding, on the one hand, and the PRC Operating Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements.

(e) the Company will disclose details relating to the Contractual Arrangements on an on-going basis.

Annual review by the Independent Non-Executive Directors and the Auditor

The independent non-executive Director have reviewed the Contractual Arrangements and confirmed that:

(a) the transactions carried out during the Reporting Period had been entered into accordance with the relevant provisions of the Contractual Arrangements;

(b) no dividends or other distributions had been made by the Operating Entities to the holders of its equity interests which were not otherwise subsequently assigned or transferred to the Group;

(c) other than the Succession Agreement described before, no new contracts had been entered into, renewed and/or reproduced between the Group and the Operating Entities during the Reporting Period; and

(d) the Contractual Arrangements had been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable in the interest of the Group and the Shareholders as a whole.

The Auditor has confirmed in a letter to the Board with a copy to the Stock Exchange confirming that the transactions carried out pursuant to the Contractual Arrangements during the Reporting Period had received the approval of the Directors, had been entered in accordance with the relevant Contractual Arrangements, and that no dividends or other distributions had been made by the Operating Entities to the holders of the equity interests which were not otherwise subsequently assigned or transferred to the Group.

SIGNIFICANT LEGAL PROCEEDINGS

During the Reporting Period, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

TAX ALLOWANCES

The Company is not aware of any particular tax allowances granted to the Shareholders due to their interests in its securities.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2021, the Company has not made any changes to Memorandum and Articles of Association of the Company.

SUBSEQUENT EVENTS

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

There were no other material subsequent events during the period from 31 December 2021 to the approval date of these financial statements by the Board of Directors on 22 March 2022.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licenses. The Group has allocated system and staff resources to ensure ongoing compliance with rules and regulations and to maintain well relationships with regulators effectively through effective communications. During the year ended 31 December 2021, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

Details of principal risks and uncertainties that the Group may be facing can be found in the sections headed "Report of Directors – Risks relating to the Contractual Arrangement" on page 72 of this annual report.

RELATIONSHIP WITH STAKEHOLDERS

The Group acknowledges the importance of stakeholders to the Group's development and always pays attention to matters of concern to stakeholders including the government and regulators, shareholders and investors, employees, business partners, customers and the community. The Group maintains transparent and bilateral exchange, strengthens mutual trust and cooperation and establishes harmonious relationship with its stakeholders.

The Group has always treated compliance to laws and regulations as a basic requirement for operations, and maintains good communication with the government and regulatory agencies through voluntary reporting, cooperating with reviews and investigations, and recommending optimal industry standards. The Group treats the realization of the interests of Shareholders and investors as an important business objective, establishes communication channels such as shareholder meetings and timely announcements, and delivers sound financial performance to Shareholders and investors. The Group regards employees as valuable assets, motivates employees with a competitive salary and transparent promotion mechanism, and provides them with a fair working environment. The Group also supports their career development skills with various forms of training support. The Group regularly exchanges visits and undergoes communication related to the industry with its business partners, and maintains real-time interaction in daily operations with them in order to develop long-term and stable cooperation. The Group innovates to meet customers' needs and is committed to providing customers with high-quality and reliable services. The Group provides various online and offline channels to enable timely and accurate communication with customers, assisting them in their long-term development. The Group also maintains a sound communication mechanism with the community, develops innovative models, strengthens school-enterprise cooperation, conducts public welfare activities, and promotes the stable development of the community.

For details of the Group's relationship with stakeholders, please refer to the annual environmental, social and governance report of the Group, which is set out in the "Environmental, Social and Governance Report" on pages 36 to 54 of this annual report.

By order of the Board
Qeeka Home (Cayman) Inc.

DENG Huajin
Chairman and Chief Executive Officer

Shanghai, the PRC
22 March 2022

羅兵咸永道

To the Shareholders of Qeeka Home (Cayman) Inc.
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Qeeka Home (Cayman) Inc. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 83 to 171, comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanation information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of the investments accounted for using the equity method
- Expected credit losses of trade receivables and contract assets

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of the investments accounted for using the equity method	
Refer to Notes 4(a) and 16 to the consolidated financial statements relating to estimation of impairment provision for investments accounted for using the equity method. As at 31 December 2021, the costs of investments accounted for using the equity method amounted to RMB307,854,000 and the provision of impairment losses amounted to RMB27,785,000. Investments accounted for using the equity method are tested for impairment at each reporting date if impairment indicators are noted. In carrying out the impairment tests, significant judgements and estimates were adopted by the Group's management in estimating the recoverable amount of these investments based on value-in-use model. Management reviewed and ensured the reasonableness of these key assumptions such as revenue growth rates, long-term growth rates and the discount rates. The management also engaged independent valuer to assist in the impairment test for Group's significant investments. Based on the results of impairment test, provision of impairment losses amounting to RMB11,584,000 were charged to consolidated income statement for the year ended 31 December 2021.	Our procedures in relation to the impairment assessment of the investments accounted for using the equity method included: – We obtained an understanding of the management's internal control and process of impairment assessment and evaluated the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk such as complexity, subjectivity, changes and susceptibility to management bias or fraud; – We evaluated and tested the key controls over the impairment assessment for the investments accounted for using the equity method conducted by management; – We understood, evaluated and validated the Group management's assessments on the reasonableness of the future cash flow projections; – We evaluated the outcome of prior period's impairment assessment of the investments accounted for using the equity method to assess the effectiveness of management' estimation process; – We evaluated the external valuer's competence, capabilities and objectivity; – We involved our internal valuation expert to assess the appropriateness of valuation model adopted;

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of the investments accounted for using the equity method (continued)	
We focused on auditing the impairment assessment of the investments accounted for using the equity method because the investment balances are significant and the estimation of recoverable amounts are subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment is considered significant due to the model adopted, inputs and assumptions used involved significant management judgements and estimations, which could give a material impact to the outcome.	– We tested the data inputs used in the impairment assessments to respective supporting evidence such as budgets, business plan and other sources; – We assessed the reasonableness of those key assumptions adopted in determining the recoverable amounts such as revenue growth rates and long-term growth rates by comparing them to historical results of the investees and market available economic and industry forecasts. We also involved our internal valuation expert in assessing the discount rates adopted in the assessments by making reference to relevant market data of capital of comparable companies; and – We reviewed the sensitivity analyses performed by the independent valuer on the key assumptions to ascertain that the selected adverse changes of key assumptions would not cause the carrying amounts of the investments to exceed the recoverable amounts. Based on the procedures performed, we considered that the risk assessment of impairment assessments remained appropriate and the valuation model adopted and the assumptions used by management in relation to these impairment assessments to be supportable by the available evidence we obtained.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Expected credit losses of trade receivables and contract assets	
Refer to Note 3.1.2(a), Note 4(b), Note 20 to the consolidated financial statements. As at 31 December 2021, the carrying amounts of trade receivables and contract assets amounted to RMB139,855,000 and RMB168,295,000, respectively, with loss allowances amounted to RMB8,287,000 and RMB8,823,000, respectively. Provision for credit loss allowance of trade receivables and contract assets was made based on an assessment of the lifetime expected credit losses. For trade receivables and contract assets which have impaired, the Group assessed individually and provided for credit losses allowance. For the remaining balance, the trade receivables and contract assets grouped based on shared credit risk characteristics and the days past due, and assessed collectively for credit losses allowance. When measuring expected credit loss, the Group considers its own credit loss incurred in past history, existing market conditions as well as forward looking estimates at the end of each reporting period. In assessing forward-looking information, the Group considers factors including economic policies, macroeconomic indicators and industry risks. Based on the impairment assessment, provision of impairment of trade receivables and contract assets amounting to RMB6,814,000 and RMB8,823,000 were charged to consolidated income statement for the year ended 31 December 2021 respectively.	Our procedures in relation to the expected credit losses of trade receivables and contract assets included: – We obtained an understanding of management's internal control and assessment process of expected credit losses of trade receivables and contract assets, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; – We evaluated and tested the relevant controls in place on management's assessment on the expected credit losses of trade receivables and contract assets; – For trade receivables and contract assets assessed individually, on a sample basis, we reviewed management's assessment of financial position and creditworthiness of customers, historical payment and settlement records and forecasted future economic conditions. We also corroborated management's assessment against available evidence, including searching for customers' background, historical transactions with the Group, respective collection and settlement pattern, to assess the reasonableness of expected credit loss allowance provided by management.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Expected credit losses of trade receivables and contract assets (continued)	
We focused on auditing the expected credit losses of trade receivables and contract assets because the judgement and estimation of expected credit losses is subject to high degree of estimation uncertainty. The inherent risk in relation to the expected credit losses of trade receivables and contract assets is considered significant due to the subjectivity of significant assumptions and estimates used. Therefore, we identified the expected credit losses of trade receivables and contract assets as a key audit matter.	– For trade receivables and contract assets assessed collectively by reference to the credit risk characteristics, we assessed the reasonableness of the grouping and the respective expected credit loss based on the historical credit loss incurred including the historical payment and settlement pattern of debtors, aging profile of trade receivables and contract assets, current conditions and forward looking factors. We recalculated the historical default rate, evaluated the basis of determining forward-looking adjustment, and tested the accuracy of the aging of the trade receivables and contract assets on a sample basis, and assessed the mathematical accuracy of calculation of the expected credit loss allowance; and – We confirmed on a sample basis significant balances with customers. Based on our work, we considered that the significant judgments and estimates made by management in relation to the expected credit losses of trade receivables and contract assets were supportable by the evidence obtained and procedures performed.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mang, Kwong Fung Frederick.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 March 2022

Consolidated Income Statement

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Revenue	5	**1,106,540**	916,264
Cost of sales	6	**(513,117)**	(395,764)
Gross profit		**593,423**	520,500
Selling and marketing expenses	6	**(492,898)**	(405,881)
Administrative expenses	6	**(96,367)**	(96,848)
Research and development expenses	6	**(43,140)**	(58,789)
Net impairment losses on financial assets	20(b)	**(14,279)**	(2,532)
Other gains – net	8	**117,086**	15,058
Operating profit/(loss)		**63,825**	(28,492)
Finance income	9	**13,062**	18,699
Finance costs	9	**(2,758)**	(2,395)
Finance income – net	9	**10,304**	16,304
Share of results of investments accounted for using the equity method	16	**6,820**	60,598
Profit before income tax		**80,949**	48,410
Income tax expenses	10	**(9,658)**	(6,529)
Profit for the year		**71,291**	41,881
Profit attributable to:			
Equity holders of the Company		**74,054**	40,613
Non-controlling interests		**(2,763)**	1,268
		71,291	41,881
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share (RMB)	11	**0.0648**	0.0344
Diluted earnings per share (RMB)	11	**0.0641**	0.0344

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Profit for the year		**71,291**	41,881
Other comprehensive loss for the year			
Items that may be reclassified to profit or loss:			
Share of other comprehensive (loss)/income of investments accounted for using the equity method	16, 24	**(731)**	1,129
Exchange differences on translation of foreign operations	24	**(12,659)**	(43,180)
		(13,390)	(42,051)
Items that will not be reclassified to profit or loss:			
Changes in the fair value of equity investments at fair value through other comprehensive income	17, 24	**(15,270)**	31,422
Total other comprehensive loss for the year, net of tax		**(28,660)**	(10,629)
Total comprehensive income for the year		**42,631**	31,252
Total comprehensive income for the year is attributable to:			
Equity holders of the Company		**45,394**	29,984
Non-controlling interests		**(2,763)**	1,268
		42,631	31,252

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

Consolidated Balance Sheet

As at 31 December 2021

		As at 31 December	
		2021	2020
	Note	**RMB'000**	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12(a)	**27,828**	29,180
Right-of-use assets	12(b)	**36,156**	336,969
Intangible assets	13	**4,416**	7,318
Goodwill	14	**7,796**	7,796
Deferred tax assets	15	**10,786**	12,730
Investments accounted for using the equity method	16	**280,069**	285,564
Financial assets at fair value through other comprehensive income ("FVOCI")	17	**48,388**	64,565
Financial assets at fair value through profit or loss ("FVPL")	21	**5,000**	11,056
Other receivables	20	**5,000**	–
Total non-current assets		**425,439**	755,178
Current assets			
Inventories	18	**2,996**	3,332
Trade and other receivables and prepayments to suppliers	20	**331,644**	134,079
Amounts due from related parties	33(c)	**1,069**	5,127
Contract assets	20	**159,472**	87,015
Financial assets at fair value through profit or loss ("FVPL")	21	**634,343**	252,559
Term deposits	22	**–**	9,787
Restricted cash	22	**21,734**	–
Cash and cash equivalents	22	**548,017**	897,093
Assets classified as held for sale	30	**–**	5,435
Total current assets		**1,699,275**	1,394,427
Total assets		**2,124,714**	2,149,605
EQUITY			
Share capital	23	**767**	781
Share premium	23	**2,262,955**	2,300,250
Other reserves	24	**(252,209)**	(217,608)
Treasury shares	23(a)	**(46,420)**	(28,468)
Accumulated losses		**(667,969)**	(742,458)
Equity attributable to equity holders of the Company		**1,297,124**	1,312,497
Non-controlling interests		**(11,681)**	(18,262)
Total equity		**1,285,443**	1,294,235

		As at 31 December	
		2021	2020
	Note	**RMB'000**	RMB'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	15	**457**	582
Lease liabilities	12(b)	**21,501**	12,962
Total non-current liabilities		**21,958**	13,544
Current liabilities			
Short-term borrowings	28	**16,280**	7,000
Trade and other payables	29	**608,841**	670,127
Contract liabilities	29	**126,856**	111,480
Amounts due to related parties	33(c)	**–**	93
Lease liabilities	12(b)	**18,174**	11,905
Income tax liabilities		**47,162**	39,912
Liabilities directly associated with assets classified as held for sale	30	**–**	1,309
Total current liabilities		**817,313**	841,826
Total liabilities		**839,271**	855,370
Total equity and liabilities		**2,124,714**	2,149,605

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

The consolidated financial statements on pages 83 to 171 were approved by the Board of Directors on 22 March 2022 and were signed on its behalf.

Deng Huajin	**Tian Yuan**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

		Attributable to the equity holders of the Company						
	Note	Share capital (Note 23) RMB'000	Share Premium (Note 23) RMB'000	Other reserves (Note 24) RMB'000	Treasury shares (Note 23(a)) RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020		799	2,356,802	(193,399)	(25,281)	(761,517)	(22,681)	1,354,723
Profit for the year		–	–	–	–	40,613	1,268	41,881
Other comprehensive loss		–	–	(10,629)	–	–	–	(10,629)
Total comprehensive income/(loss)		–	–	(10,629)	–	40,613	1,268	31,252
Transaction with owners:								
– Repurchase and cancellation of shares		(18)	(56,552)	–	(3,187)	–	–	(59,757)
– Share-based compensation under Employee Stock Ownership Plans (ESOP)	24, 25	–	–	(2,690)	–	–	–	(2,690)
– Dividends paid	27	–	–	–	–	(21,554)	–	(21,554)
– Capital contribution from non-controlling shareholders		–	–	–	–	–	3,055	3,055
– Disposal of subsidiaries	31(c)	–	–	–	–	–	96	96
– Application of business combinations under common control		–	–	(10,890)	–	–	–	(10,890)
At 31 December 2020		781	2,300,250	(217,608)	(28,468)	(742,458)	(18,262)	1,294,235

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

		Attributable to the equity holders of the Company						
	Note	Share capital (Note 23) RMB'000	Share Premium (Note 23) RMB'000	Other reserves (Note 24) RMB'000	Treasury shares (Note 23(a)) RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021		781	2,300,250	(217,608)	(28,468)	(742,458)	(18,262)	1,294,235
Profit for the year		-	-	-	-	74,054	(2,763)	71,291
Other comprehensive loss		-	-	(28,660)	-	-	-	(28,660)
Total comprehensive income		-	-	(28,660)	-	74,054	(2,763)	42,631
Transaction with owners:								
– Repurchase and cancellation of shares	23(a)	(14)	(37,647)	-	(24,269)	-	-	(61,930)
– Share-based compensation under Employee Stock Ownership Plans (ESOP)	24, 25	-	-	1,571	-	-	-	1,571
– Share-based compensation under Restricted Stock Units (RSUs)	24, 26	-	-	10,853	-	-	-	10,853
– Issue of shares under RSU scheme	24, 26	-	352	(6,669)	6,317	-	-	-
– Capital contribution from non-controlling shareholders	38(a)(i)	-	-	-	-	-	3,971	3,971
– Transaction with non-controlling interests	38(a)(ii)	-	-	(11,261)	-	-	4,261	(7,000)
– Disposal of subsidiaries	31(c)	-	-	(435)	-	435	1,112	1,112
At 31 December 2021		767	2,262,955	(252,209)	(46,420)	(667,969)	(11,681)	1,285,443

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	31(a)	**(202,048)**	71,983
Interest received		**12,067**	9,063
Income tax paid		**(589)**	(326)
Net cash (used in)/generated from operating activities		**(190,570)**	80,720
Cash flows from investing activities			
Purchase of property, plant and equipment		**(19,470)**	(6,916)
Purchase of intangible assets		**(1,120)**	(626)
Proceeds from disposal of property, plant and equipment	31(b)	**580**	134
Transaction with non-controlling interests	38(a)(ii)	**(7,000)**	–
Increase in investments in associates	16(a)	**–**	(1,200)
Net decrease in term deposits	22	**9,787**	537,471
Dividends received from financial assets at FVPL	8	**181**	1,364
Net decrease in amounts held for securities trading purposes	20	**3,574**	2,408
Loans to related parties	33(b)	**(10)**	(2,050)
Proceeds from sale of financial assets at FVPL	21(f)	**763,923**	782,402
Reduction of certain investment in an investee measured at FVOCI		**–**	17,000
Purchase of financial assets at FVPL	21(f)	**(1,137,485)**	(811,740)
Repayments of amounts from a related party	33(b)	**3,273**	2,313
Disposal of right-of-use assets	12(b)	**(353)**	–
Disposal of investments in associates	16(b)	**–**	14,369
Disposal of subsidiaries, net of cash disposed	31(c)	**300,751**	(6)
Interest received on term deposits		**995**	15,669
Net cash (used in)/generated from investing activities		**(82,374)**	550,592
Cash flows from financing activities			
Cash received from capital contributions in subsidiaries from non-controlling shareholders	38(a)(i)	**3,971**	3,055
Proceeds from borrowings	31(e)	**79,280**	16,500
Repayment of borrowings	31(e)	**(70,000)**	(21,500)
Cash paid for repurchase of shares	23(a)	**(61,930)**	(59,757)
Interest paid for short-term borrowings		**(1,399)**	(531)
Payment for lease liabilities (including interest component)	31(e)	**(15,324)**	(16,216)
Dividends paid to the Company's shareholders	27	**–**	(21,554)
Application of business combinations under common control		**–**	(8,678)
Net cash used in financing activities		**(65,402)**	(108,681)
Net (decrease)/increase in cash and cash equivalents		**(338,346)**	522,631
Effect on exchange rate difference		**(10,991)**	(36,430)
Cash and cash equivalents at the beginning of the year	22	**897,354**	411,153
Cash and cash equivalents at the end of the year	22	**548,017**	897,354*

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

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

1 GENERAL INFORMATION

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with IFRSs and HKCO (as defined below)

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

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(iii) Amended standards adopted by the Group

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

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

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

(iv) New standards and interpretations not yet adopted

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Subsidiaries controlled through Contractual Arrangements (as defined below)

The wholly-owned subsidiary of the Company, Qijia (Shanghai) Network Technology Co., Ltd. (齊家網（上海）網絡科技有限公司, "Qijia WFOE"), has entered into a series of contractual arrangements (referred to as "Contractual Arrangements"), including Cooperation Agreement, Purchase Option Agreement, Equity Interest Pledge Agreement, Shareholders' Voting Rights Agreement and Irrevocable Powers of Attorney, with Shanghai Qijia Information Technology Co., Ltd. (上海齊家網信息科技股份有限公司, "Shanghai Qijia") and its equity holders, which enable Qijia WFOE and the Group to:

- govern the financial and operating policies of Shanghai Qijia;
- exercise equity holders' voting rights of Shanghai Qijia;
- receive substantially all of the economic interest returns generated by Shanghai Qijia in consideration for the technology consulting and services provided by Qijia WFOE;
- obtain an irrevocable and exclusive right to purchase all or part of the equity interests in Shanghai Qijia from the respective equity holders at a minimum purchase price permitted under People's Republic of China (the "PRC") laws and regulations. Qijia WFOE may exercise such options at any time until it has acquired all equity interests of Shanghai Qijia; and
- obtain a pledge over the entire equity interests of Shanghai Qijia from its respective equity holders as collateral security for all of Shanghai Qijia's payments due to Qijia WFOE and to secure performance of Shanghai Qijia's obligation under the Contractual Arrangements.

As a result of the Contractual Arrangements, the Group has right to exercise power over Shanghai Qijia, receive variable returns from its involvement with Shanghai Qijia, has the ability to affect those returns through its power over Shanghai Qijia and thus is considered to control Shanghai Qijia. Consequently, the Company regards Shanghai Qijia and its subsidiaries as controlled structured entities and consolidated the financial position and results of operations of these entities in the consolidated financial statements of the Group.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over Shanghai Qijia and its subsidiaries. Uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of Shanghai Qijia and its subsidiaries. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements among Qijia WFOE, Shanghai Qijia and its equity holders are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(b) Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated income statements.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in consolidated income statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (Note 16), after initially being recognised at cost.

2.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in consolidated income statements, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in "other reserves" within equity attributable to equity holders of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in consolidated income statements. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated income statements or transferred to another category of equity as specified/permitted by applicable IFRSs.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to consolidated income statements where appropriate.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to 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 chief executive officer of the Company.

2.7 Foreign currency translation

2.7.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is US Dollar ("USD"). The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB.

2.7.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in consolidated income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Foreign currency translation (continued)

2.7.3 Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statements are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting currency translation differences are recognised in other comprehensive income/(loss).

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statements during the year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Buildings	20 to 50 years
Transportation equipment	4 years
Office furniture and equipment	3 to 5 years
Computer and electric equipment	3 to 5 years
Display and exhibition equipment	3 to 7 years
Leasehold improvements	Over the shorter of the lease term or the estimated useful life of the asset

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Intangible assets

2.9.1 Goodwill

Goodwill is measured as described in Note 2.2.1(b). Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

2.9.2 Trademarks and licenses

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

2.9.3 Domain names

Domain names are initially recognised and measured at costs incurred to acquire and bring to use the domain names. Domain names have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

2.9.4 Software

Costs associated with maintaining programmes are recognised as an expense as incurred. Separately acquired software are shown at historical cost. Software acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

2.9.5 Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Trademarks and licenses	5 to 10 years
Domain names	10 years
Software	3 to 5 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Research and development

Research expenditures are recognised as an expense as incurred. Costs incurred on development projects are capitalised as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.11 Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

2.12 Investments and other financial assets

2.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Investments and other financial assets (continued)

2.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains-net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains-net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains-net and impairment expenses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains-net in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Investments and other financial assets (continued)

2.12.3 Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains-net in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.12.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For contract assets and trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of contract assets and trade receivables.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises decoration materials, direct labour and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Non-current assets (or disposal groups) held for sale (continued)

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated balance sheet.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for goods and services sold in the ordinary course of business. Trade and other receivables are generally due for settlement within 30 days to 90 days and therefore are all classified as current.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade receivables and Note 3.1.2 for a description of the Group's impairment policies.

2.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.18 Share capital

Ordinary shares and non-redeemable participating preference shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Group repurchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity as "treasury shares" until the shares are cancelled.

2.19 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.21 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.22 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

2.22.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet dates in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Current and deferred income tax (continued)

2.22.1 Current income tax (continued)

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in consolidated income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.23 Employee benefits

2.23.1 Pension obligations

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

The Group also participates in a pension scheme under the rules and regulations of Mandatory Provident Fund Scheme (the "MPF Scheme") for all its qualifying employees in Hong Kong. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the MPF Scheme vest immediately.

There were no forfeited contributions (by employers on behalf of employees who leave the defined contribution retirement benefit plans prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

2.23.2 Housing funds, medical insurances and other social insurances

The PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Employee benefits (continued)

2.23.3 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheets.

2.23.4 Employee leave entitlement

Employee entitlement to annual leave is recognised when they have accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employees entitlement to sick leave and maternity leave are not recognised until the time of leave.

2.23.5 Bonus plan

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

2.23.6 Share-based compensation benefits of the Group

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of equity instruments is recognised as an expense on the consolidated financial statements. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions and
- including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement date and grant date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Employee benefits (continued)

2.23.6 Share-based compensation benefits of the Group (continued)

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original equity instruments, which should continue to be recognised over the remainder of the original vesting period.

2.24 Provisions

Provisions for service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.25 Revenue recognition

Revenue is recognised when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Revenue recognition (continued)

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, the Group presents the contract in the consolidated balance sheets as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2.25.1 The accounting policy for the Group's principal revenue sources

(a) SaaS

Software as a service ("SaaS") allows users to connect to and use cloud-based apps over the Internet. The Group provides SaaS based total marketing solution to merchants. The solution includes budget planning and executing, online market place, sales leads process management, customer engagement and feedback, and performance monitoring and analytics tools. The Group charges the merchants a basic subscription fee for using the total marketing solution. Marketing solution service revenues are recognised based on straight-line method during the service period as specified in the contracts.

(b) Marketing service

The Group provides targeted marketing services, mainly including targeted marketing services and inspection service to the merchants.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Revenue recognition (continued)

2.25.1 The accounting policy for the Group's principal revenue sources (continued)

(b) Marketing service *(continued)*

(i) Targeted marketing service

The Group provide Internet Data Center ("IDC") service providers with professional marketing solution to address each IDC service provider's demand of customer acquisition, the Group charges the IDC service provider for a fixed fee for each order recommended, which is the result of the Group accurate matching by targeted marketing solution. Revenue from targeted marketing service is recognised upon completion of the acceptance of the order recommendation by the IDC service provider.

Sometimes, the Group also provides IDC service providers with tailored marketing solution to IDC service provider for a specific period, and the IDC service providers pay for an additional service fee to receive priority in receiving orders from individual customers for a specific period. Such additional service fees are recognised based on straight-line method during the specific service period.

For arrangements where consideration is paid in advance of service provided, the Group records a contract liability when the payment is received.

(ii) Inspection service

The Group also provides value-added services such as third-party inspection services to the individual customers to help IDC service provider enhance the service stickiness during the interior design and construction projects. The Group charges the interior design and construction service providers a fixed fee for each project. Inspection service fee revenues are recognised over time, by reference to completion of the specific transaction assessed on the results achieved up to the end of the reporting period as a percentage of total services to be provided for each contract.

(c) Supply chain service

Supply chain service mainly include the sales of building materials. Sales of building materials are recognised when the customers have accepted the products. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(d) Interior design and construction

The Group provides interior design and construction services, mainly including decoration services. For revenue from decoration contracts, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, and the Group has an enforceable right to payment from the customers for performance completed to date, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract as a percentage of total decoration services to be provided for each contract.

2.25.2 Practical expedients and exemptions

The Group generally expenses contract acquisition cost when incurred because the amortisation period would have been 1 year or less. Accordingly, the Group does not capitalise any incremental costs to obtain a contract.

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all of the Group's contracts have a duration of 1 year or less.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Earnings per share

(i) Basic earnings per share

Basic earnings per share shall be calculated by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares).

(ii) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the Group shall adjust profit attributable to equity holders of the Company, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

2.27 Leases

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.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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 other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Leases (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

2.28 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the consolidated financial statements in the year in which the dividends are approved by the entities’ shareholders or directors, where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.30 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

3.1.1 Market risk

(a) 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 currency. The Company's functional currency is USD. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency.

The Group operates mainly in the PRC with most of the transactions settled in RMB, management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

(b) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for trade and other receivables, term deposits and cash and cash equivalents, details of which have been disclosed in Notes 20 and Note 22, respectively.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk

Risk Management

Credit risk arises from cash and cash equivalents, term deposits, wealth management products, amounts due from related parties, contract assets, as well as trade and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, cash and cash equivalent, term deposits and wealth management products are mainly placed with state-owned and reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are immaterial.

The Group has policies in place to ensure that trade receivables and contract assets with credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. For other receivables and amounts due from related parties, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors of the Group believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and amounts due from related parties.

Impairment

The Group has three types of financial assets that are subject to the expected credit loss model:

- contract assets,
- trade receivables, and
- other receivables.

While cash and cash equivalents, term deposits and amounts due from related parties are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(a) *Contract assets and trade receivables*

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

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates of contract assets and trade receivables are based on the payment profiles of sales over a period of 36 months before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

***Impairment** (continued)*

(a) *Contract assets and trade receivables (continued)*

On that basis, the loss allowance as at 31 December 2021 and 2020 was determined as follows for trade receivables:

	Current	**Overdue: Within 1 year**	**Overdue: Over 1 year and within 2 years**	**Overdue: Over 2 years**	**Total**
31 December 2021					
Collectively assessed					
Expected loss rate	**1.0%**	**1.5%**	**7.1%**	**18.9%**	**1.8%**
Gross carrying amount					
– trade receivables	**54,038**	**59,777**	**6,775**	**1,373**	**121,963**
Loss allowance	**528**	**909**	**484**	**259**	**2,180**
Individually assessed					
Expected loss rate					**34.1%**
Gross carrying amount					
– trade receivables					**17,892**
Loss allowance					**6,107**
Total loss allowance					**8,287**

	Current	Overdue: Within 1 year	Overdue: Over 1 year and within 2 years	Overdue: Over 2 years	Total
31 December 2020					
Collectively assessed					
Expected loss rate	0.1%	0.5%	5.1%	50.4%	1.3%
Gross carrying amount					
– trade receivables	57,698	16,168	4,778	1,251	79,895
Loss allowance	59	84	245	630	1,018
Individually assessed					
Expected loss rate					50.0%
Gross carrying amount					
– trade receivables					1,142
Loss allowance					571
Total loss allowance					1,589

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

***Impairment** (continued)*

(a) *Contract assets and trade receivables (continued)*

The loss allowance as at 31 December 2021 was determined as follows for contract assets:

	Total
31 December 2021	
Collectively assessed	
Expected loss rate	**1.0%**
Gross carrying amount – contract assets	**139,929**
Loss allowance	**1,367**
Individually assessed	
Expected loss rate	**26.3%**
Gross carrying amount – contract assets	**28,366**
Loss allowance	**7,456**
Total loss allowance	**8,823**

(b) *Other receivables*

Other receivables mainly include receivables from disposal of subsidiaries, deposits, staff advances, interest receivables, loans due from third parties and others.

The following table explains the changes in the loss allowance for other receivables between the beginning and the end of the year:

	Performing 12-month ECL RMB'000	Under-performing lifetime ECL RMB'000	Non-performing lifetime ECL RMB'000	Total RMB'000
Loss allowance as at 31 December 2020	(2,112)	–	(12,340)	(14,452)
Decrease/(increase) in impairment	1,475	–	(117)	1,358
Write-off	–	–	1,517	1,517
Loss allowance as at 31 December 2021	**(637)**	**–**	**(10,940)**	**(11,577)**

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

***Impairment** (continued)*

(b) Other receivables (continued)

The gross carrying amount of other receivables, and thus the maximum exposure to loss, is as follows:

	31 December 2021 RMB'000
Performing	**178,699**
Non-performing	**10,940**
Total gross other receivables	**189,639**
Less: loss allowance	**(11,577)**
Total net other receivables	**178,062**

(c) Contract assets, trade receivables and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 5 years past due.

Impairment losses on contract assets, trade receivables and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

3.1.3 Liquidity risk

The objective of liquidity risk management is to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at 31 December 2021					
Financial liabilities included in trade and other payables (excluding staff salaries and welfare payables and tax payables)	**529,565**	**–**	**–**	**–**	**529,565**
Borrowings (principle and interest)	**16,393**	**–**	**–**	**–**	**16,393**
Lease liabilities	**19,459**	**11,832**	**9,385**	**850**	**41,526**
	565,417	**11,832**	**9,385**	**850**	**587,484**
As at 31 December 2020					
Financial liabilities included in trade and other payables (excluding staff salaries and welfare payables and tax payables)	593,618	–	–	–	593,618
Borrowings (principle and interest)	7,096	–	–	–	7,096
Lease liabilities	12,218	13,591	10,259	–	36,068
Amounts due to related parties	93	–	–	–	93
	613,025	13,591	10,259	–	636,875

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholders, or issue new shares or sell assets to reduce debt.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. In the opinion of the directors of the Company, the Group does not have heightened capital risk.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2021				
– Financial assets at FVPL (Note 21)	**18,980**	**–**	**620,363**	**639,343**
– Financial assets at FVOCI (Note 17)	**–**	**–**	**48,388**	**48,388**
	18,980	**–**	**668,751**	**687,731**
As at 31 December 2020				
– Financial assets at FVPL (Note 21)	23,489	–	240,126	263,615
– Financial assets at FVOCI (Note 17)	–	–	64,565	64,565
	23,489	–	304,691	328,180

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

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year ended 31 December 2021 (2020: nil).

(i) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

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

There were no changes in valuation techniques during the year ended 31 December 2021 (2020: nil).

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

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

The following table presents the changes in level 3 items for the year ended 31 December 2021 and 2020:

		Financial assets at FVPL			
	Financial assets at FVOCI	Financial assets related to redemption rights	Private equity funds	Wealth management products and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2020	56,944	10,958	–	155,790	223,692
Acquisitions	–	–	–	712,403	712,403
Changes in fair value	31,422	98	–	19	31,539
Currency translation differences	(1,826)	–	–	(4,925)	(6,751)
Disposals	(17,000)	–	–	(634,217)	(651,217)
Transferred to investments in associates	(4,975)	–	–	–	(4,975)
As at 31 December 2020	64,565	11,056	–	229,070	304,691
Net unrealised gains	31,422	98	–	(4,397)	27,123
As at 1 January 2021	**64,565**	**11,056**	**–**	**229,070**	**304,691**
Acquisitions	**–**	**5,000**	**5,000**	**1,125,194**	**1,135,194**
Changes in fair value	**(15,270)**	**(3,706)**	**–**	**12,137**	**(6,839)**
Currency translation differences	**(907)**	**–**	**–**	**(753)**	**(1,660)**
Disposals	**–**	**–**	**–**	**(762,635)**	**(762,635)**
As at 31 December 2021	**48,388**	**12,350**	**5,000**	**603,013**	**668,751**
Net unrealised gains	**(15,270)**	**(3,706)**	**–**	**5,622**	**(13,354)**

(iii) The carrying amounts of the Group's financial assets, including cash and cash equivalents, term deposits, trade and other receivables and amounts due from related parties, and financial liabilities including trade and other payables, interest-bearing bank borrowings, amounts due to related parties and lease liabilities, approximate their fair values due to their short maturities. The carrying amounts of the Group's non-current lease liabilities approximate their fair values as they are carried at an interest rate close to market rate at each year end.

4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Estimation of non-financial assets impairment – Investments accounted for using the equity method

In respect of the Group's investments accounted for using the equity method, the Group tested them for impairment by estimating the value-in-use of these investments as at 31 December 2021 if any impairment indicator noted. The key assumptions adopted in the test were revenue growth rates, long-term growth rates and discount rates from 10.0% to 16.8%. Based on the result of the test, impairment losses of RMB11,584,000 were provided as at 31 December 2021. Key assumptions adopted in the test include long-term growth rate. If the long-term growth rate had increased/decreased by 1% with all other variables held constant, the value-in-use calculated would have been increased/decreased by approximately RMB364,000 as at 31 December 2021.

(b) Expected credit loss for receivables and contract assets

The impairment provision for trade receivables, other receivables and contract assets are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 2.12 and Note 3.1.2. Changes in these assumptions and estimates could materially affect the result of the assessment and to may be necessary to make additional impairment charge to the consolidated income statement.

(c) Current and deferred income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

5 SEGMENT INFORMATION

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

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

- SaaS;
- Marketing service;
- Supply chain service;
- Interior design and construction; and
- Innovation and others.

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

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

5 SEGMENT INFORMATION (continued)

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

5 SEGMENT INFORMATION (continued)

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

5 SEGMENT INFORMATION (continued)

(a) Revenue

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
SaaS	**33,537**	29,807
Marketing service	**529,272**	454,556
Supply chain service	**66,976**	52,418
Interior design and construction	**460,067**	360,543
Innovation and others	**16,688**	18,940
	1,106,540	916,264

(b) Revenue by geographical markets

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

(c) Information about major customers

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

6 EXPENSES BY NATURE

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Outsourced labour costs	**327,612**	308,645
Advertising and promotion expenses	**304,458**	252,815
Materials and other consumables used (Note 18)	**225,422**	179,539
Employee benefit expenses (Note 7)	**190,409**	116,857
Travelling, entertainment and communication expenses	**17,569**	15,389
Depreciation of right-of-use assets (Note 12(b))	**14,554**	16,053
Short-term leases and leases of low-valued assets (Note 12(b))	**12,162**	7,424
Professional fee	**8,170**	18,583
Depreciation of property, plant and equipment (Note 12(a))	**6,374**	4,834
Bank charges and point-of-sale device processing fees	**6,069**	6,887
Auditors' remuneration		
– Audit service	**3,500**	3,200
– Non-audit service	**140**	1,140
Amortisation of intangible assets (Note 13)	**3,395**	3,973
Taxes and levies	**1,336**	1,694
Utilities and electricity expenses	**1,233**	948
Miscellaneous	**23,119**	19,301
	1,145,522	957,282

7 EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses are analysed as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Salaries, wages and bonuses	**148,116**	106,075
Pension costs – defined contribution plans (a)	**20,386**	8,440
Pension costs – defined benefit plans	**12**	16
Share-based compensation expenses/(credits)	**12,424**	(2,690)
Other social security costs, housing benefits and other employee benefits	**9,471**	5,016
	190,409	116,857

(a) Pension costs – defined contribution plans

During the year ended 31 December 2021, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2020: nil).

8 OTHER GAINS – NET

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Gains on disposals of subsidiaries (Note 31(c))	**112,958**	218
Government grants (a)	**11,525**	3,568
Fair value changes of financial assets at FVPL (Note 21(f))	**2,927**	4,092
Net foreign exchange gains	**184**	6,752
Dividends received from financial assets at FVPL	**181**	1,364
Disposal of investments accounted for using the equity method	**–**	(1,497)
Net (loss)/gain on termination of lease contracts (Note 12(b)(i))	**(218)**	974
Net loss on disposal of property, plant and equipment (Note 12(a)(i))	**(391)**	(999)
Net loss on disposal of an intangible asset (Note 13)	**(627)**	–
Impairment loss on investments accounted for using the equity method (Note 16(a))	**(11,584)**	(1,861)
Others	**2,131**	2,447
	117,086	15,058

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

9 FINANCE INCOME – NET

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Finance income:		
Interest income	**13,062**	18,699
Finance costs:		
Interest expense on borrowings	**(1,399)**	(531)
Interest expense on lease liabilities (Note 12(b)(ii))	**(1,359)**	(1,864)
	(2,758)	(2,395)
Finance income – net	**10,304**	16,304

10 INCOME TAX EXPENSES

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

10 INCOME TAX EXPENSES(continued)

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

(i) Cayman Islands

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

(ii) British Virgin Islands

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

(iii) Hong Kong

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

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

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

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

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

(v) Withholding tax on undistributed profits

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

10 INCOME TAX EXPENSES (continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profit of the consolidated entities as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before income tax	**80,949**	48,410
Tax calculated at PRC statutory income tax rate of 25%	**20,237**	12,103
Tax effects of:		
Differential income tax rates applicable to certain entities comprising the Group	**1,110**	(2,154)
Income not subject to tax	**(23,481)**	(2,482)
Non-deductible expenses	**4,383**	729
Adjustments for current tax of prior periods	**–**	3,830
Tax effect of preferential tax treatment	**(3,838)**	5,596
Research and development tax credit	**(4,581)**	(3,527)
Utilisation of previously unrecognised tax losses and other temporary differences	**(8,145)**	(34,095)
Unrecognised deferred income tax assets	**23,973**	26,529
Income tax expenses	**9,658**	6,529

The unrecognised deferred tax assets are analysed as follows:

Tax losses carried forward

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Unused tax losses for which no deferred tax asset has been recognised	**238,342**	179,673
Unrecognised deferred tax assets relating to tax losses carried forward	**47,860**	42,075

The unused tax losses can be carried forward and will be expired in 5 years from 2022 to 2026.

11 EARNINGS PER SHARE

(a) Basic earnings per share

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

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

(b) Diluted earnings per share

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

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

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

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

12 PROPERTY, PLANT AND EQUIPMENT AND LEASES

(a) Property, plant and equipment

	Leasehold improvements RMB'000	Buildings RMB'000	Transportation equipment RMB'000	Office furniture and equipment RMB'000	Computer and electric equipment RMB'000	Display and exhibition equipment RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2020								
Cost, as restated	52,511	13,600	3,668	1,473	7,913	16,046	1,135	96,346
Accumulated depreciation, as restated	(49,118)	(812)	(3,469)	(1,109)	(6,536)	(13,168)	–	(74,212)
Net book amount, as restated	3,393	12,788	199	364	1,377	2,878	1,135	22,134
Year ended 31 December 2020:								
Opening net book amount as previously reported	3,393	12,788	199	364	1,371	2,878	1,135	22,128
Business combination of Shanghai Qiyuan under common control	–	–	–	–	6	–	–	6
As restated	3,393	12,788	199	364	1,377	2,878	1,135	22,134
Additions	1,603	–	576	59	1,070	46	9,717	13,071
Transfer upon completion	246	–	–	–	–	–	(246)	–
Business combination of Shanghai Zhubei under common control	–	–	–	–	6	–	–	6
Transfer to assets classified as held for sale	–	–	–	–	(64)	–	–	(64)
Disposals	–	–	(49)	(145)	(60)	(879)	–	(1,133)
Depreciation	(2,234)	(812)	(55)	(127)	(792)	(814)	–	(4,834)
Net book amount	3,008	11,976	671	151	1,537	1,231	10,606	29,180
As at 31 December 2020:								
Cost	54,360	13,600	4,146	1,230	8,248	14,217	10,606	106,407
Accumulated depreciation	(51,352)	(1,624)	(3,475)	(1,079)	(6,711)	(12,986)	–	(77,227)
Net book amount	3,008	11,976	671	151	1,537	1,231	10,606	29,180

12 PROPERTY, PLANT AND EQUIPMENT AND LEASES (continued)

(a) Property, plant and equipment (continued)

	Leasehold improvements RMB'000	Buildings RMB'000	Transportation equipment RMB'000	Office furniture and equipment RMB'000	Computer and electric equipment RMB'000	Display and exhibition equipment RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2021								
Cost	54,360	13,600	4,146	1,230	8,248	14,217	10,606	106,407
Accumulated depreciation	(51,352)	(1,624)	(3,475)	(1,079)	(6,711)	(12,986)	–	(77,227)
Net book amount	3,008	11,976	671	151	1,537	1,231	10,606	29,180
Year ended 31 December 2021:								
Opening net book amount	3,008	11,976	671	151	1,537	1,231	10,606	29,180
Additions	8,588	4,325	–	682	2,342	662	7,658	24,257
Disposals (Note (i))	–	–	(15)	(175)	(409)	(372)	–	(971)
Disposal of subsidiaries	–	–	–	–	–	–	(18,264)	(18,264)
Depreciation	(3,623)	(1,001)	(138)	(125)	(1,133)	(354)	–	(6,374)
Net book amount	7,973	15,300	518	533	2,337	1,167	–	27,828
As at 31 December 2021:								
Cost	62,948	17,925	3,655	1,594	9,429	14,246	–	109,797
Accumulated depreciation	(54,975)	(2,625)	(3,137)	(1,061)	(7,092)	(13,079)	–	(81,969)
Net book amount	7,973	15,300	518	533	2,337	1,167	–	27,828

12 PROPERTY, PLANT AND EQUIPMENT AND LEASES (continued)

(a) Property, plant and equipment (continued)

(i) In 2021, the Group disposed certain property, plant and equipment of RMB971,000 for RMB580,000, with a net loss of RMB391,000 recorded in "other gains – net".

(ii) Depreciation of the Group's property, plant and equipment has been recognised in the consolidated income statement as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Selling and marketing expenses	**2,283**	910
Administrative expenses	**3,603**	3,238
Research and development expenses	**488**	686
	6,374	4,834

(b) Leases

(i) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Right-of-use assets		
Land use rights	**–**	311,941
Buildings	**36,156**	25,028
	36,156	336,969
Lease liabilities		
Current	**18,174**	11,905
Non-current	**21,501**	12,962
	39,675	24,867

12 PROPERTY, PLANT AND EQUIPMENT AND LEASES (continued)

(b) Leases (continued)

(i) Amounts recognised in the consolidated balance sheet (continued)

The movements of right-of-use assets are listed below:

	Buildings RMB'000	Land use rights RMB'000	Total RMB'000
Balance at 1 January 2020			
Cost	43,175	321,288	364,463
Accumulated depreciation	(22,921)	(1,140)	(24,061)
Net book amount	20,254	320,148	340,402
Year ended 31 December 2020:			
Opening net book amount	20,254	320,148	340,402
Transfer to construction in-process	–	(6,155)	(6,155)
Additions	31,842	–	31,842
Termination of lease contracts	(13,067)	–	(13,067)
Depreciation charge	(14,001)	(2,052)	(16,053)
Net book amount	25,028	311,941	336,969
As at 31 December 2020:			
Cost	53,236	321,288	374,524
Accumulated depreciation	(28,208)	(9,347)	(37,555)
Net book amount	25,028	311,941	336,969
Balance at 1 January 2021			
Cost	**53,236**	**321,288**	**374,524**
Accumulated depreciation	**(28,208)**	**(9,347)**	**(37,555)**
Net book amount	**25,028**	**311,941**	**336,969**
Year ended 31 December 2021:			
Opening net book amount	**25,028**	**311,941**	**336,969**
Transfer to construction in-process	**–**	**(4,787)**	**(4,787)**
Additions	**28,269**	**–**	**28,269**
Amendment	**(1,363)**	**–**	**(1,363)**
Termination of lease contracts (Note (1))	**(1,224)**	**–**	**(1,224)**
Disposals of subsidiaries	**–**	**(307,154)**	**(307,154)**
Depreciation charge	**(14,554)**	**–**	**(14,554)**
Net book amount	**36,156**	**–**	**36,156**
As at 31 December 2021:			
Cost	**58,585**	**–**	**58,585**
Accumulated depreciation	**(22,429)**	**–**	**(22,429)**
Net book amount	**36,156**	**–**	**36,156**

Note (1): In 2021, certain lease contracts were terminated at the cost of RMB353,000. Right-of-use assets and lease liabilities decreased by RMB1,224,000 and RMB1,359,000 respectively with a loss of RMB218,000 recorded in "other gains – net".

12 PROPERTY, PLANT AND EQUIPMENT AND LEASES (continued)

(b) Leases (continued)

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Land use rights	**–**	2,052
Buildings	**14,554**	14,001
	14,554	16,053
Interest expense (included in finance cost) (Note 9)	**1,359**	1,864
Expense relating to short-term leases (included in cost of sales and administrative expenses) (Note 6)	**11,420**	6,186
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses) (Note 6)	**742**	1,238
	13,521	9,288

The total cash outflow for leases in 2021 was RMB27,486,000 (2020: RMB23,640,000).

13 INTANGIBLE ASSETS

	Trademarks and licenses RMB'000	Domain names RMB'000	Software RMB'000	Total RMB'000
As at 1 January 2020				
Cost	7,290	2,568	12,859	22,717
Accumulated amortisation	(3,476)	(2,077)	(8,337)	(13,890)
Net book amount	3,814	491	4,522	8,827
Year ended 31 December 2020				
Opening net book amount	3,814	491	4,522	8,827
Additions	–	47	579	626
Business combination of Shanghai Zhubei under common control	22	–	1,816	1,838
Amortisation	(966)	(257)	(2,750)	(3,973)
Net book amount	2,870	281	4,167	7,318
As at 31 December 2020				
Cost	7,312	2,615	15,396	25,323
Accumulated amortisation	(4,442)	(2,334)	(11,229)	(18,005)
Net book amount	2,870	281	4,167	7,318
As at 1 January 2021				
Cost	**7,312**	**2,615**	**15,396**	**25,323**
Accumulated amortisation	**(4,442)**	**(2,334)**	**(11,229)**	**(18,005)**
Net book amount	**2,870**	**281**	**4,167**	**7,318**
Year ended 31 December 2021				
Opening net book amount	**2,870**	**281**	**4,167**	**7,318**
Additions	**–**	**–**	**1,120**	**1,120**
Disposals (a)	**–**	**–**	**(627)**	**(627)**
Amortisation	**(982)**	**(235)**	**(2,178)**	**(3,395)**
Net book amount	**1,888**	**46**	**2,482**	**4,416**
As at 31 December 2021				
Cost	**7,312**	**2,615**	**14,820**	**24,747**
Accumulated amortisation	**(5,424)**	**(2,569)**	**(12,338)**	**(20,331)**
Net book amount	**1,888**	**46**	**2,482**	**4,416**

13 INTANGIBLE ASSETS (continued)

(a) In 2021, the Group disposed of an intangible asset of RMB627,000 as scrapped with no cash consideration, with a net loss of RMB627,000 recorded in "other gains – net".

Amortisation of the Group's intangible assets has been recognised in the consolidated income statement as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Cost of sales	**668**	660
Administrative expenses	**1,535**	1,913
Research and development expenses	**939**	1,080
Selling and marketing expenses	**253**	320
	3,395	3,973

14 GOODWILL

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
At beginning and end of the year	**7,796**	7,796

(a) The goodwill mainly arose from the acquisitions of Brausen (Fujian) Decoration Engineering Co., Ltd. ("Fujian Brausen"), Xiamen Brausen and Luoyuan Brausen in 2015 and 2016. The goodwill is attributable to the acquired market share and economies of scale expected to be derived from combining with the operations of the Group.

(b) Impairment test of goodwill

The Group carries out its annual impairment test on goodwill by comparing the recoverable amounts to the carrying amounts. The recoverable amount was determined based on value-in-use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period with a terminal value related to the future cash flows extrapolated using the estimated growth rates stated below beyond the 5-year period. The Group believes that it is appropriate to cover a 5-year period in its cash flow projection, because it captures the development stage of the Group's businesses during which the Group expects to experience a high growth rate. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. The management leveraged their extensive experience in the industry and provided forecast based on past performance and their expectation of future business plans and market developments.

14 GOODWILL (continued)

(c) The following table sets out the key assumptions used in value-in-use calculations:

	As at 31 December	
	2021	2020
Annual revenue growth rate for the 5-year period (%)	**9.6%**	11.8%
Gross profit rate (%)	**38.6%**	56.3%
Terminal revenue growth rate (%)	**2.5%**	2.5%
Pre-tax discount rate (%)	**16.4%**	16.4%

The budgeted annual revenue growth rate for the 5-year period used in the goodwill impairment testing, was determined by the management based on past performance and its expectation for market development. The expected terminal revenue growth rate and gross profit rates are following the business plan approved by the Company. The discount rates reflect market assessments of the time value and the specific risks relating to the industry.

(d) As at 31 December 2021 and 31 December 2020, the directors are of the view that there was no evidence of impairment of goodwill.

15 DEFERRED INCOME TAX

Deferred income taxes are calculated on certain temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheets:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Deferred income tax assets:		
– to be recovered after more than 12 months	**9,279**	11,445
– to be recovered within 12 months	**1,507**	1,285
	10,786	12,730
Deferred income tax liabilities:		
–to be recovered after more than 12 months	**(241)**	(412)
–to be recovered within 12 months	**(216)**	(170)
	(457)	(582)

15 DEFERRED INCOME TAX (continued)

	Accruals RMB'000	Tax losses carried forward RMB'000	Advertising service fee exceeding the ceiling amount RMB'000	Cultural construction fee RMB'000	Intangible assets acquired in business combination RMB'000	Total RMB'000
As at 1 January 2020	3,033	10,861	3,972	677	(730)	17,813
(Charged)/credited to consolidated income statements	(1,748)	–	(3,972)	(93)	148	(5,665)
As at 31 December 2020	1,285	10,861	–	584	(582)	12,148
As at 1 January 2021	**1,285**	**10,861**	**–**	**584**	**(582)**	**12,148**
Credited/(charged) to consolidated income statements	**222**	**(2,018)**	**–**	**(148)**	**125**	**(1,819)**
As at 31 December 2021	**1,507**	**8,843**	**–**	**436**	**(457)**	**10,329**

As at 31 December 2021 and 2020, the Group did not recognise deferred income tax assets in respect of losses and deductible temporary differences of RMB168,945,000 and RMB150,227,000, respectively. These tax losses will expire from 2022 to 2026 (31 December 2020: from 2021 to 2025).

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Associates	**280,069**	285,564

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
At the beginning of the year – carrying amount	**301,765**	254,704
Additions	**–**	94,998
Share of results of the associates	**6,820**	60,598
Disposals	**–**	(109,664)
Share of other comprehensive (loss)/income of investments accounted for using the equity method	**(731)**	1,129
At the end of the year – carrying amount	**307,854**	301,765
Less: provision of impairment (a)(b)	**(27,785)**	(16,201)
	280,069	285,564

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(a) Set out below are the associates of the Group as at 31 December 2021, which, in the opinion of the directors, are material to the Group. The places of incorporation or establishment are also their principal places of business operation.

Name	Date of incorporation/ establishment	Paid-up capital (RMB'000)	Place of incorporation/ establishment	Percentage of ownership interest attribute to the Group 31 December 2021	2020	Principal activities
Guangzhou Seagull Kitchen and Bath Products Co. Ltd. (廣州海鷗住宅工業股份有限公司, "Seagull") (i)	08 January 1998	607,808	Guangzhou, the PRC	**6.13%**	6.12%	Development, production and sales of high-grade plumbing equipment and hardware
Beijing Rayion Technology Co., Ltd. (北京鋭揚科技有限公司 "Beijing Rayion") (ii)	10 October 2014	2,500	Beijing, the PRC	**25%**	25%	VR engine technology development and application

(i) The Group invested in Seagull in 2015, a company listed in Shenzhen Stock Exchange. Since the Group appointed a director to the board of Seagull, which demonstrated the Group was able to exercise significant influence over the board, the investment was accounted for by using equity method.

As at 31 December 2021, the quoted market price of the equity interest the Group held in Seagull was RMB198,600,000. The Group tested the investment in Seagull for impairment by estimating its value-in-use as at 31 December 2021 and RMB10,580,000 impairment loss provision was provided.

(ii) As at 31 December 2021, the Group tested the investment in Beijing Rayion for impairment by estimating its value-in-use as at 31 December 2021 and RMB1,004,000 impairment loss provision was provided.

(iii) Summarised financial information of the Group's associates

The tables below provide summarised financial information for the associates that are material to the Group.

Items	As at/for the Year ended 31 December 2021 RMB'000	2020 RMB'000
Assets	**4,625,339**	3,930,573
Liabilities	**2,476,225**	2,147,766
Revenue	**3,058,312**	3,344,683
Profit for the year	**117,001**	425,560

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(a) (continued)

(iii) Summarised financial information of the Group's associates (continued)

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of its interest in the material associates.

Items	31 December 2021 RMB'000
Net assets at the beginning of the year	**1,945,674**
Profit for the year	**117,001**
Other comprehensive loss	**(10,641)**
Application of new accounting policies	**(3,883)**
Repurchase of shares	**(9,365)**
Net assets at the end of the year	**2,038,786**
Net assets attributable to the Group	**99,517**
Goodwill	**105,178**
Adjustment	**218**
Carrying value	**204,913**

(b) As at 31 December 2021 and 2020, the aggregate carrying amount of interests in individually immaterial investments that are accounted for using the equity method was approximately RMB6,416,000 and RMB6,530,000, respectively. Among these investments, impairment loss of RMB1,861,000 was recognised for the investment in Shanghai Gaojie Information Technology Co., Ltd ("上海高潔信息科技股份有限公司") for the year ended 31 December 2020 due to the deteriorating performance.

(c) There are no contingent liabilities relating to the Group's interest in the associates.

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
At the beginning of the year	**64,565**	56,944
Currency translation differences	**(907)**	(1,826)
Reduction of certain investment in an investee	**–**	(17,000)
Transfer to a subsidiary through business combination	**–**	(4,975)
Changes in the fair value (Note 24)	**(15,270)**	31,422
At the end of the year	**48,388**	64,565

(a) The financial assets at FVOCI referred to the equity investments which were not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

As all these investments are unlisted securities and are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows method and back solve method etc., and are then within level 3 of the fair value hierarchy.

Key assumptions used in the valuation include volatility. If the volatility had increased/decreased by 10% with all other variables held constant, the fair value of the financial assets at FVOCI would have been increased/decreased by approximately RMB792,000 as at 31 December 2021 (31 December 2020: RMB254,500).

As at 31 December 2021, the main part of the financial assets at FVOCI was the investment in XPX Holdings Limited and in Shanghai Qin Shui Jia Ding Investment LLP (上海欽水嘉丁投資合夥企業（有限合夥）, "Qin Shui Jia Ding") with a carrying amount of RMB34,926,000 and RMB7,960,000 respectively (31 December 2020: RMB43,583,000 and RMB16,060,000 respectively).

18 INVENTORIES

	As at 31 December 2021 RMB'000	2020 RMB'000
Finished goods	**2,996**	2,980
Work-in-progress	**–**	349
Raw materials	**–**	3
	2,996	3,332
Less: allowance for impairment of slow moving inventories	**–**	–
	2,996	3,332

For the year ended 31 December 2021, the cost of inventories recognised as expense and included in "materials and other consumables used" amounted to RMB225,422,000 (2020: RMB179,539,000).

19 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December 2021 RMB'000	2020 RMB'000
Financial assets:		
Financial assets at amortised cost:		
– Trade and other receivables (Note 20)	**309,630**	102,095
– Amounts due from related parties (Note 33(c))	**1,069**	5,127
– Term deposits (Note 22)	**–**	9,787
– Restricted cash (Note 22)	**21,734**	–
– Cash and cash equivalents (Note 22)	**548,017**	897,093
Financial assets at FVPL (Note 21)	**639,343**	263,615
Financial assets at FVOCI (Note 17)	**48,388**	64,565
	1,568,181	1,342,282
Financial liabilities:		
Financial liabilities at amortised cost:		
– Short-term borrowings (Note 28)	**16,280**	7,000
– Financial liabilities included in trade and other payables (excluding staff salaries and welfare payables and tax payables) (Note 29)	**529,565**	593,618
– Amounts due to related parties (Note 33(c))	**–**	93
– Lease liabilities (Note 12(b))	**39,675**	24,867
	585,520	625,578

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

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

20 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS TO SUPPLIERS AND CONTRACT ASSETS (continued)

(a) As at 31 December 2021, the carrying amounts of trade and other receivables and contract assets are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

The Group grants credit periods to customers ranging from 30 days to 180 days. As at 31 December 2021 and 2020, the ageing analysis of the trade receivables based on invoice date were as follows:

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

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

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

20 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS TO SUPPLIERS AND CONTRACT ASSETS (continued)

(a) (continued)

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

	Year ended 31 December 2021 RMB'000
At the beginning of the year	**–**
Increase in impairment	**(8,823)**
At the end of the year	**(8,823)**

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

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

Note 3.1.2 sets out information about the impairment of trade and other receivables and contract assets and the Group's exposure to credit risk. The Group did not hold any collateral as security of receivables.

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

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

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

(a) In 2021, the Group invested an amount of RMB5,000,000 to one private equity fund.

The fair value of private equity funds is within level 3 of the fair value hierarchy.

(b) The financial assets related to redemption rights arise from the investment in two companies where the shareholders' agreements were previously reached that the Group has the right to request the other shareholders (i.e., the founders) of the investee to purchase the equity instrument held by the Group for cash or other financial assets when certain conditions are met. The carrying amount of the financial assets was adjusted to reflect the present value of the estimated future cash inflows at the financial instrument's original effective interest rate.

The fair value of the financial assets related to redemption rights is within level 3 of the fair value hierarchy.

In 2021, the Group invested an amount of RMB5,000,000 to one private company as financial assets related to redemption rights.

Key assumptions used to determine the fair value include discount rate. If the discount rate had decreased/increased by 1% with all other variables held constant, the fair value of the financial assets would have been increased/decreased by approximately RMB72,500 as at 31 December 2021 (31 December 2020: RMB436,500).

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(c) The fair values of the investment in listed companies were based on quoted prices in active markets and are within level 1 of the fair value hierarchy.

(d) The investment in mutual funds represents the five publicly offered infrastructure REITs held by the Group, which are listed in Shanghai Stock Exchange.

The fair values were based on quoted prices in active markets and are within level 1 of the fair value hierarchy.

(e) Wealth management products and others were denominated in RMB and USD with expected rate of return of 1.68% to 3.50% per annum. The return on these wealth management products is not guaranteed, hence the contractual cash flow does not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss.

The fair values were based on cash flow discounted using the expected return based on management judgement and are within level 3 of the fair value hierarchy.

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
At the beginning of the year	**263,615**	235,109
Additions	**1,137,485**	811,740
Currency translation difference	**(761)**	(4,924)
Disposals	**(763,923)**	(782,402)
	636,416	259,523
Add: fair value change (Note 8)	**2,927**	4,092
At the end of the year	**639,343**	263,615

22 CASH AND CASH EQUIVALENTS

	As at 31 December 2021 RMB'000	2020 RMB'000
Cash at bank	**569,691**	906,778
Cash on hand	**60**	102
	569,751	906,880
Less: restricted cash (a)	**(21,734)**	–
Less: term deposits with initial term of over three months (b)	**–**	(9,787)
	548,017	897,093

(a) Restricted cash mainly represented cash guaranteed for business and margin account as at 31 December 2021. The Group considered it with no impairment risk. Therefore, no further provisions were provided.

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

Cash and cash equivalents and term deposits are denominated in the following currencies:

	As at 31 December 2021 RMB'000	2020 RMB'000
RMB	**297,818**	400,904
USD	**253,444**	502,205
HKD	**18,489**	3,771
	569,751	906,880

The Group earned interest on term deposits at rates ranged from 0.90% to 1.20% for the year ended 31 December 2021.

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

	As at 31 December 2021 RMB'000	2020 RMB'000
Cash at bank	**547,957**	896,991
Cash on hand	**60**	102
	548,017	897,093

23 SHARE CAPITAL AND SHARE PREMIUM

	Ordinary shares	
	Number of ordinary shares	Nominal value of ordinary shares US$'000
Authorised:		
As at 31 December 2021 and 2020	**2,000,000,000**	**200**

	Number of ordinary shares	Nominal value of ordinary shares US$'000	Equivalent Nominal value of ordinary shares RMB'000	Share premium RMB'000
Issued:				
As at 31 December 2020	1,174,578,090	117	781	2,300,250
Cancellation of treasury shares (a)	(20,517,500)	(2)	(14)	(37,647)
Issue of shares under RSU scheme (a)	–	–	–	352
As at 31 December 2021	**1,154,060,590**	**115**	**767**	**2,262,955**

(a) Treasury shares

	Treasury shares	
	Number of treasury shares	Value of treasury Shares RMB'000
As at 31 December 2020	14,643,500	28,468
Repurchase of shares (i)	37,738,433	61,930
Cancellation of treasury shares	(20,517,500)	(37,661)
Issue of shares under RSU scheme (Note 26)	(3,815,540)	(6,317)
As at 31 December 2021	**28,048,893**	**46,420**

(i) During the year ended 31 December 2021, 37,738,433 shares with a nominal value of USD3,774 (equivalent to RMB24,061) were repurchased at HKD74,347,920 (equivalent to RMB61,930,000). Among them, 31,641,933 shares were repurchased by Tricor Trust (Hong Kong) Limited for the newly granted RSUs at an aggregate consideration of HKD63,083,973 (equivalent to RMB52,551,000).

24 OTHER RESERVES

	Capital reserve RMB'000	Statutory surplus 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 2020, as previously reported	(188,495)	10,277	37,196	16,428	(63,794)	(15,011)	(203,399)
Business combination of Shanghai Qiyuan under common control	–	–	–	–	–	10,000	10,000
As restated	(188,495)	10,277	37,196	16,428	(63,794)	(5,011)	(193,399)
Currency translation differences	–	–	(43,180)	–	–	–	(43,180)
Fair value change of financial assets at FVOCI (Note 17)	–	–	–	–	31,422	–	31,422
Share of other comprehensive income of investments accounted for using the equity method (Note 16)	–	–	–	–	–	1,129	1,129
Business combination of Shanghai Qiyuan and Shanghai Zhubei under common control	–	–	–	–	–	(10,890)	(10,890)
Share-based compensation under ESOP (Note 25)	–	–	–	(2,690)	–	–	(2,690)
As at 31 December 2020	(188,495)	10,277	(5,984)	13,738	(32,372)	(14,772)	(217,608)

	Capital reserve RMB'000	**Statutory surplus reserve RMB'000**	**Currency translation differences RMB'000**	**Share option reserve RMB'000**	**RSUs reserve RMB'000**	**FVOCI reserve RMB'000**	**Others RMB'000**	**Total RMB'000**
At 1 January 2021	**(188,495)**	**10,277**	**(5,984)**	**13,738**	**-**	**(32,372)**	**(14,772)**	**(217,608)**
Currency translation differences	**-**	**-**	**(12,659)**	**-**	**-**	**-**	**-**	**(12,659)**
Fair value change of financial assets at FVOCI (Note 17)	**-**	**-**	**-**	**-**	**-**	**(15,270)**	**-**	**(15,270)**
Share of other comprehensive loss of investments accounted for using the equity method (Note 16)	**-**	**-**	**-**	**-**	**-**	**-**	**(731)**	**(731)**
Transaction with non-controlling interests (Note 38(a))	**(11,261)**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,261)**
Disposal of subsidiaries (Note 38(a))	**-**	**(435)**	**-**	**-**	**-**	**-**	**-**	**(435)**
Share-based compensation under RSUs (Note 26)	**-**	**-**	**-**	**-**	**10,853**	**-**	**-**	**10,853**
Issue of shares under RSU scheme (Note 26)	**-**	**-**	**-**	**-**	**(6,669)**	**-**	**-**	**(6,669)**
Share-based compensation under ESOP (Note 25)	**-**	**-**	**-**	**1,571**	**-**	**-**	**-**	**1,571**
As at 31 December 2021	**(199,756)**	**9,842**	**(18,643)**	**15,309**	**4,184**	**(47,642)**	**(15,503)**	**(252,209)**

25 EMPLOYEE SHARE OPTION PLAN ("ESOP")

(a) In 2011 and 2016, the Board of Directors approved the establishment of two batches of ESOP with the purpose to provide incentive for certain directors, senior management members and employees to contribute to the Group.

The Group granted share options on 31 December 2011 and 31 December 2016 with the exercise price of RMB20.04 per ordinary share, which was adjusted to RMB2.00 per ordinary share catering to the Capitalisation Issue upon the IPO.

The ESOPs included certain performance conditions, which required the employees to complete a service period and meet specified performance targets.

The options have graded vesting terms: options granted on 31 December 2011 vest in equal tranches from the grant date over two years; 25% of the options granted in 2016 shall vest on the first vesting date, which is 30 days after qualified IPO, and the remaining 75% options shall vest on a monthly basis over the next 36 months.

All options granted expire in ten years from the respective grant date.

(b) Movements in the number of share options granted and their related weighted average exercise price are as follows:

	Weighted average exercise price (in RMB)	**Number of share options Year ended 31 December**	
		2021	2020
At the beginning of the year	2.00	**39,861,032**	42,901,141
Modification (i)	2.00	**(32,070,260)**	–
Forfeited	2.00	**(7,790,772)**	(3,040,109)
At the end of the year	2.00	**–**	39,861,032

(i) In 2021, outstanding options of some participants under ESOP were replaced by another share-based compensation plan.

As at 31 December 2021, no outstanding options were exercisable. (2020: 36,650,445)

25 EMPLOYEE SHARE OPTION PLAN ("ESOP") (continued)

(c) The fair value of the share options granted under the abovementioned ESOPs have been valued by an independent qualified valuer using Binomial valuation model as at the grant date. Key assumptions are set as below:

	First grant 31 December 2011	Second grant 31 December 2016
Risk-free interest rate	2.50%	2.50%
Volatility	36.52%	36.52%
Dividend yield	0%	0%
Early exercise level	2.8	2.2~2.8

The directors estimated the risk-free interest rate based on the yield of curve of US Treasury strips with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share option. Dividend yield is based on the directors' estimation at the grant date.

(d) The total expenses recognised in the consolidated income statement for share options granted are RMB1,571,000 for the year ended 31 December 2021 (2020: the total credits recognised in the consolidated income statement for share options granted are RMB2,690,000).

26 RESTRICTED STOCK UNITS ("RSUs")

(a) In 2021, the Group adopted the 2021 RSU Scheme. The purposes of the 2021 RSU Scheme are to attract, and retain and incentivize the best personnel and senior management of the Group, and to promote the value of the Company by offering these individuals an opportunity to acquire shares and a proprietary interest in the success of the Company, thereby linking their interests with the Company's performance.

On 19 March 2021, 114 employees of the Group were granted RSUs in respect of an aggregate of 28,522,540 ordinary shares of par value of USD0.0001 each of the shares, representing approximately 2.46% of the total issued share capital of the Company as at the date of this announcement. The closing price of the shares on the date of grant was HKD2.06 per share. The RSUs granted have the following vesting dates and shares:

Vesting date	Shares
12 August 2021	4,292,040
31 March 2022	3,435,125
1 June 2022	1,350,000
31 March 2023	3,473,625
1 June 2023	1,575,000
31 March 2024	3,417,625
1 June 2024	1,800,000
31 March 2025	3,354,125
1 June 2025	1,800,000
1 June 2026	4,025,000
	28,522,540

On 14 December 2021, the RSUs of the Company representing 7,237,221 ordinary shares with par value of USD0.0001 each of the shares were granted to 8 selected persons under the RSU Scheme. The underlying shares concerned represented 0.63% of the Company as at the date of this announcement. The closing price of the shares on the date of grant was HKD1.2 per share. These RSUs shall vest on 14 January 2022.

The RSUs included certain performance conditions, which required the employees to complete a service period and meet specified performance targets.

The Company has appointed Tricor Trust (Hong Kong) Limited as an independent trustee to assist with the administration and vesting of RSUs. The vesting of the RSUs will be satisfied partially by transfer of shares by certain senior management members of the Company (who are not connected persons of the Company) at nil consideration to the trustee and partially by on-market purchases of shares by the trustee. The Company will provide sufficient funds to the trustee as the Board may in its absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration and vesting of RSUs granted.

26 RESTRICTED STOCK UNITS ("RSUs") (continued)

(b) Movements in the number of RSUs outstanding are as follows:

	Number of RSUs Year ended 31 December 2021
At the beginning of the year	**–**
Granted	**35,759,761**
Issue of shares under RSU scheme (Note 23(a))	**(3,815,540)**
Forfeited	**(3,984,500)**
At the end of the year	**27,959,721**

(c) The total expenses recognised in the consolidated income statement for RSUs are RMB10,853,000 for the year ended 31 December 2021.

27 DIVIDENDS

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

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

28 SHORT-TERM BORROWINGS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Bank borrowings (a)	**15,000**	7,000
Discounted and undue commercial acceptance bills (b)	**1,280**	–
	16,280	7,000

(a) As at 31 December 2021, bank borrowings represented: (i) a one-year borrowing amounting to RMB7,000,000 bearing a fixed interest rate of 4.36% per annum, mortgaged by the property owned by Mr. Yang Weihan being the non-controlling shareholder of Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd., and (ii) a one-year borrowing amounting to RMB8,000,000 bearing a fixed interest rate of 4.50% per annum, shared guaranteed by Shanghai Qiyu Information Technology Co., Ltd., Mr.Yang Weihan and Mrs. Zhang Fan, who is the wife of Mr.Yang Weihan.

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

(b) As at 31 December 2021, discounted and undue commercial acceptance bills represented two notes receivables, which were discounted by the bank with right of recourse.

29 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

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

(a) Deposits payables mainly represent security deposits from users of our escrow payment services.

(b) Contract liabilities represent prepayments made by customers in exchange for goods or services to be provided by the Group in subsequent period, primarily in relation to order recommendation services, interior design and construction services and sales of building materials.

29 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (continued)

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

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

30 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 2 December 2020, the Group made an equity transfer agreement with Suzhou Xinwangqiao Science and Technology Development Company (Limited Partnership) (蘇州鑫旺橋科技產業發展合夥企業(有限合夥), "Suzhou Xinwangqiao"), the non-controlling shareholder of Suzhou Qijia Xinming Engineering Management Co., Ltd. ("Qijia Xinming") to dispose all 51% equity interest owned by the Group in Qijia Xinming with a cash consideration of RMB5,100,000. RMB4,100,000 and RMB1,000,000 were received in 2021 and 2020 respectively. The transaction was completed in 2021.

Total assets of RMB5,435,000 and trade and other payables of RMB1,309,000 were recorded as held for sale as at 31 December 2020.

31 NET CASH GENERATED FROM OPERATIONS

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before income tax	**80,949**	48,410
Adjustments for:		
Finance income (Note 9)	**(13,062)**	(18,699)
Finance costs (Note 9)	**2,758**	2,395
Depreciation of property, plant and equipment (Note 12(a))	**6,374**	4,834
Depreciation of right-of-use assets (Note 12(b))	**14,554**	16,053
Amendment element of lease payments	**3,226**	–
Amortisation of intangible assets (Note 13)	**3,395**	3,973
Net impairment losses on financial assets (Note 20(b))	**14,279**	2,532
Impairment loss on investments accounted for using the equity method (Note 8)	**11,584**	1,861
Net loss on disposal of property, plant and equipment (Note 8)	**391**	999
Net loss on disposal of intangible assets (Note 8)	**627**	–
Losses on disposal of investments in associates	**–**	1,497
Dividend income classified as investing cash flows (Note 8)	**(181)**	(1,364)
Net loss/(gain) on termination of lease contracts (Note 8)	**218**	(974)
Share of results of investments accounted for using equity method (Note 16)	**(6,820)**	(60,598)
Fair value changes of financial assets at FVPL (Note 8)	**(2,927)**	(4,092)
Net gain on disposals of subsidiaries (Note 8)	**(112,958)**	(218)
Share-based compensation (Note 25, 26)	**12,424**	(2,690)
Changes in working capital:		
Decrease in inventories	**393**	5,963
Increase in contract assets (Note 20)	**(81,280)**	(61,664)
Increase in trade and other receivables	**(64,877)**	(34,207)
Decrease in amounts due from related parties	**4,058**	164
Increase in restricted cash	**(21,734)**	–
(Decrease)/increase in trade and other payables and contract liabilities	**(53,346)**	167,721
(Decrease)/increase in amounts due to related parties	**(93)**	87
Cash (used in)/generated from operations	**(202,048)**	71,983

31 NET CASH GENERATED FROM OPERATIONS (continued)

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Net book amount	**971**	1,133
Net loss on disposal of property, plant and equipment (Note 8)	**(391)**	(999)
Proceeds from disposal of property, plant and equipment	**580**	134

(c) Disposal of subsidiaries

During the year ended 31 December 2021, the Group disposed 51% equity interests in Suzhou Qijia Xinming Engineering Management Co., Ltd. with a cash consideration of RMB5,100,000, among which RMB4,100,000 and RMB1,000,000 were received in 2021 and 2020 respectively.

During the year ended 31 December 2021, the Group disposed 100% equity interests in Shanghai Jinjie Furniture and Decorations Co., Ltd., Shanghai Zhengyi Information Technology Co., Ltd, Fujian Qiyi Information Technology Co., Ltd., and Sanming Qijia Network Information Technology Co., Ltd. with a total consideration of RMB437,128,000, among which cash consideration of RMB297,774,000 has been received in 2021, and the rest of the consideration will be collected in the future.

After the completion of the transactions, the Group lost the control of these entities.

(i) The cash flows from the disposals were as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Cash consideration received	**302,874**	–*
Less: cash received in previous year	**(1,000)**	–
Less: cash and cash equivalents in the subsidiaries disposed	**(1,123)**	(6)
Net cash in/(out) on disposals	**300,751**	(6)

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

(ii) Gains on disposals of subsidiaries:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Total consideration		
– Cash consideration received	**302,874**	–*
– Consideration in other receivables	**152,000**	–
– Less: consideration in other payables and accrued taxes	**(12,646)**	–
	442,228	–*

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

31 NET CASH USED IN OPERATION (continued)

(c) Disposal of subsidiaries (continued)

The net assets of the subsidiaries disposed were as follows:

	On disposed date	
	2021	2020
	RMB'000	RMB'000
Cash	**1,123**	6
Trade and other receivables	**637**	–
Inventory	**3,605**	–
Property, plant and equipment	**18,328**	–
Right-of-use assets	**307,154**	–
Trade and other payables	**(2,689)**	(301)
Contract liabilities	**–**	(19)
Net assets/(liabilities)	**328,158**	(314)
Attributable to:		
– Equity holders of the Company	**329,270**	(218)
– Non-controlling interests	**(1,112)**	(96)
Disposal gains attributable to the Group (Note 8)	**112,958**	218

(d) Non-cash investing and financing activities

The Group did not have any material non-cash investing and financing activities for the year ended 31 December 2021 and 2020.

31 NET CASH USED IN OPERATION (continued)

(e) Net cash reconciliation

	Cash and cash equivalents RMB'000	Short-term borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Net cash as at 1 January 2020, as previously reported	410,681	(12,000)	(21,418)	377,263
Business combination of Shanghai Qiyuan under common control	472	–	–	472
As restated	411,153	(12,000)	(21,418)	377,735
Cash flows	522,631	5,000	16,216	543,847
Acquisition – leases (Note 12(b)(i))	–	–	(31,842)	(31,842)
Accrued interest for lease liabilities (Note 9)	–	–	(1,864)	(1,864)
Termination of leases contracts (Note 12(b)(i))	–	–	14,041	14,041
Foreign exchange adjustments	(36,430)	–	–	(36,430)
Net cash as at 31 December 2020	897,354	(7,000)	(24,867)	865,487
Cash flows	**(338,346)**	**(9,280)**	**15,324**	**(332,302)**
Acquisition – leases (Note 12(b)(i))	**–**	**–**	**(28,269)**	**(28,269)**
Amendment – leases	**–**	**–**	**(1,863)**	**(1,863)**
Accrued interest for lease liabilities (Note 9)	**–**	**–**	**(1,359)**	**(1,359)**
Termination of leases contracts (Note 12(b)(i))	**–**	**–**	**1,359**	**1,359**
Foreign exchange adjustments	**(10,991)**	**–**	**–**	**(10,991)**
Net cash as at 31 December 2021	**548,017**	**(16,280)**	**(39,675)**	**492,062**

32 COMMITMENTS

(a) Operating lease commitments

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

The Group has recognised right-of-use assets for these leases, except for short-term leases and leases of low-value assets, see Note 12(b) for further information.

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

32 COMMITMENTS (continued)

(b) Capital commitments

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

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

(c) Investment commitments

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

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

33 RELATED PARTY TRANSACTIONS

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

(a) Saved as disclosed elsewhere in this report, the directors of the Company are of the view that the following parties/companies were related parties that had transaction or balances with the Group during the year:

Name of related parties	Relationship with the Group
Mr. Deng	Controlling shareholder and executive director of the Company
Mr. Chen Yangui (陳言貴)	Non-controlling shareholder (ceased from 4 January 2021)
Mr. Zuo Hanrong (左漢榮)	Non-controlling shareholder (ceased from 4 January 2021)
Mr. Yang Weihan (楊衛涵)	Non-controlling shareholder
Mr. Zou Jianfeng (鄒劍鋒)	Non-controlling shareholder
Shanghai Qijia E-commerce Co., Ltd. (上海齊家電子商務有限公司, "Shanghai Qijia E-commerce")	Controlled by the controlling shareholder
Suzhou Jiangmen Enterprise Management Consulting Center (Limited Partnership) (蘇州將門企業管理咨詢中心（有限合夥）, "Suzhou Jiangmen")	Non-controlling shareholder
Suzhou Xinwangqiao	Non-controlling shareholder (ceased from 11 March 2021)

33 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Repayment of amounts from a related party		
Shanghai Qijia E-commerce	**3,273**	2,313
Lease from a related party		
Shanghai Qijia E-commerce	**491**	368
Advertising service to a related party		
Shanghai Qijia E-commerce	**–**	1,698
Service income from a related party		
Shanghai Qijia E-commerce	**2,202**	2,708
Decoration service to a related party		
Shanghai Qijia E-commerce	**580**	–
Received capital increase from non-controlling shareholders		
Suzhou Jiangmen	**1,571**	1,955
Mr. Yang Weihan	**–**	500
Mr. Zou Jianfeng	**–**	500
Suzhou Xinwangqiao	**–**	100
	1,571	3,055
Loans provided to related parties		
Mr. Zou Jianfeng	**10**	50
Shanghai Qijia E-commerce	**–**	2,000
	10	2,050

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

In the opinion of the Company's directors, the above related party transactions were carried out in the ordinary course of the business and in accordance with the term of the underlying agreements.

33 RELATED PARTY TRANSACTIONS (continued)

(c) Year-end balances with related parties

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Amounts due from related parties:		
Mr. Yang Weihan	**980**	980
Mr. Zou Jianfeng	**70**	60
Shanghai Qijia E-commerce	**19**	3,385
Mr. Zuo Hanrong	**–**	467
Mr. Chen Yangui	**–**	235
	1,069	5,127
Amounts due to a related party:		
Shanghai Qijia E-commerce	**–**	93
	–	93

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:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Salaries	**5,055**	2,550
Discretionary bonuses	**1,441**	413
Pension cost – defined contribution plans	**219**	57
Other social security costs, housing benefits and other employee benefits	**248**	105
Share-based compensation expenses	**1,778**	184
	8,741	3,309

34 CONTINGENT LIABILITIES

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

35 SUBSEQUENT EVENTS

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

36 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY

Balance sheet of the Company

	Note	As at 31 December 2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**273,582**	261,158
Current assets			
Trade and other receivables		**124**	3,709
Amounts due from subsidiaries		**1,251,667**	1,728,159
Fair value through profit or loss		**161,841**	–
Term deposits		**–**	9,787
Cash and cash equivalents		**251,780**	26,693
Total current assets		**1,665,412**	1,768,348
Total assets		**1,938,994**	2,029,506
EQUITY			
Share capital	23	**767**	781
Share premium	23	**2,262,955**	2,300,250
Other reserves	(a)	**(256,520)**	(221,789)
Treasury shares	23	**(46,420)**	(28,468)
Accumulated losses		**(108,996)**	(107,328)
Total equity		**1,851,786**	1,943,446
LIABILITIES			
Current liabilities			
Other payables		**2,058**	1,186
Amounts due to subsidiaries		**85,150**	84,874
Total current liabilities		**87,208**	86,060
Total liabilities		**87,208**	86,060
Total equity and liabilities		**1,938,994**	2,029,506

The balance sheet of the Company was approved by the Board of Directors on 22 March 2022 and was signed on its behalf.

Deng Huajin
Director

Tian Yuan
Director

36 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY (continued)

Note (a) Reserves movements of the Company

	Capital reserve RMB'000	Currency translation differences RMB'000	Share option reserve RMB'000	RSUs reserve RMB'000	FVOCI reserve RMB'000	Total RMB'000
At 1 January 2020	(188,495)	122,801	16,428	–	(51,174)	(100,440)
Currency translation differences	–	(118,659)	–	–	–	(118,659)
Share-based compensation under ESOP (Note 25)	–	–	(2,690)	–	–	(2,690)
As at 31 December 2020	(188,495)	4,142	13,738	–	(51,174)	(221,789)
At 1 January 2021	**(188,495)**	**4,142**	**13,738**	**–**	**(51,174)**	**(221,789)**
Currency translation differences	**–**	**(40,486)**	**–**	**–**	**–**	**(40,486)**
Share-based compensation under RSUs (Note 26)	**–**	**–**	**–**	**10,853**	**–**	**10,853**
Issue of shares under RSU scheme (Note 26)	**–**	**–**	**–**	**(6,669)**	**–**	**(6,669)**
Share-based compensation under ESOP (Note 25)	**–**	**–**	**1,571**	**–**	**–**	**1,571**
As at 31 December 2021	**(188,495)**	**(36,344)**	**15,309**	**4,184**	**(51,174)**	**(256,520)**

37 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

Remuneration of every director is set out below,

	For the year ended 31 December 2021						
	Director's fee RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Pension cost-defined contribution plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Executive Directors							
Mr. Deng	-	1,220	270	47	54	-	1,591
Mr. GAO Wei (高巍)	-	837	253	20	20	1,608	2,738
Mr. TIAN Yuan (田原)	-	812	207	47	54	-	1,120
Non-executive Directors							
Mr. LI Gabriel (李基培)	-	-	-	-	-	-	-
Mr. ZHAO Guibin (趙貴賓)	-	-	-	-	-	-	-
Mr. PING Xiaoli (平曉黎)	-	-	-	-	-	-	-
Independent non-executive Directors							
Mr. ZHANG Lihong (張禮洪)	82	-	-	-	-	-	82
Mr. CAO Zhiguang (曹志廣)	82	-	-	-	-	-	82
Mr. WONG Man Chung Francis (黃文宗)	229	-	-	-	-	-	229
	393	2,869	730	114	128	1,608	5,842

37 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' and chief executive's emoluments (continued)

	For the year ended 31 December 2020						
	Director's fee RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Pension cost-defined contribution plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Executive Directors							
Mr. Deng	–	1,037	153	9	36	–	1,235
Mr. GAO Wei (高巍)	–	432	130	28	–	–	590
Mr. TIAN Yuan (田原)	–	432	130	9	36	–	607
Non-executive Directors							
Mr. LI Gabriel (李基培)	–	–	–	–	–	–	–
Mr. ZHAO Guibin (趙貴賓)	–	–	–	–	–	–	–
Mr. PING Xiaoli (平曉黎)	–	–	–	–	–	–	–
Independent non-executive Directors							
Mr. ZHANG Lihong (張禮洪)	82	–	–	–	–	–	82
Mr. CAO Zhiguang (曹志廣)	82	–	–	–	–	–	82
Mr. WONG Man Chung Francis (黃文宗)	236	–	–	–	–	–	236
	400	1,901	413	46	72	–	2,832

Mr. LI Gabriel (李基培) was appointed as a non-executive director of the Company on 2 April 2018. Ms. PING Xiaoli (平曉黎) was appointed as a non-executive director of the Company on 29 October 2019. Mr. ZHAO Guibin (趙貴賓) was appointed as a non-executive director of the Company on 24 April 2020.

Mr. ZHANG Lihong (張禮洪), Mr. CAO Zhiguang (曹志廣) and Mr. WONG Man Chung Francis (黃文宗) were appointed as independent non-executive directors of the Company on 4 June 2018.

No retirement or termination benefits have been paid to the Company's directors for the years ended 31 December 2021 and 2020, respectively.

Except for the loans due from related parties disclosed in Note 33, no loans, quasi-loans or other dealings are entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors for the years ended 31 December 2021 and 2020, respectively.

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the years ended 31 December 2021 and 2020.

37 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' and chief executive's emoluments (continued)

No consideration was provided to third parties for making available directors' services during the years ended 31 December 2021 and 2020.

During the year ended 31 December 2021 and 2020, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company have waived any emoluments during the year ended 31 December 2021 (2020: nil).

(b) Five highest paid individuals' emoluments

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2021 include 3 directors whose emoluments are reflected in the analysis presented above (2020: 3). The emoluments payable to the remaining 2 individuals during the years ended 31 December 2021, respectively are as follows (2020: 2):

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Salaries	**1,794**	1,956
Discretionary bonuses	**712**	126
Pension costs – defined contribution plans	**105**	14
Other social security costs, housing benefits and other employee benefits	**120**	48
Share-based compensation expenses	**170**	–
	2,901	2,144

The emoluments of these individuals are within the following bands:

	Number of individuals Year ended 31 December	
	2021	2020
HKD		
Nil – 1,000,000	**–**	1
1,000,001 – 1,500,000	**–**	1
1,500,001 – 2,500,000	**2**	–
	2	2

38 SUBSIDIARIES

(a) Particulars of the subsidiaries of the Group during the year ended 31 December 2021 as at date of this report are set out below:

Company name	Country/place and date of incorporation/ establishment and kind of legal entity	Issued and paid up capital or registered capital ('000)	Effective interests held by the Group% at 31 December 2021	2020	Direct or indirect	Principal activities and place of operation
Qijia Holding Limited.	BVI, 25 November 2014	USD 50	**100%**	100%	Direct	Investment holding company in BVI
Jia (Hong Kong) Limited.	HK, 9 December 2014	HKD 10	**100%**	100%	Indirect	Investment holding company in HK
Qijia (Shanghai) Network Technology Co., Ltd..	PRC, 16 April 2015, LLC	USD 290,000	**100%**	100%	Indirect	Provision of Platform Service in Mainland China
Qi Home (Shanghai) Information Technology Co., Ltd.	PRC, 5 June 2015, LLC	USD 50,000	**100%**	100%	Indirect	Provision of Platform Service in Mainland China
Shanghai Qijia Network Information Technology Co., Ltd.	PRC, 9 August 2007, INC.	50,265	**100%**	100%	Indirect	Provision of Platform Service in Mainland China
Shanghai Qiyi Information Technology Co., Ltd.	PRC, 8 September 2011, LLC	5,000	**100%**	100%	Indirect	Provision of Platform Service in Mainland China
Fujian Qiyi Information Technology Co., Ltd.	PRC, 28 December 2016, LLC	65,000	**N/A (iii)**	100%	Indirect	Provision of Platform Service in Mainland China
Shanghai Qiyu Information Technology Co., Ltd.	PRC, 23 September 2015, LLC	325,050	**100%**	100%	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Shanghai Jinjie Furniture and Decorations Co., Ltd.	PRC, 4 May 2009, LLC	340,000	**N/A (iii)**	100%	Indirect	Real estate development in Mainland China
Shanghai Qijia Qianbao Financial Information Service Co., Ltd.	PRC, 2 December 2013, LLC	6,000	**75%**	75%	Indirect	Financial Information Service in Mainland China
Shanghai Qixu investment and management Co., Ltd.	PRC, 22 September 2014, LLC	1,000	**100%**	100%	Indirect	Investment Management in Mainland China
Sanming Qijia Network Information Technology Co., Ltd.	PRC, 19 November 2012, LLC	180,920	**N/A (iii)**	100%	Indirect	Provision of Platform Service in Mainland China
Shanghai Qisheng E-Commerce Co., Ltd.	PRC, 24 March 2010, LLC	5,000	**100%**	100%	Indirect	Electronic Commerce in Mainland China
Shanghai Qijia Internet Financial Information Service Co., Ltd.	PRC, 10 August 2015, LLC	10,000	**70%**	70%	Indirect	Financial Information Service in Mainland China
Fujian Qijia Network Information Technology Co., Ltd.	PRC, 9 January 2015, LLC	20,000	**100%**	100%	Indirect	Provision of Supply Chain Service in Mainland China
Brausen (Fujian) Decoration Engineering Co., Ltd.	PRC, 23 June 2006, LLC	50,000	**100%(ii)**	84.95%	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.	PRC, 30 August 2016, LLC	80,000	**55% (i)**	55%	Indirect	Provision of Self-operated interior design and construction services in Mainland China

38 SUBSIDIARIES (continued)

(a) Particulars of the subsidiaries of the Group during the year ended 31 December 2021 as at date of this report are set out below: (continued)

Company name	Country/place and date of incorporation/ establishment and kind of legal entity	Issued and paid up capital or registered capital ('000)	Effective interests held by the Group% at 31 December 2021	2020	Direct or indirect	Principal activities and place of operation
Suzhou Qijia Jumei Supply Chain Management Co., Ltd.(Previous name: Suzhou Tea Horse Road Trading Co., Ltd.)	PRC, 22 February 2017, LLC	1,000	**55%**	55%	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Henan Qijia Jumei Decoration Design Engineering Co., Ltd.	PRC, 26 May 2017, LLC	2,000	**38.50%**	38.50%	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Quanzhou Brausen Decoration Engineering Co., Ltd.	PRC, 10 June 2014, LLC	1,520	**57.50%**	48.84%	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Luoyuan Brausen Decoration Engineering Co., Ltd.	PRC, 21 July 2014, LLC	5,000	**55%**	46.72%	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Putian Brausen Decoration Engineering Co., Ltd.	PRC, 12 January 2016, LLC	1,300	**N/A (ii)**	50.79%	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Brausen (Xiamen) Decoration Engineering Co., Ltd.	PRC, 10 November 2014, LLC	1,300	**51%**	43.32%	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Ningde Brausen Decoration Engineering Co., Ltd.	PRC, 23 August 2016, LLC	1,300	**N/A (ii)**	59.46%	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Beijing Brausen Home Furnishing Decoration Co., Ltd.	PRC, 6 September 2017, LLC	5,000	**100%**	84.95%	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Fuzhou Changle Brausen Decoration Engineering Co., Ltd.	PRC, 25 April 2017, LLC	800	**55%**	46.72%	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Shanghai Zhengyi Information Technology Co., Ltd	PRC, 29 August 2016, LLC	108,880	**N/A (iii)**	100%	Indirect	Provision of construction services in Mainland China
Beijing Qisu Information Technology Co., Ltd	PRC, 8 June 2018, LLC	USD 100	**100%**	100%	Indirect	Provision of Platform Service in Mainland China
Shanghai Qiming Information Technology Co., Ltd.	PRC, 1 November 2019, LLC	250,000	**N/A (v)**	100%	Indirect	Provision of Platform Service in Mainland China
Shanghai Qilai Furniture and Decorations Co., Ltd.	PRC, 31 July 2019, LLC	50,000	**100%(ii)**	51%	Indirect	Provision of Supply Chain Service in Mainland China
Shanghai Mingqi investment and management Co., Ltd.	PRC, 5 February 2020, LLC	10,000	**100%**	100%	Indirect	Investment Management in Mainland China

38 SUBSIDIARIES (continued)

(a) Particulars of the subsidiaries of the Group during the year ended 31 December 2021 as at date of this report are set out below: (continued)

Company name	Country/place and date of incorporation/ establishment and kind of legal entity	Issued and paid up capital or registered capital ('000)	Effective interests held by the Group% at 31 December 2021	2020	Direct or indirect	Principal activities and place of operation
Fujian Zhixiu Information Technology Co., Ltd.	PRC, 9 March 2020, LLC	10,000	**100%**	100%	Indirect	Information Technology Service in Mainland China
Suzhou Qijia Xinming Engineering Management Co., Ltd.	PRC, 30 July 2020, LLC	10,000	**N/A (iii)**	51%	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Shanghai Kangtan Information Technology Co., Ltd.	PRC, 3 September 2020, LLC	10,000	**100%**	100%	Indirect	Information Technology Service in Mainland China
Shanghai Zhubei Information Technology Co., Ltd.	PRC, 29 September 2018, LLC	25,000	**100%**	100%	Indirect	Information Technology Service in Mainland China
Fujian Zhubei Information Technology Co., Ltd.	PRC, 13 April 2020, LLC	10,000	**100%**	100%	Indirect	Information Technology Service in Mainland China
Shanghai Qiyuan Intelligent Technology Co., Ltd.	PRC, 16 October 2017, LLC	1,111	**100%**	100%	Indirect	Information Technology Service in Mainland China
Shanghai Qirong Information Service Co., Ltd.	PRC, 15 May 2020, LLC	10,000	**100%**	100%	Indirect	Information Technology Service in Mainland China
Shanghai Ashen Information Technology Co., Ltd.	PRC, 11 November 2020, LLC	5,000	**100%**	100%	Indirect	Information Technology Service in Mainland China
Qijia (Cayman) Limited.	Cayman Islands, 25 February 2021	USD 50	**100%**	N/A	Direct	Investment holding company in Cayman Islands
Shanghai Zhuqi Intelligent Technology Co., Ltd.	PRC, 24 March 2021, LLC	5,000	**100%**	N/A	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Castor Renovation Technology Limited.	HK, 25 March 2021	– (iv)	**100%**	N/A	Indirect	Investment holding company in HK
Ningbo Zhuqi Decoration Engineering Co., Ltd.	PRC, 3 June 2021, LLC	5,000	**100%**	N/A	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Shanghai Qingyun Shuxiang Construction Technology Co., Ltd.	PRC, 25 August 2021, LLC	10,000	**100%**	N/A	Indirect	Provision of Self-operated interior design and construction services in Mainland China
Shanghai Qijiadianshang Technology Co., Ltd.	PRC, 3 September 2021, LLC	1,000	**100%**	N/A	Indirect	Information Technology Service in Mainland China
Shanghai Castor Technology Co., Ltd.	PRC, 13 September 2021, LLC	USD 25,000	**100%**	N/A	Indirect	Information Technology Service in Mainland China

38 SUBSIDIARIES (continued)

(a) Particulars of the subsidiaries of the Group during the year ended 31 December 2021 and as at date of this report are set out below: (continued)

(i) The non-controlling shareholders made a capital contribution of RMB3,971,000 while the Group made a capital contribution of RMB16,500,000 in Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd. in 2021.

(ii) Transaction with non-controlling interests

In January 2021, the Group acquired the 15.05% equity interests in Brausen (Fujian) Decoration Engineering Co., Ltd held by non-controlling shareholders at a consideration of RMB0. The excess of RMB7,382,000 over the carrying amount of the corresponding non-controlling interests was recorded as “other reserves” in equity.

In September 2021, the Group acquired the 51% equity interests in Shanghai Qilai Furniture and Decorations Co., Ltd. held by non-controlling shareholders at a consideration of RMB7,000,000. The excess of RMB1,928,000 over the carrying amount of the corresponding non-controlling interests was recorded as “other reserves” in equity.

The Group liquidated Putian Brausen Decoration Engineering Co., Ltd. and Ningde Brausen Decoration Engineering Co., Ltd. in 2021. The Group and non-controlling shareholders succeeded the corresponding assets and liabilities of them and no cash inflow or outflow was derived from the liquidation. The liquidation procedures were completed in 2021. The excess of RMB1,951,000 over the carrying amount of the corresponding non-controlling interests was recorded as “other reserves” in equity.

The effect of these transactions on the equity attributable to the owners of the Company during the year ended 31 December 2021 is summarised as follows:

	Year ended 31 December 2021 RMB’000
Carrying amount of non-controlling interests acquired	**(4,261)**
Consideration paid to non-controlling interests	**(7,000)**
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(11,261)**

There were no transactions with non-controlling interests in 2020.

(iii) The Group disposed these companies to third parties in 2021. The transfer of legal title was completed in 2021. The statutory surplus reserve of RMB435,000 deducted from these companies was recorded as “other reserves” in equity.

(iv) The registered capital of Castor Renovation Technology Limited. is HKD1.

(v) The Group liquidated Shanghai Qiming Information Technology Co., Ltd. in 2021.

38 SUBSIDIARIES (continued)

(b) Material non-controlling interests

Summarised financial information on subsidiaries with material non-controlling interests for the year ended 31 December 2021 is as follows:

	Assets RMB'000	**Liabilities RMB'000**	**Revenue RMB'000**	**Losses RMB'000**	**Surplus RMB'000**
Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.	**340,819**	**318,629**	**402,371**	**(9,789)**	**22,190**

Summarised financial information on subsidiaries with material non-controlling interests for the year ended 31 December 2020 is as follows:

	Assets RMB'000	Liabilities RMB'000	Revenue RMB'000	Losses RMB'000	Deficits RMB'000
Brausen (Fujian) Decoration Engineering Co., Ltd.	18,343	73,206	51,611	(2,596)	(54,863)
Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.	211,986	216,011	303,689	(766)	(4,025)

Financial Summary

The following table sets out our key financial data for the periods or as of the dates indicated.

The key financial data is extracted from the audited consolidated financial statements disclosed in the Prospectus and the 2021 annual report.

	For the year ended 31 December				
	2017	2018	2019 (restated)	2020	**2021**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	479,055	645,704	770,985	916,264	**1,106,540**
Gross profit	239,830	381,558	508,625	520,500	**593,423**
Profit/(loss) before income tax	(837,253)	708,306	44,075	48,410	**80,949**
Income tax credit/(expense)	(7,650)	5,164	5,465	(6,529)	**(9,658)**
Profit/(loss) for the year from continuing operations	(844,903)	713,470	49,540	41,881	**71,291**
Profit/(loss) from discontinued operations	(10,622)	31,987	–	–	**–**
Profit/(loss) for the year	(855,525)	745,457	49,540	41,881	**71,291**
Profit/(loss) attributable to:					
Equity holders of the Company	(824,089)	757,594	60,655	40,613	**74,054**
Non-controlling interests	(31,436)	(12,137)	(11,115)	1,268	**(2,763)**

	As at 31 December				
	2017	2018	2019 (restated)	2020	**2021**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Total Assets	1,220,002	1,899,880	2,043,629	2,149,605	**2,124,714**
Total liabilities	2,711,532	579,203	688,906	855,370	**839,271**
Equity/(deficits) attributable to the equity holders of the Company	(1,466,965)	1,353,460	1,377,404	1,312,497	**1,297,124**

Definitions

"AGM"	the forthcoming annual general meeting of the Company to be held on 23 May 2022
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit and Risk Management Committee"	the audit and risk management committee under the Board
"Auditor"	PricewaterhouseCoopers, the independent auditor of the Company
"Beijing Brausen"	Beijing Brausen Home Furnishing Decoration Co., Ltd.* (北京博若森家居裝飾有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company
"Board"	the board of Directors of our Company
"Brausen"	Brausen (Fujian) Decoration & Engineering Co., Ltd.* (博若森（福建）裝飾工程有限公司), company with limited liability incorporated in PRC on 23 June 2006 and a subsidiary of our Company, and its subsidiaries as the context requires, which were acquired by us on 24 August 2015
"Brausen Referral Services Agreement"	the referral services agreement dated 31 December 2020 entered into between Beijing Brausen and Shanghai Qijia E-Commerce pursuant to which Shanghai Qijia E-Commerce will work with certain construction materials and household products suppliers, to sell customized construction materials and furniture packages to end-clients introduced by Beijing Brausen for a commission
"BVI"	the British Virgin Islands
"CEO"	the chief executive officer of our Company
"CG Code"	the Corporate Governance Code (version up to 31 December 2021) as set out in Appendix 14 of the Listing Rules
"Chairman"	the chairman of the Board
"China" or "PRC"	the People's Republic of China, and for the purposes of this annual report for geographical reference only (unless otherwise indicated), excluding Taiwan, Macau and Hong Kong
"CIT"	corporate income tax
"Company"	Qeeka Home (Cayman) Inc. 齊屹科技（開曼）有限公司 (formerly known as China Home (Cayman) Inc.), an exempted company with limited liability incorporated in the Cayman Islands on 20 November 2014
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Contractual Arrangements"	the series of contractual arrangements entered into by, among Shanghai Qijia, Qijia Network Technology and the shareholders of Shanghai Qijia, details of which are described in the section headed "Contractual Arrangements" of the Prospectus

"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	director(s) of the Company
"Group"	the Company (any one or more of, as the context may require) and its subsidiaries and operating entities
"HK$" or "HKD"	Hong Kong dollars, the lawful currency for the time being of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IAS"	the International Accounting Standards
"IASB"	the International Accounting Standards Board
"IDC" or "Interior Design and Construction Business"	the provision of interior design and construction service and licensing it brand partners and others
"IFRS"	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
"Innovation and others"	the provision of other initiative services
"IPO"	the Company's initial public offering and listing of its shares on Main Board of the Stock Exchange on 12 July 2018
"INC."	company limited by shares
"Jumei"	Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.* (齊家居美（蘇州）精裝科技有限公司), a company with limited liability incorporated in PRC on 30 August 2016
"Latest Practicable Date"	11 April 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
"Listing Date"	12 July 2018, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"LLC"	limited liability company
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Marketing Service Business"	the provision of targeted marketing services and inspection service
"Memorandum and Articles of Association"	the amended and restated memorandum of articles of association and articles of association of our Company, conditionally adopted on 12 July 2018 with effect from the Listing Date, and as amended from time to time

"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
"Mr. Deng"	Mr. DENG Huajin, our founder, chairman of our Board, executive Director, CEO and our single largest Shareholder
"Nomination Committee"	the nomination committee under the Board
"PRC" or "China"	the People's Republic of China, except where the context requires otherwise and only for the purposes of this annual report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Operating Entities"	Shanghai Qijia and its subsidiaries and branches, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme of the Company adopted in 2011 and 2016, and was formalized in 2018
"Prospectus"	the prospectus of the Company dated 21 June 2018 (as supplemented by the supplemental prospectus dated 3 July 2018) in connection with the IPO of the Company
"Remuneration Committee"	the remuneration committee under the Board
"Renewed Brausen Referral Services Agreement"	the referral services agreement dated 31 December 2021 entered into between Beijing Brausen and Shanghai Qijia E-Commerce pursuant to which Shanghai Qijia E-Commerce will work with certain construction materials and household products suppliers, to sell customized construction materials and furniture packages to end-clients introduced by Beijing Brausen for a commission
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	the year ended 31 December 2021
"RSU(s)"	restricted share unit(s)
"Qeeka Holding"	Qeeka Holding Limited, an exempted company with limited liability incorporated in the BVI on 18 November 2014, which is wholly owned by Mr. Deng
"Qijia Network Technology"	Qijia (Shanghai) Network Technology Co., Ltd.* (齊家網(上海)網絡科技有限公司), a company with limited liability incorporated in the PRC on 16 April 2015 and a subsidiary of the Company
"Qiyi Referral Services Agreement"	the referral services agreement dated 1 April 2018 entered into between Shanghai Qiyi Information Technology Co., Ltd.* (上海齊屹信息科技有限公司) and Shanghai Qijia E-Commerce pursuant to which Shanghai Qijia E-Commerce will work with certain construction materials and household products suppliers, to sell customized construction materials and furniture packages to end-clients introduced by Shanghai Qiyi Information Technology Co., Ltd.* (上海齊屹信息科技有限公司) for a commission
"SaaS"	the provision of SaaS based total marketing solution

"Sales lead"	the data that identifies someone as a potential demand user of Interior Design and Construction
"Series A Investors"	the holders of Series A Preferred Shares, namely Series A-1 Investors, Series A-2 Investors, Series A-3 Investors, and Series A-4 Investors
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Shanghai Qijia"	Shanghai Qijia Network Information Technology Co., Ltd.* (上海齊家網信息科技股份有限公司), a company incorporated in the PRC with limited liability on 9 August 2007, and is controlled by our Group through the Contractual Arrangements
"Shanghai Qijia E-Commerce"	Shanghai Qijia E-Commerce Co., Ltd.* (上海齊家電子商務有限公司), a company with limited liability incorporated in the PRC, which is ultimately controlled by Mr. Deng
"Shanghai Qiyi"	Shanghai Qiyi Information Technology Co., Ltd.* (上海齊屹信息科技有限公司), a company incorporated in the PRC with limited liability on 8 September 2011, which is a directly wholly-owned subsidiary of Shanghai Qijia
"Shanghai Qiyu"	Shanghai Qiyu Information Technology Co., Ltd.* (上海齊煜信息科技有限公司), a company incorporated in the PRC with limited liability on 23 September 2015, which is a wholly-owned subsidiary of the Company
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of US$0.0001 each
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"Supply Chain Service Business"	the provision of building and home decoration materials
"USD"	United States dollar, the lawful currency of the United States
"YOY"	year-on-year
"%"	per cent.

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