



Qeeka Home (Cayman) Inc. 齊屹科技(開曼)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1739

GLOBAL OFFERING



Joint Sponsors

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Company

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

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IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

Qeeka Home (Cayman) Inc.

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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 242,030,000 Shares (subject to adjustment and the Over-allotment Option)
Number of Hong Kong Offer Shares	: 24,203,000 Shares (subject to adjustment)
Number of International Offer Shares	: 217,827,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	: HK\$9.00 per Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund on final pricing)
Nominal value	: US\$0.0001 per Share
Stock code	: 1739

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix V – Documents Delivered to the Registrar of Companies and Available for Inspection" has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered and sold within the United States or to, or for the account or benefit of any U.S. person, except that Offer Shares may be offered or sold to qualified institutional buyers in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or outside the United States in accordance with Regulation S.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around June 27, 2018 and, in any event, not later than July 3, 2018, or such other date as agreed between parties. The Offer Price will be no more than HK\$9.00 per Offer Share and is currently expected to be no less than HK\$6.80 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by July 3, 2018, or such other date as agreed between parties between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors."

The Joint Global Coordinators may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.qeeka.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting – Underwriting Agreement and Expenses – Hong Kong Public Offering – Grounds for Termination."

June 21, 2018

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and in the Hong Kong Economic Times (in Chinese).

- Latest time to complete electronic applications under
HK eIPO White Form service through
the designated website www.hkeipo.hk⁽²⁾ 11:30 a.m.⁽¹⁾ on Tuesday, June 26, 2018
- Application lists open⁽³⁾ 11:45 a.m. on Tuesday, June 26, 2018
- Latest time to lodge **WHITE** and **YELLOW**
application forms 12:00 noon on Tuesday, June 26, 2018
- Latest time to give **electronic application**
instructions to HKSCC⁽⁴⁾ 12:00 noon on Tuesday, June 26, 2018
- Latest time to complete payment of **HK eIPO**
White Form applications by effecting
internet banking transfers or PPS payment transfer(s) 12:00 noon on
Tuesday, June 26, 2018
- Application lists of the Hong Kong Public Offering close 12:00 noon on
Tuesday, June 26, 2018
- Expected price determination date⁽⁵⁾ Wednesday, June 27, 2018

- (1) Announcement of:
- the Offer Price;
 - the level of applications in Hong Kong Public Offering;
 - an indication of the level of interest in the International Offering; and
 - the basis of allocation of the Hong Kong Offer Shares,
- to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.geeka.com on or before⁽⁶⁾ Wednesday, July 4, 2018
- (2) Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers where appropriate) to be available through a variety of channels including the websites of the Stock Exchange at www.hkexnews.hk⁽⁹⁾ and our Company at www.geeka.com⁽¹⁰⁾ (see "How to Apply for Hong Kong Offer Shares – 11. Publication of Results") from Wednesday, July 4, 2018

EXPECTED TIMETABLE⁽¹⁾

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.geeka.com from Wednesday, July 4, 2018

Results of allocations in the Hong Kong Public Offering will be available at www.tricor.com.hk/ipo/result with a "search by ID" function Wednesday, July 4, 2018

Dispatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before⁽⁶⁾⁽⁷⁾ Wednesday, July 4, 2018

Dispatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful application to be posted on or before⁽⁸⁾ Wednesday, July 4, 2018

Dealings in Shares on the Stock Exchange expected to commence on Thursday, July 5, 2018

Notes:

- (1) All times refer to Hong Kong local time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Tuesday, June 26, 2018, the application lists will not open on that day. See "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists."
- (4) Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to "How to Apply for Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS."
- (5) The Price Determination Date is expected to be on or around Wednesday, June 27, 2018 and, in any event, no later than Tuesday, July 3, 2018, or such other date as agreed between parties. If, for any reason the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company by Tuesday, July 3, 2018, or such other date as agreed between parties, the Global Offering will not proceed and will lapse.
- (6) Share certificates are expected to be issued on Wednesday, July 4, 2018 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Thursday, July 5, 2018. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates and before they become valid do so entirely of their own risk.

EXPECTED TIMETABLE⁽¹⁾

- (7) Applicants who have applied on **WHITE** Application Forms for 1,000,000 or more Hong Kong Offer Shares and have provided all required information may collect refund cheques (if applicable) and Share certificates (if applicable) in person from the Hong Kong Share Registrar from 9:00 a.m. to 1:00 p.m. on Wednesday, July 4, 2018. Identification and (where applicable) authorization documents acceptable to the Hong Kong Share Registrar must be produced at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares may collect their refund cheques (if applicable) in person but may not collect in person their Share certificates, which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Uncollected Share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in "How to Apply for Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies".

- (8) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and also in respect of successful applications in the event that the Offer Price is less than the initial price per Hong Kong Offer Share payable on application. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

Applicants who apply through the **HK eIPO White Form** service and paid their application monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Services Provider, in the form of refund cheques, by ordinary post at their own risk.

- (9) The announcement will be available for viewing on the "Main Board – Allotment of Results" page on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.qeeka.com.
- (10) None of the websites or any of the information contained on the website forms part of this prospectus.

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and Share certificates.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus and the Application Forms must not be relied on by you as having been authorized by us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Global Offering.

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SUMMARY AND HIGHLIGHTS

This summary aims to give you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined in the section headed “Definitions” in this prospectus.

OVERVIEW

We are the largest interior design and construction online platform in China, according to Frost & Sullivan, with a market share of 25.7% by GMV in 2017. We also ranked first in terms of brand awareness and are the top choice for customers seeking interior design and construction services online. Our online platform connects multiple players in the interior design and construction market and uses advanced technologies to match our users with service providers who fit their specific needs. As a one-stop solution provider for our users and partners, our mission is to make the interior design and construction process more efficient, convenient, and transparent than the traditional interior design and construction market.

Our business mainly consists of operating our interior design and construction platform and self-operated interior design and construction business. Leveraging our extensive experience and market-leading vision, we have built a thriving ecosystem consisting of over 7,502 interior design and construction service providers spanning over 290 cities across the PRC as of April 30, 2018 and 50.6 million monthly unique visitors in April 2018. As of the Latest Practicable Date, we have an established presence in 176 cities across China through our self-operated interior design and construction business and licensees.

We offer important value-added services to users and interior design and construction service providers through our platform, which is our core business. Our platform is also an efficient and cost effective way for design and construction service providers to acquire new customers. In addition to connecting them with customers, we also help the design and construction service providers on our platform improve their ability to achieve greater customer satisfaction by standardizing and streamlining the interior design and construction process and the way they interact with customers.

Recognizing the diverging demands of many of our users, we also acquired Brausen and established Jumei, two full-service interior design and construction businesses targeting different consumers. Brausen focuses on individual consumers, while Jumei focuses on interior design and construction services for residential real-estate developers and serviced apartments. In anticipation of the substantial growth potential for the online interior design and construction market in smaller, third or fourth-tier cities in China, we have established our Dianshang licensed brand specifically targeting these markets.

SUMMARY AND HIGHLIGHTS

We have received significant support from strategic investors as well as partnerships with prominent Chinese partners. We believe this has positioned us well in competing against other interior design and construction online platforms in China. However, as we are still at the early stage of monetization, we were loss-making during the Track Record Period. We expect to record an operating profit but cannot be certain that we will not be loss-making for the year ended December 31, 2018, depending in part on the fair value of our Preferred Shares and convertible liabilities based on the final Offer Price.

Operating Loss, Adjusted Loss from Continuing Operations, Net Operating Cash Flow and Net Current Liabilities

We are at the early-stage of monetization and have incurred losses during the Track Record Period, primarily due to the significant costs and expenses incurred to expand our platform business and self-operated interior design and construction business, which mainly consisted of advertising and promotion expenses, cost of inventories sold and employee benefit expenses. In 2015, 2016 and 2017, we incurred an operating loss from continuing operations of RMB162.7 million, RMB154.2 million, and RMB108.5 million, respectively. In addition, in the years ended December 31, 2015, 2016 and 2017, we had fair value loss of preferred shares and convertible liabilities of RMB7.8 million, RMB112.9 million, and RMB743.0 million respectively. Our adjusted loss from continuing operations was RMB163.4 million, RMB152.3 million, and RMB89.3 million, respectively, for the same periods. See “Financial Information – Period to Period Comparison of Result of Operations” and “Financial Information – Non IFRS Measures.” As of December 31, 2015, 2016, and 2017, we had an accumulated loss of RMB400.5 million, RMB802.6 million, and RMB1,627.5 million, respectively. In addition, we had net current liabilities of RMB193.3 million as of December 31, 2017 primarily due to the increase of convertible liabilities attributable to the expansion of our business and anticipation of the initial public offering. We also had net operating cash outflow of RMB95.6 million, RMB101.4 million and RMB119.3 million as of December 31, 2015, 2016 and 2017, respectively, as a result of cost and expenses incurred to expand our platform business and self-operated interior design and construction business. See “Risk Factors – Risks relating to Our Business – We have had operating and accumulated losses, and we cannot assure future profitability” and “Risk Factors – Risks relating to Our Business – We have net current liabilities and net operating cash outflow.”

Subject to compliance with our Articles of Association, our Company may declare and pay dividends out of our share premium account despite our consolidated net losses during the Track Record Period and accumulated losses of RMB1,627.5 million as of December 31, 2017, provided that immediately following the date on which the dividend is proposed to be paid, our Company will be able to pay our debts as they fall due in the ordinary course of business. The amount of dividends that our Company may declare and pay will be limited to the amount which has been credited to our share premium account, which is RMB15.6 million as of December 31, 2017. There is no assurance that we can continue to pay dividends or at all in the future. In addition, any additional fair value loss on our preferred shares, which will be determined based on the valuation of such preferred shares upon Listing, may increase our accumulated loss balance as of the Listing, and such loss or any further loss that we may incur after the Listing will limit our ability to distribute dividends. Please see “Risk Factors – Risks Relating to Our Business – We have had operating and accumulated losses, and we cannot assure future profitability”.

SUMMARY AND HIGHLIGHTS

Our Business Model

Our revenues during the Track Record Period were primarily derived from two business segments, namely our interior design and construction platform business and self-operated interior design and construction business.

Our interior design and construction online platform

Over the past eleven years, we have developed the largest online community of interior design and construction consumers in China. We believe our thriving ecosystem of home-improvement content and our one-stop solution for users seeking interior design and construction services will enable us to attract even more users to our platform in the future.

Our service is a convenient solution for users seeking interior design and construction services. We attract potential users interested in interior design and construction services to access our platform mainly through our comprehensive home-improvement content, word-of-mouth reputation, and other marketing channels. Potential users interested in our services can make an appointment with our large and supportive team of professional service consultants by leaving their details. After an appointment is confirmed, one of our professional service consultants will promptly reach out to the user by phone and consult with the user individually about their specific interior design and construction needs. Based on the information users provided to us, their browsing habits and search history, as well as our communication with them, we undertake a multi-dimensional system analysis to generate a User Profile (as defined below) and recommend to them several quality design and construction service providers on our platform most suited to the user's specific needs, using our proprietary algorithm and big data-backed artificial intelligence engine. Following the recommendation, we offer value-added services to assist our users in selecting a service provider, reviewing the fee quote provided by the service providers, and finding financing options. We also offer third-party inspection services throughout the construction process if the user chooses to participate in our Qijia Bao Service.

We also provide interior design and construction service providers on our platform with efficient and cost-effective access to potential customers through our recommendations, increased customer conversion and operational efficiency through our comprehensive operational support services (including CRM system, VR system, ERP system and supply chain management software), improved service quality by implementing our standardized service procedures, strengthened brand awareness through word-of-mouth rating on our platform, strengthened reputation through our strict selection policy, lowered materials procurement costs by accessing our localized networks of materials suppliers and manufacturers. We charge the interior design and construction service providers a recommendation fee for each user that we recommend to them. Interior design and construction service providers on our platform can purchase service packages from us. In addition, local interior design and construction service providers who meet our strict selection criteria can become our licensees after entering into a license agreement with us, under which they will have the right to offer interior design and construction services under our brand in their designated region during the license term.

SUMMARY AND HIGHLIGHTS

Our self-operated interior design and construction business

We operate two full-service interior design and construction businesses, namely, Brausen and Jumei. These two brands target different consumers. Brausen focuses on individual consumers, whereas Jumei focuses on interior design and construction services for residential real-estate developers and serviced apartments.

The following table sets forth the revenue breakdown of our two business segments both in absolute amount and as a percentage of our revenues from continuing operations for the periods indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in thousands, except percentages)</i>					
Online platform:						
Platform services	91,812	64.9%	90,136	30.0%	177,955	37.1%
Materials supply chain	—	—	9,504	3.2%	11,689	2.4%
Total online platform	91,812	64.9%	99,640	33.2%	189,644	39.5%
Self-operated interior design and construction business	44,378	31.4%	195,987	65.1%	284,329	59.4%
Other⁽¹⁾	5,222	3.7%	5,223	1.7%	5,082	1.1%
Total	141,412	100%	300,850	100%	479,055	100%

Note:

- (1) Other revenue represents the management fee we received from Shanghai Qihong, a limited partnership fund we participated as a co-general partner. See “Financial Information – Critical Accounting Policies, Judgments and Estimates – Others”.

Our revenue from continuing operations increased by 112.8% from RMB141.4 million in 2015 to RMB300.9 million in 2016, primarily as a result of the expansion of self-operated interior design and construction business in relation to the acquisition of Brausen. Our revenues from continuing operations further increased by 59.2% from RMB300.9 million in 2016 to RMB479.1 million in 2017, primarily attributable to the rapid geographic expansion of our online platform and increase in monthly unique visitors and interior design and construction service providers on our platform, as well as the expansion of Brausen’s operations.

Our cost of sales from continuing operations increased by 227.7% from RMB53.7 million in 2015 to RMB176.0 million in 2016, which is caused largely by the expansion of our self-operated design and construction business. Our cost of sales from continuing operations further increased by 35.9% from RMB176.0 million in 2016 to RMB239.2 million in 2017, which is mainly due to costs associated with the expansion of Brausen’s operations.

SUMMARY AND HIGHLIGHTS

The following table sets forth our gross profit and gross margin as a percentage of overall revenue by segment for the periods indicated:

	Year ended December 31,					
	2015		2016		2017	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	<i>(in thousands of RMB, except percentages)</i>					
Online platform:						
Platform services	81,623	88.9%	84,960	94.3%	168,701	94.8%
Materials supply chain	—	—	2,708	28.5%	802	6.9%
Total online platform	81,623	88.9%	87,668	88.0%	169,503	89.4%
Self-operated interior design and construction business	6,429	14.5%	36,797	18.8%	70,279	24.7%
Other⁽¹⁾	(327)	(6.3%)	346	6.6%	48	0.9%
Total	87,725	62.0%	124,811	41.5%	239,830	50.1%

Note:

- (1) Other revenue represents the management fee we received from Shanghai Qihong, a limited partnership fund we participated as a co-general partner. See “Financial Information – Critical Accounting Policies, Judgments and Estimates – Others”.

The gross profit of our self-operated interior design and construction business in 2016 increased by 472.4% from 2015, as we focused on expanding our self-operated interior design and construction business in 2016, which led to a significant increase in revenue derived from this segment. Primarily as a result of improved operational efficiency, the gross profit margin of this segment also increased in 2016. In 2017, the gross profit of our self-operated interior design and construction business continued to increase, attributable to the strong performance of our self-operated interior design and construction brands Brausen and Jumei. As the operational efficiency of Brausen and Jumei continued to improve, the gross profit margin of this segment also increased in 2017.

As we devoted more resources to the development of our self-operated interior design and construction business in 2016, the gross profit of our online platform business remained relatively stable in 2016. In 2017, we shifted our focus back to our online platform business, resulting in significantly increased revenue and gross profit derived from this segment. The gross profit margin of our platform services business increased slightly during the Track Record Period due to improved operational efficiency.

SUMMARY AND HIGHLIGHTS

OUR INDUSTRY AND COMPETITIVE LANDSCAPE

From 2012 to 2017, the market size of China's interior design and construction services industry by revenue grew from RMB1,515.7 billion to RMB2,303.5 billion, representing a CAGR of 8.7%, according to the Frost & Sullivan Report. During the same period, the market size of China's online interior design and construction services industry by GMV grew from RMB36.4 billion in 2012 to RMB126.7 billion in 2017, representing a CAGR of 28.3%. Key market drivers for the growth of China's online interior design and construction services industry include customers' rising demands for more efficient service process, service providers' inclination to move online, and the industry's increasing integration with emerging technologies.

China's online interior design and construction industry features significantly high growth potential going forward as the internet penetration rate continues to increase. It is expected that the market size of China's online interior design and construction services industry by GMV would increase from RMB126.7 billion in 2017 to RMB1,265.1 billion in 2022, representing a CAGR of 58.4%, according to the Frost & Sullivan Report. Meanwhile, the penetration rate of online interior design and construction services industry in China is likely to reach 38.1% by 2022, up from 5.5% in 2017.

In addition, the competition within China's online interior design and construction industry is quite fierce, with approximately 500 to 800 market players in 2017. According to the Frost & Sullivan Report, the top 5 market players in China's online interior design and construction industry accounted for 62.1% of the market share. Our market share by GMV in 2017, 25.7%, ranked the first among all the online interior design and construction platforms in China.

OUR COMPETITIVE STRENGTHS

We believe that we are well-positioned in the interior design and construction industry given our competitive advantages:

- We are the largest and most reputable interior design and construction online platform in China
- We offer important value-added services to service providers and users in light of the industry's challenges
- Best positioned to capture the explosive growth of the industry
- Strong data analytics and technological capabilities
- Our self-operated interior design and construction business and license model enable us to enrich our service offerings and serve users with different demands
- Visionary and experienced management team with support from our shareholders

For detailed discussions of these competitive strengths, see "Business – Overview – Our Strengths."

SUMMARY AND HIGHLIGHTS

BUSINESS STRATEGIES

Our goal is to strengthen our position as a leading interior design and construction online platform in China through growth across our business lines and overall profitability. The key components of our growth strategy include:

- Expand our user base
- Attract additional high quality service providers to our platform
- Actively explore other monetization methods on our platform
- Further develop our self-operated interior design and construction business and license model
- Seeking opportunities for strategic alliance, investment, mergers and acquisitions

For detailed discussions of these business strategies, see “Business – Overview – Our Strategies.”

RISK FACTORS

Our business and the Global Offering involve certain risks, some of which are set out in the section headed “Risk Factors.” You should read that section in its entirety carefully before you decide to invest in the Offer Shares. Some of the major risks we face include:

- We have had operating losses, and we cannot assure future profitability.
- We may not be able to attract and retain users in a cost-effective manner.
- We rely on various third-parties, especially third-party interior design and construction service providers, to deliver satisfactory user experience and are subject to risks arising from the noncompliance or poor performance by such third-parties.
- We may be unable to anticipate users’ preferences or respond efficiently to changes in those preferences.
- We may not be able to maintain or enhance our brand image. We may experience harm to our brand or reputation, or damage to the reputation of the online interior design and construction industry generally.
- We may experience a deterioration in our relationships with our users, suppliers and partners.
- We may not be able to effectively monetize our user base.
- We may be unable to conduct our marketing activities cost-effectively.
- We may be unsuccessful in our efforts to continue expanding our business into new geographic areas in China and expect to incur additional costs, including rent, payroll and marketing expenses, in connection with such expansion.

SUMMARY AND HIGHLIGHTS

- Our growth strategy of acquiring and investing in complementary businesses, assets and technologies may result in operating difficulties, dilution to our investors and other negative consequences.

We also face risks relating to our corporate structure, in particular our Contractual Arrangements as well as the uncertainty we face regarding the Draft FIL. For details, see “Risk Factors – Risks relating to Our Corporate Structure.”

OUR CUSTOMERS AND SUPPLIERS

The customers for our online platform business are interior design and construction service companies and the customers for our self-operated interior design and construction business consist of individuals and various organizations. For each of the years ended December 31, 2015, 2016 and 2017, our five largest customers accounted for 7.6%, 3.0% and 3.0% of our revenue from continuing operations, respectively. Our suppliers primarily consist of third-party marketing channels, including television networks and advertising agencies. Purchases from our five largest suppliers for the years ended December 31, 2015, 2016 and 2017 accounted for 38.4%, 27.1% and 34.6% of our total purchase amount (including cost of inventories sold and advertising and promotion expense of group) during those periods, respectively.

During the Track Record Period, none of our Directors, their close associates or any shareholders of our Company (who or which to the knowledge of the Directors owned more than 5% of the Company’s issued share capital) had any interest in any of our five largest customers and our five largest suppliers.

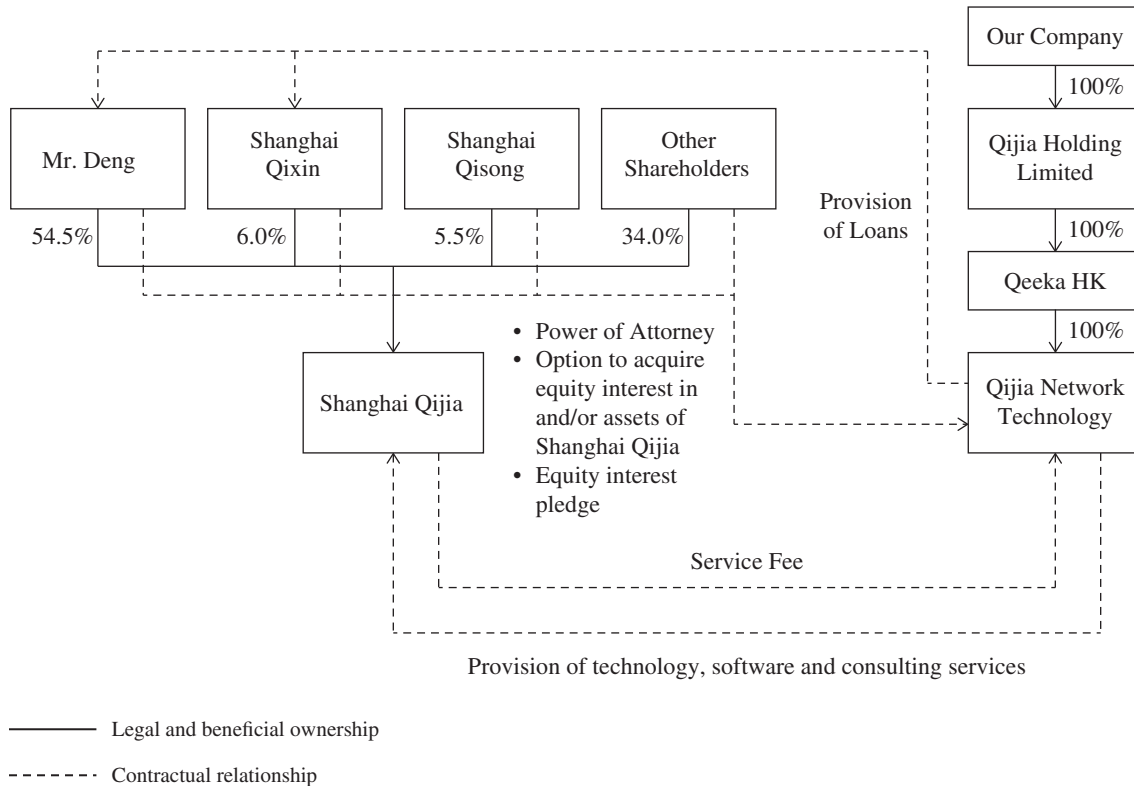
OUR HISTORY, PRE-IPO INVESTMENTS AND CORPORATE STRUCTURE

Our history traces back to 2007. Capital requirement in our early stage of operation, primarily an asset-light online business, was not significant, and Mr. Deng, our founder, and Controlling Shareholder as of the date of this prospectus who will remain as our single largest Shareholder upon Listing, financed our early stage of operations primarily through his personal funds. Starting in 2008, we started to introduce Series A investors in the PRC until in 2014, when we engaged in a reorganization and adopted an offshore structure with our Company being incorporated in the Cayman Islands and entered into the old contractual arrangements to control and consolidate our PRC operations. We continued to introduce various Series B investors at the offshore level to finance our growth in 2014. In early March 2018, we introduced a Series C investor. For more information on the Pre-IPO Investments, including a tabular summary, see “History and Corporate Structure – Pre-IPO Investments – 2. Principle Terms of the Pre-IPO Investments and Pre-IPO Investors’ Rights.”

We primarily grew our business through organic growth. We also explored various strategic options to further grow our business. For example, in 2014, we made a minority investment in Guangzhou Seagull, a PRC company listed on the Shenzhen Stock Exchange that engages in the production and sale of high-end plumbing equipment and hardware. We believe that we enjoyed strategic and synergic benefits from our investment. In 2015, with more available capital raised through our private equity financing, we acquired Brausen to further expand our presence in self-operated interior design and construction business in various locations inside China. In 2018, we disposed of our shopping mall management and leasing business to an entity controlled by Mr. Deng and decided to focus on our core online platform and offline interior design and construction business.

SUMMARY AND HIGHLIGHTS

Our Company is incorporated in the Cayman Islands, and we control our PRC operations primarily through our contractual arrangements with Qijia Network Technology, our wholly foreign-owned enterprise, Shanghai Qijia, our Consolidated Affiliated Entity, as well as its registered shareholders. The following diagram sets forth the structure of our current contractual arrangements.



Note: The Other Shareholders are Beijing Baidu, Cowin Venture, GF Xinde Investment, Cowin Jinqu, and Suzhou Kunrong, each holding as to approximately 16.0%, 11.7%, 3.5%, 2.0% and 0.88% of the equity interests in Shanghai Qijia, respectively.

For more information about our history, pre-IPO investors and our corporate structure, see “History and Corporate Structure – Pre-IPO Investments”.

We also adopted the Pre-IPO Share Option Scheme in 2011 and formalized it in 2018. As of the Latest Practicable Date, our Company has granted options under the Pre-IPO Share Option Scheme to 188 persons to subscribe for an aggregate of 49,115,000 Shares, representing 4.05% of the total number of Shares in issue immediately following completion of the Global Offering (assuming the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme are not exercised). For more details about the Pre-IPO Share Option Scheme, see “Appendix IV – Statutory and General Information – E. Other Information – 11. Pre-IPO Share Option Scheme” to this prospectus.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary consolidated financial information of our Group. We have derived the consolidated financial information for the years ended December 31, 2015, 2016 and 2017 from our audited consolidated financial statements set forth in the Accountant’s Report in Appendix I to this prospectus. This summary consolidated financial information should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements set forth in the Accountant’s Report, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

SUMMARY AND HIGHLIGHTS

SELECTED CONSOLIDATED INCOME STATEMENTS

The following table presents items of our consolidated income statements, as well as their percentage to the total revenues for the periods indicated.

	Year ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Revenue	141,412	100.0%	300,850	100.0%	479,055	100.0%
Cost of sales	(53,687)	(38.0)%	(176,039)	(58.5)%	(239,225)	(49.9)%
Gross profit	87,725	62.0%	124,811	41.5%	239,830	50.1%
Selling and marketing expenses	(158,795)	(112.3)%	(189,403)	(63.0)%	(237,984)	(49.7)%
Administrative expenses	(57,816)	(40.9)%	(69,147)	(23.0)%	(94,014)	(19.6)%
Research and development expenses	(42,084)	(29.8)%	(46,992)	(15.6)%	(37,497)	(7.8)%
Other gains – net	8,282	5.9%	26,572	8.8%	21,153	4.4%
Operating loss	(162,688)	(115.0)%	(154,159)	(51.2)%	(108,512)	(22.7)%
Finance income	1,551	1.1%	6,522	2.2%	10,265	2.1%
Share of net profit of investments accounted for using the equity method ⁽¹⁾	806	0.6%	3,341	1.1%	3,968	0.8%
Fair value loss of preferred shares and convertible liabilities	(7,836)	(5.5)%	(112,927)	(37.5)%	(742,974)	(155.1)%
Loss before income tax	(168,167)	(118.9)%	(257,223)	(85.5)%	(837,253)	(174.8)%
Income tax expense	(3,023)	(2.1)%	(8,019)	(2.7)%	(7,650)	(1.6)%
Loss from continuing operations	(171,190)	(121.1)%	(265,242)	(88.2)%	(844,903)	(176.4)%
Loss from discontinued operation⁽²⁾	(176,357)	(124.7)%	(144,976)	(48.2)%	(10,622)	(2.2)%
Loss for the year	(347,547)	(245.8)%	(410,218)	(136.4)%	(855,525)	(178.6)%
Non-IFRS measure:						
Adjusted loss from continuing operations⁽³⁾	<u>(163,354)</u>	<u>(115.5)%</u>	<u>(152,315)</u>	<u>(50.6)%</u>	<u>(89,319)</u>	<u>(18.6)%</u>

Notes:

- (1) Share of net profit of investments accounted for using the equity method mainly represents our interests in Guangzhou Seagull, a company whose shares are publicly traded on the Shenzhen Stock Exchange.
- (2) Pursuant to a resolution dated December 26, 2017, the Board approved the disposal of the Disposed Entity, the indirectly wholly-owned subsidiary of Shanghai Qijia, which operates the discontinued operation. For further details of the disposal, see “History and Corporate Structure – Other Major Historical Development of Our Group – 2017-18 Disposal of Shopping Mall Management and Leasing Business.” For further details of the financial performance and cash flow information for the discontinued operation for the years ended December 31, 2015, 2016 and 2017, see Note 32 to the Accountant’s Report in Appendix I to this prospectus.
- (3) We define adjusted loss from continuing operations to be loss for the year from continuing operations, adjusted to remove the effect of (i) fair value loss of preferred shares and convertible liabilities, net of tax, (ii) listing expenses, net of tax, and (iii) share based compensation, net of tax. Adjusted loss from continuing operations is not a measure required by, or presented in accordance with, IFRS. The use of adjusted loss from continuing operations has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS. See the subsection headed “Financial Information – Non-IFRS Measures” for details.

SUMMARY AND HIGHLIGHTS

The table below reconciles our adjusted loss from continuing operations for the years presented to the most directly comparable financial measures calculated and presented in accordance with IFRS:

	For the Year Ended December 31,		
	2015	2016	2017
	<i>(in thousands of RMB)</i>		
Loss from continuing operations	(171,190)	(265,242)	(844,903)
Fair value loss of preferred shares and convertible liabilities	7,836	112,927	742,974
Share-based compensation expenses	–	–	3,207
Listing expenses	–	–	9,403
	<u>–</u>	<u>–</u>	<u>9,403</u>
Adjusted loss from continuing operations	<u>(163,354)</u>	<u>(152,315)</u>	<u>(89,319)</u>

SELECTED CONSOLIDATED BALANCE SHEETS

	As at December 31,		
	2015	2016	2017
	<i>(in RMB thousands)</i>		
Total non-current assets	244,594	315,833	296,446
Total current assets	1,212,401	1,057,308	923,556
Total assets	<u>1,456,995</u>	<u>1,373,141</u>	<u>1,220,002</u>
Total non-current liabilities	868,870	1,031,668	1,594,662
Total current liabilities	847,570	1,042,831	1,116,870
Total liabilities	<u>1,716,440</u>	<u>2,074,499</u>	<u>2,711,532</u>
Net current assets/(liabilities)	364,831	14,477	(193,314)
Accumulated losses	(400,502)	(802,587)	(1,627,457)
Total deficits	<u>(259,445)</u>	<u>(701,358)</u>	<u>(1,491,530)</u>

SELECTED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31,		
	2015	2016	2017
	<i>(in RMB thousands)</i>		
Net cash used in operating activities	(95,602)	(101,356)	(119,276)
Net cash used in investing activities	(80,534)	(58,562)	(9,365)
Net cash generated from financing activities	742,691	3,560	6,567
	<u>–</u>	<u>–</u>	<u>–</u>
Net increase/(decrease) in cash and cash equivalents	566,555	(156,358)	(122,074)
Cash and cash equivalents at beginning of the year	187,852	758,131	612,028
Effect on exchange rate difference	3,724	10,255	(9,317)
	<u>–</u>	<u>–</u>	<u>–</u>
Cash and cash equivalents at end of the year	<u>758,131</u>	<u>612,028</u>	<u>480,637</u>

SUMMARY AND HIGHLIGHTS

KEY FINANCIAL AND OPERATING METRICS

The following table sets forth our key financial and operating metrics for the periods indicated:

	Year ended December 31		
	2015	2016	2017
Current ratio (times) ⁽¹⁾	1.4	1.0	0.9
Gross profit margin ⁽²⁾	62.0%	41.5%	50.1%

Notes:

- (1) Current ratio for 2015/2016 is our current assets (group) divided by our current liabilities (group) at the end of each financial period. Current ratio for 2017 is our current assets (continuing operations) divided by our current liabilities (continuing operations) at the end of the financial period.
- (2) Our gross profit margin decreased from 62.0% in 2015 to 41.5% in 2016, primarily as a result of the expansion of our self-operated interior design and construction business, which has a lower profit margin than our platform business. Our gross profit margin increased from 41.5% in 2016 to 50.1% in 2017, primarily attributable to the rapid development of our platform business and the increase in gross profit margin of our self-operated interior design and construction business.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the listing committee of the Stock Exchange under Rule 8.05(3) of the Listing Rules for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the Capitalization Issue and the exercise of the Over-allotment Option) and the Shares to be issued upon the exercise of share options under the Pre-IPO Share Option Scheme.

FUTURE DIVIDENDS

We have no pre-determined dividend policy providing for any fixed or expected future dividend distribution, and therefore our Board has absolute discretion to recommend any dividend. We currently do not intend to make dividend payments in any foreseeable future and plan to retain our earnings for purposes of supporting our continued growth. If we decide to pay dividends in the future, the amount of dividends actually distributed to our shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant. Our Directors may pay to our shareholders such dividends as they deem to be justified by our profits, and may also pay half-yearly or special dividends from time to time. Our shareholders may in a general meeting also declare dividends, provided that no dividends shall exceed the amount recommended by our Directors. For more information about our future dividends, see “Financial Information – Dividends.”

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on, among other things, the availability of dividends received from our subsidiaries, our earnings, capital and investment requirements, level of indebtedness, and other factors that our Board deems relevant.

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OFFER STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

	Based on an Offer Price of HK\$6.80 per Share	Based on an Offer Price of HK\$9.00 per Share
Market capitalization of our Shares upon completion of the Global Offering ⁽¹⁾	HK\$8,229 million	HK\$10,891 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$1.60	HK\$2.02

Notes:

- (1) The calculation of market capitalization is based on 1,210,124,090 Shares expected to be in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming no exercise of the Over-allotment Option or any exercise of the share options granted under the Pre-IPO Share Option Scheme.
- (2) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated on the basis that 1,210,124,090 Shares are expected to be in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming no exercise of the Over-allotment Option or any exercise of the share options or granted under the Pre-IPO Share Option Scheme.

LISTING EXPENSE

Listing expenses consist primarily of underwriting commission and professional fees, and are estimated to be approximately RMB108.6 million (assuming an Offer Price of HK\$7.90 per Share, being the mid-point of the indicative offer price range stated in this prospectus), listing expenses of approximately RMB12.3 million were incurred on or before December 31, 2017, of which RMB9.4 million was charged to our consolidated income statements, while the remaining amount of RMB2.9 million was recorded as a prepayment and will be subsequently charged to equity upon completion of the Global Offering. We estimate we will further incur underwriting commission and other listing expenses of approximately RMB96.3 million after December 31, 2017, of which RMB22.1 million will be charged to our consolidated income statements, and RMB74.2 million is expected to be accounted for as a deduction from equity upon the completion of Global Offering.

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USE OF PROCEEDS

The aggregate net proceeds that we expect to receive from the Global Offering, after deducting underwriting fees and estimated expenses in connection with the Global Offering, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$7.90 per Share, being the mid-point of the indicative Offer Price range of HK\$6.80 to HK\$9.00 per Share, will be approximately HK\$1,779.1 million. We intend to use the net proceeds from the Global Offering as follows:

Amount of the estimated net proceeds	Intended use of net proceeds
Approximately 45%, or HK\$800.6 million	Development of our online platform
<ul style="list-style-type: none">• Approximately HK\$533.7 million	Marketing expense
<ul style="list-style-type: none">• Approximately HK\$133.4 million	Development of supply chain management business
<ul style="list-style-type: none">• Approximately HK\$133.4 million	Development of loan referral business
Approximately 15%, or HK\$266.9 million	Development of our self-operated interior design and construction business
Approximately 15%, or HK\$266.9 million	Investment in our technology infrastructure and system
Approximately 20%, or HK\$355.8 million	Additional strategic investments and acquisitions
Approximately 5%, or HK\$89.0 million	General working capital

For further details, see “Future Plans and Use of Proceeds.”

REGULATORY COMPLIANCE

We have historically had incidents of non-compliance with PRC laws and regulations. We do not expect that any of these matters will result in a material adverse effect on our business, financial condition and results of operations. For more information, see “Business – Legal Proceedings and Compliance.”

RECENT DEVELOPMENTS

In the four months ended April 30, 2018, our business continued to experience significant growth. In particular, our revenue during the 4-month period in 2018 amounted to RMB163.3 million, compared to RMB119.3 million in the same period in 2017, representing growth of 36.9%. Our increase in revenue was primarily driven by the significant increase of revenue from our online platform business, and such revenue amounted to RMB42.2 million and RMB92.4 million in the four-month period in 2017 and 2018, respectively. Our gross profit increased by 77.7%, from RMB57.9 million in the four-month period in 2017 to RMB102.9 million in the same period in 2018. Such growth primarily reflected our continued effort to

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grow the business of our online platform. We recorded an associated increase of 36.9% in selling and marketing expenses during the same period, from RMB53.6 million in the four-month period in 2017 to RMB73.4 million in the same period in 2018. We also booked an increase of 66.7% in research and development expenses from RMB7.2 million to RMB12.0 million during the same periods.

Based on the unaudited management accounts of the Group for the four months ended April 30, 2018 prepared by the directors of the Company which was reviewed by our Reporting Accountant in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, we realized a net profit during the four months ended April 30, 2018. There is however no assurance that we would continue to be able to realize net profit for any future periods.

The Directors are of the view that the Group has sufficient working capital to continue to operate on a going concern basis for at least 12 months following the date of this prospectus after considering the following factors:

- (1) our Directors believe that, leveraging on the enormous growth potential of the interior design and construction services market, the following can be achieved and therefore our revenue will increase as we implement our strategies:
 - (i) increase in the number of users to our online platform as we expand our service offerings, enrich our content, improve our data analytics and technological capabilities and increase targeted marketing promotion;
 - (ii) increase in the number of high quality service providers to our online platform to meet the growing demand from our users, especially in Tier B and Tier C cities where our users are still underserved due to lack of high quality service providers; and
 - (iii) increase in our fees for each user recommendation, especially in Tier B and Tier C cities, with the expected increase of the number of local service providers; and
- (2) our Directors believe that our expenses will increase to a lesser extent due to economies of scale.

After (i) conducting various discussions with the management of the Company to understand the business model and business strategies of the Company; (ii) reviewing the financial statements of the Company as set out in Appendix I to the prospectus and discussed the same with the management of the Company and (iii) reviewing the working capital forecast memorandum prepared by the Company and discussing the same with the management of the Company, the Joint Sponsors agree with the Directors that the Group has sufficient working capital to continue to operate on a going concern basis for at least 12 months following the date of this prospectus.

Our Directors confirm that, as of the date of this prospectus and except as otherwise disclosed in this prospectus, there had been no material adverse change in the financial conditions or prospects of our Group and there had been no event since December 31, 2017 and up to the date of this prospectus which could materially affect the information shown in the Accountant’s Report.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings.

“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on June 4, 2018 with effect from Listing, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audited Financial Statements”	the audited consolidated financial statements of our Company for the Track Record Period, as included in Appendix I to this prospectus
“Baidu HK”	Baidu (Hong Kong) Limited* (百度(香港)有限公司), a company with limited liability incorporated in Hong Kong on November 27, 2007
“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 on September 6, 2017 and a subsidiary of our Company
“Board”	the board of Directors
“Brausen”	Brausen (Fujian) Decoration & Engineering Co., Ltd.* (博若森(福建)裝飾工程有限公司), a company with limited liability incorporated in PRC on June 23, 2006 and a subsidiary of our Company, and its subsidiaries as the context requires, which were acquired by us on August 24, 2015

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“Brausen Info”	Fujian Brausen Information Science and Technology Co., Ltd.* (福建博若森信息科技有限公司), a company incorporated in the PRC with limited liability on March 24, 2017 and a subsidiary of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“Cachet Special”	Cachet Special Opportunities SP, a segregate portfolio under Cachet Multi Strategy Fund SPC established in the Cayman Islands
“CAGR”	compound annual growth rate
“Capitalization Issue”	the issue of Shares on the Listing Date by way of the capitalization of certain sums standing to the credit of the share premium account of our Company to the holders of Class B Ordinary Shares and the holders of the Preferred Shares whose names appear on the register of members of our Company at the close of business on the business day preceding the Listing Date in proportion to their then existing respective shareholdings in our Company as referred to in the section headed “Share Capital – Capitalization Issue” of this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

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“CDH Weisen”	Beijing CDH Weisen Venture Investment Center L.P.* (北京鼎暉維森創業投資中心(有限合夥))
“CDH Weixin”	Beijing CDH Weixin Venture Investment Center L.P.* (北京鼎暉維鑫創業投資中心(有限合夥))
“Changle Brausen”	Changle Brausen Decoration Engineering Co., Ltd.* (福州市長樂區博若森裝飾工程有限公司), a company incorporated in the PRC with limited liability on April 25, 2017 and a subsidiary of our Company
“China” or “PRC”	the People’s Republic of China, except where the context requires otherwise and only for the purposes of this prospectus, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Class A Ordinary Share(s)”	the Ordinary Share(s) of the Company designated as Class A ordinary share(s) of US\$0.0001 par value per share, representing one vote in respect of each Class A ordinary share, which is authorized but none issued, and is reserved among other things, for the conversion of the Preferred Shares and the Share Option Scheme, and which will be re-designated as Share(s) immediately before the Listing
“Class B Ordinary Share(s)”	the Ordinary Share(s) of the Company designated as Class B ordinary share(s) of US\$0.0001 par value per share, representing two votes in respect of each Class B ordinary share, which will be re-designated as Share(s) immediately before the Listing
“Companies Law” or “Cayman Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company”, “our Company”, “the Company”, “we” or “us”	Qeeka Home (Cayman) Inc. 齊屹科技(開曼)有限公司 (formerly known as China Home (Cayman) Inc.), an exempted company with limited liability incorporated in the Cayman Islands on November 20, 2014
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Contractual Arrangement(s)”	the series of contractual arrangements entered into among Shanghai Qijia, Qijia Network Technology and the shareholders of Shanghai Qijia, details of which are described in the section headed “Contractual Arrangements”
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Mr. Deng and Qeeka Holding before the Listing. Immediately after the Listing, Mr. Deng and Qeeka Holding will no longer be our Controlling Shareholders, but will remain as our single largest Shareholder
“Cowin”	Cowin Jin Qu Limited, an exempted company with limited liability incorporated in the Cayman Islands on May 20, 2014
“Deed of Indemnity”	the deed of indemnity dated June 14, 2018 entered into by the Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries) to provide certain indemnities, particulars of which are set out in the section headed “Statutory and General Information – F. General – 2. Estate Duty” to this prospectus
“Director(s)”	the director(s) of our Company
“Disposed Entity”	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 on September 22, 2016, which is ultimately controlled by Mr. Deng after the disposal by our Group
“Draft FIL”	the discussion draft of the proposed Foreign Investment Law published by the MOFCOM in January 2015
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the industry consultant of our Company and an Independent Third Party
“Frost & Sullivan Report”	the report prepared by Frost & Sullivan for the section headed “Industry Overview” of this prospectus

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“Fujian Qijia Network”	Fujian Qijia Network Information Science and Technology Co., Ltd.* (福建齊家網信息科技有限公司), a company incorporated in the PRC with limited liability on January 9, 2015 and a subsidiary of our Company
“Fujian Qiyi”	Fujian Qiyi Information Science and Technology Co., Ltd.* (福建齊屹信息科技有限公司), a company incorporated in the PRC with limited liability on December 28, 2016 and a subsidiary of our Company
“Fuzhou Qijia”	Fuzhou Qijia Information Technology Co., Ltd.* (福州市齊家信息科技有限公司), a company incorporated in the PRC with limited liability on December 3, 2012 and a subsidiary of our Company
“Fuzhou Qimeiju”	Fuzhou Qimeiju Decoration Engineering Co., Ltd.* (福州齊美居裝飾工程有限公司), a company incorporated in the PRC with limited liability on July 21, 2017 and a subsidiary of our Company
“Fuzhou Shihao”	Fuzhou Shihao Soft Decoration Co., Ltd.* (福州拾號軟裝有限公司), a company incorporated in the PRC with limited liability on August 1, 2017 and a subsidiary of our Company
“GAAP”	generally accepted accounting principles
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GMV”	general merchandise value, and for the purpose of this prospectus, the GMV of online interior design and construction services refers to the total residential-based interior design and construction related value generated by service providers who obtained the order from online interior design and construction platform
“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider, designated by our Company

DEFINITIONS

“Group,” “our Group,” or “the Group”	the Company, its subsidiaries, and the PRC Operating Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time
“Guangfa Xinde Capital”	Guangfa Xinde Capital Management Limited* (廣發信德資本管理有限公司), a BVI business company with limited liability incorporated in the BVI on September 3, 2014
“Guangzhou Seagull”	Guangzhou Seagull Kitchen And Bath Products Co., Ltd. (廣州海鷗住宅工業股份有限公司), a company incorporated in the PRC on January 8, 1998 and listed on the Shenzhen Stock Exchange (Stock code: 002084)
“Gutian Brausen”	Gutian Brausen Decoration Engineering Co., Ltd.* (古田縣博若森裝飾工程有限公司), a company incorporated in the PRC with limited liability on November 28, 2016 and a subsidiary of our Company
“Henan Jumei”	Henan Qijia Jumei Decoration Design Engineering Co., Ltd.* (河南齊家居美裝飾設計工程有限公司), a company incorporated in the PRC with limited liability on May 26, 2017 and a subsidiary of our Company
“HK eIPO White Form”	the application for Public Offer Shares to be issued in the applicant’s own name, submitted online through the designated website of the HK eIPO White Form Service Provider, www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company as specified on the designated website at www.hkeipo.hk
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the 24,203,000 new Shares initially being offered for subscription in the Hong Kong Public Offering at the Offer Price (subject to adjustment and reallocation as described in the section headed “Structure of the Global Offering” in this prospectus)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms, as further described in the section headed “Structure of the Global Offering – The Hong Kong Public Offering” in this prospectus
“Hong Kong Public Offering Documents”	this prospectus and the Application Forms
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Takeovers Code” or “Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting – Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement, dated June 20, 2018, relating to the Hong Kong Public Offering, entered into among, inter alia, the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), the Controlling Shareholders and our Company, as further described in the section headed “Underwriting” in this prospectus
“Hua Yuan International”	Hua Yuan International Limited* (華圓管理諮詢(香港)有限公司), a company with limited liability incorporated in Hong Kong on September 26, 2006
“ICP”	Internet content provider

DEFINITIONS

“ICP License”	Internet content provider license
“IFRS”	the International Financial Reporting Standards, amendments and interpretation issued from time to time by the International Accounting Standards Board
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company or an associate of any such person within the meanings ascribed thereto under the Listing Rules
“International Offering”	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from the registration requirement under the U.S. Securities Act, as further described in the section headed “Structure of the Global Offering” in this prospectus
“International Offer Shares”	the 217,827,000 Shares being initially offered for subscription at the Offer Price under the International Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to adjustment and reallocation as described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering and expected to be entered into by, among others, our Company, the Controlling Shareholders, the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) on or about June 27, 2018, as described in the section headed “Underwriting – International Offering – International Underwriting Agreement” in this prospectus
“Jiangsu Ningfei”	Jiangsu Ningfei Construction Co., Ltd. (江蘇寧飛建設有限公司), a company with limited liability incorporated in PRC on November 6, 2017

DEFINITIONS

“Jianxin Capital”	Jianxin Capital (Cayman) Limited, an exempted company with limited liability incorporated in the Cayman Islands on March 16, 2015
“Joint Bookrunners”	Goldman Sachs (Asia) L.L.C. and CLSA Limited
“Joint Global Coordinators”	Goldman Sachs (Asia) L.L.C. and CLSA Limited
“Joint Lead Managers”	Goldman Sachs (Asia) L.L.C. and CLSA Limited
“Joint Sponsors”	Goldman Sachs (Asia) L.L.C. and CLSA Capital Markets Limited
“Josephine Holding”	Qeeka Josephine Holding Limited, formerly known as Josephine Holding Limited, an exempted company with limited liability incorporated in the BVI on February 12, 2018, which is wholly owned by GAO Wei
“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 August 30, 2016
“Latest Practicable Date”	June 13, 2018, being the latest practicable date for ascertaining certain information in this prospectus before its publication
“Listing”	the listing of the Shares on the Main Board
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about July 5, 2018, on which the Shares are to be listed and on which dealings in the Shares are to be first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Luoyuan Brausen”	Luoyuan Brausen Decoration Engineering Co., Ltd.* (羅源博若森裝飾工程有限公司), a company incorporated in the PRC with limited liability on July 21, 2014 and a subsidiary of our Company

DEFINITIONS

“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
“Maximum Offer Price”	HK\$9.00 (being the high end of the Offer Price range stated in this prospectus)
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company conditionally adopted on June 4, 2018 with effect from Listing, as amended from time to time
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry)
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Deng”	Mr. Deng Huajin, our founder, chairman of our Board, executive Director, CEO and our Controlling Shareholder immediately before the Global Offering. Immediately after the Global Offering, he will cease to be our Controlling Shareholder but will remain as our single largest Shareholder
“Ms. Sun”	Ms. Sun Jie, one of the Nine Individual Shanghai Qijia Shareholders and the wife of Mr. Deng
“MUV”	Monthly Unique Visitor, refers to the aggregate number of independent devices that access our website or mobile application within a calendar month. User visits with the same account information across platforms within a calendar month is only calculated once
“Nanping Brausen”	Nanping Jianyang District Brausen Decoration Engineering Co., Ltd.* (南平市建陽區博若森裝飾工程有限公司), a company incorporated in the PRC with limited liability on April 7, 2016 and a subsidiary of our Company

DEFINITIONS

“NC Chairman”	the chairman of the Nomination Committee
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Ningde Brausen”	Ningde Brausen Decoration Engineering Co., Ltd.* (寧德博若森裝飾工程有限公司), a company incorporated in the PRC with limited liability on August 23, 2016 and a subsidiary of our Company
“Ninghua Brausen”	Ninghua Brausen Decoration Engineering Co., Ltd.* (寧化博若森裝飾工程有限公司), a company incorporated in the PRC with March 24, 2017 and a subsidiary of our Company
“Nomination Committee”	the Nomination Committee of the Board
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as described in the section headed “Structure of the Global Offering – Pricing and Allocation” in this prospectus
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be issued by our Company pursuant to the exercise of the Over-allotment Option
“Orchid Asia”	Clinton Global Limited, an exempted company with limited liability incorporated in the Cayman Islands on October 3, 2014
“Ordinary Share(s)”	the ordinary share(s) of the Company of US\$0.0001 par value per share, consisting of Class A Ordinary Shares and Class B Ordinary Shares

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 36,304,500 additional new Shares (representing in aggregate 15% of the initial Offer Shares) to, cover over-allocations in the International Offering, if any, details of which are described in the section headed “Structure of the Global Offering – Over-allotment Option” in this prospectus
“Pingtan Brausen”	Pingtan Brausen Decoration Engineering Co., Ltd.* (平潭博若森裝飾工程有限責任公司), a company incorporated in the PRC with limited liability on February 28, 2017 and a subsidiary of our Company
“PRC Investor”	as such term is defined under the Draft FIL. See “Contractual Arrangements – Development in the PRC Legislation on Foreign Investment – Measures to maintain control of Shanghai Qijia”
“PRC Legal Advisor”	Zhong Lun Law Firm
“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
“Preferred Shareholders”	the holders of any Preferred Shares from time to time
“Preferred Shares”	means the Series A Preferred Shares, the Series B Preferred Shares and the Series C Preferred Shares
“Pre-IPO Investment”	the Pre-IPO investment in the Company undertaken by the Pre-IPO Investors pursuant to the Pre-IPO Investment Agreements, details of which are set out in the section headed “History and Corporate Structure” in this prospectus

DEFINITIONS

“Pre-IPO Investment Agreement(s)”	Preferred Share Purchase Agreement I, Preferred Share Purchase Agreement II, Preferred Share Purchase Agreement III and Preferred Share Purchase Agreement IV entered into, among others, by the Pre-IPO Investors and the Company in connection with the Pre-IPO Investment
“Pre-IPO Investor(s)”	the Series A Investor(s), the Series B Investor(s) and the Series C Investor
“Pre-IPO Share Option Scheme”	the employees’ share incentive plan of the Company as adopted in 2011 and formalized in 2018
“Price Determination Agreement”	the agreement to be entered into between our Company and the Joint Global Coordinators, acting on behalf of the Underwriters, on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be June 27, 2018, on which the Offer Price is fixed for the purposes of the Global Offering, and in any event no later than July 3, 2018, or such other date as agreed between the parties to the Price Determination Agreement
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“Putian Brausen”	Putian Brausen Decoration Engineering Co., Ltd.* (莆田博若森裝飾工程有限公司), a company incorporated in the PRC with limited liability on January 12, 2016 and a subsidiary of our Company
“Qeeka HK”	Jia (Hong Kong) Limited, a company incorporated in Hong Kong on December 9, 2014 with limited liability
“Qeeka Holding”	Qeeka Holding Limited, an exempted company with limited liability incorporated in the BVI on November 18, 2014, which is wholly owned by Mr. Deng
“Qi Home”	Qi Home (Shanghai) Information Technology Co., Ltd.* (齊之家(上海)信息科技有限公司), a company with limited liability incorporated in the PRC on June 5, 2015, an indirect wholly-owned subsidiary of the Company

DEFINITIONS

“Qianrong Capital”	Qianrong Capital Limited, an exempted company with limited liability incorporated in the Cayman Islands on May 20, 2014
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“Qijia Bao”	Qijia Bao Payment Co., Ltd.* (齊家寶支付有限公司), a company with limited liability incorporated in the PRC on July 10, 2015, an indirect wholly owned subsidiary of the Company
“Qijia Bao Service”	Value-added services provided by our Company, including an escrow payment service and third party inspection services
“Qijia Holding Limited”	Qijia Holding Limited, a company incorporated in BVI on November 25, 2014
“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 April 16, 2015 and a subsidiary of the Company
“Qijia Wallet Financial Information Service”	Shanghai Qijia Qianbao Financial Information Service Co., Ltd.* (上海齊家錢包金融信息服務有限公司), a company incorporated in the PRC with limited liability on December 2, 2013 and a subsidiary of our Company
“Quanzhou Brausen”	Quanzhou Brausen Decoration Engineering Co., Ltd.* (泉州博若森裝飾工程有限公司), a company incorporated in the PRC with limited liability on June 10, 2014 and a subsidiary of our Company
“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Shareholders”	the shareholders of Shanghai Qijia, namely, Mr. Deng, Shanghai Qixin, Shanghai Qisong, Beijing Baidu, Cowin Venture, GF Xinde Investment, Cowin Jinqu and Suzhou Kunrong, each holding as to approximately 54.5%, 6.0%, 5.5%, 16.0%, 11.7%, 3.5%, 2.0% and 0.88% in Shanghai Qijia

DEFINITIONS

“Rising Capital”	Rising Capital Holding Limited, an exempted company with limited liability incorporated in the BVI on March 26, 2018, which is wholly owned by YANG Zhenyu
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of China
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“Sanming Brausen”	Sanming Brausen Decoration Engineering Co., Ltd.* (三 明博若森裝飾工程有限公司), a company incorporated in the PRC with limited liability on December 25, 2015 and a subsidiary of our Company
“Sanming Qijia Network”	Sanming Qijia Network Information Technology Co., Ltd.* (三明市齊家網信息科技有限公司), a company incorporated in the PRC with limited liability on November 19, 2012 and a subsidiary of our Company
“SAT”	State Administration of Taxation (國家稅務總局)
“Seagull”	Advantage Acquisition International Limited (盈兆豐國 際有限公司), a company with limited liability incorporated in Hong Kong on October 20, 2004
“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
“Series A-1 Investors”	the holder of Series A-1 Preferred Shares, namely Hua Yuan International and its onshore holding vehicle prior to our VIE structure, Cowin Venture Capital Co., Ltd. (凱 風創業投資有限公司) (“ Cowin Venture ”)

DEFINITIONS

“Series A-2 Investors”	the holders of Series A-2 Preferred Shares, namely Cowin and Guangfa Xinde Capital, and their respective onshore holding vehicle prior to our VIE structure, Huoerguosi Cowin Jinqu Venture Capital Co., Ltd.* (霍爾果斯凱風進取創業投資有限公司) (“ Cowin Jinqu ”) and GF Xinde Investment Management Co., Ltd.* (廣發信德投資管理有限公司) (“ GF Xinde Investment ”)
“Series A-3 Investors”	the holders of Series A-3 Preferred Shares, namely Cachet Special and Qianrong Capital, and the onshore holding vehicle of Qianrong Capital prior to our VIE structure, Suzhou Kunrong Venture Capital Co., Ltd.* (蘇州坤融創業投資有限公司) (“ Suzhou Kunrong ”)
“Series A-4 Investors”	the holder of Series A-4 Preferred Shares, namely Baidu HK and its onshore holding vehicle prior to our VIE structure, Beijing Baidu Netcom Science Technology Co., Ltd (北京百度網訊科技有限公司) (“ Beijing Baidu ”)
“Series A Preferred Share(s)”	the Series A-1 Preferred Share(s), the Series A-2 Preferred Share(s), the Series A-3 Preferred Share(s) and the Series A-4 Preferred Share(s)
“Series A-1 Preferred Share(s)”	the series A-1 convertible preferred share(s) of the Company, par value US\$0.0001 per share, 10,191,275 of which are currently in issue and held by the Series A-1 Investors pursuant to the Pre-IPO Investment Agreements
“Series A-2 Preferred Share(s)”	the series A-2 convertible preferred share(s) of the Company, par value US\$0.0001 per share, 4,755,882 of which are currently in issue and held by the Series A-2 Investors pursuant to the Pre-IPO Investment Agreements
“Series A-3 Preferred Share(s)”	the series A-3 convertible preferred share(s) of the Company, par value US\$0.0001 per share, 3,850,041 of which are currently in issue and held by the Series A-3 Investors pursuant to the Pre-IPO Investment Agreements
“Series A-4 Preferred Share(s)”	the series A-4 convertible preferred share(s) of the Company, par value US\$0.0001 per share, 13,933,333 of which are currently in issue and held by the Series A-4 Investors pursuant to the Pre-IPO Investment Agreements

DEFINITIONS

“Series B Investors”	the holders of Series B Preferred Shares, namely Orchid Asia, Jianxin Capital, Seagull, and SIP Oriza
“Series B Preferred Share(s)”	the series B convertible preferred share(s) of the Company, par value US\$0.0001 per share, 21,434,013 of which are currently in issue and held by the Series B Investors pursuant to the Pre-IPO Investment Agreements
“Series C Investor”	Cachet Special
“Series C Preferred Share(s)”	the series C convertible preferred share(s) of the Company, par value US\$0.0001 per share, 1,134,014 of which are currently in issue and held by the Series C Investor pursuant to the Pre-IPO Investment Agreements
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Brausen”	Shanghai Brausen Decoration Engineering Co., Ltd.* (上海博若森裝飾工程有限公司), a company incorporated in the PRC with limited liability on August 25, 2017 and a subsidiary of our Company
“Shanghai Qijia”	Shanghai Qijia Network Information Technology Co., Ltd.* (上海齊家網信息科技股份有限公司), a company with limited liability incorporated in the PRC on August 9, 2007, and is controlled by our Group through the Contractual Arrangements
“Shanghai Qijia Internet”	Shanghai Qijia Internet Financial Information Service Co., Ltd.* (上海齊嘉互聯網金融信息服務有限公司), a company incorporated in the PRC with limited liability on August 10, 2015 and a subsidiary of our Company
“Shanghai Qisheng”	Shanghai Qisheng E-Commerce Co., Ltd.* (上海齊盛電子商務有限公司), a company incorporated in the PRC with limited liability on March 24, 2010 and a subsidiary of our Company

DEFINITIONS

“Shanghai Qisong”	Shanghai Qisong Investment Management Co., Ltd.* (上海齊頌投資管理有限公司), a company with limited liability incorporated in the PRC on November 30, 2009
“Shanghai Qixin”	Shanghai Qixin Venture Capital Center (Limited Partnership)* (上海齊鑫創業投資中心(有限合夥)), a limited partnership established in the PRC on July 26, 2012
“Shanghai Qixu”	Shanghai Qixu investment and management Co., Ltd.* (上海齊旭投資管理有限公司), a company with limited liability incorporated in the PRC on September 22, 2014 and a subsidiary of our Company
“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 September 8, 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 September 23, 2015, and a subsidiary of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement entered into between our Company and the Pre-IPO Investors restated and dated March 1, 2018, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.0001 each
“SIP Oriza”	SIP Oriza Qijia PE Enterprise (Limited Partnership)* (蘇州工業園區重元齊家股權投資企業(有限合夥)), a limited partnership established under the laws of PRC on April 30, 2015, whose general partner is SIP Oriza Fund
“SIP Oriza Fund”	SIP Oriza PE Fund Management Co., Ltd. (蘇州工業園區元禾重元股權投資基金管理有限公司), a company incorporated in the PRC with limited liability on August 16, 2013

DEFINITIONS

“Stabilization Manager”	Goldman Sachs (Asia) L.L.C.
“Stevenwater Holding”	Qeeka Stevenwater Holding Limited, formerly known as Stevenwater Holding Limited, an exempted company with limited liability incorporated in the BVI on February 12, 2018, which is wholly owned by LOU Qing
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between Qeeka Holding and the Stabilization Manager (or its agents) on or around the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Sunjie Home”	Qeeka Sunjie Home Holding Limited, formerly known as Sunjie Home Holding Limited, an exempted company with limited liability incorporated in the BVI on February 12, 2018, which is wholly owned by Ms. Sun
“Suzhou Jumei Supply Chain”	Suzhou Qijia Jumei Supply Chain Management Co., Ltd.* (蘇州齊家居美供應鏈管理有限公司), a company incorporated in the PRC with limited liability on February 22, 2017 and a subsidiary of our Company
“Suzhou Xuchang”	Suzhou Xuchang Construction Project Co., Ltd.* (蘇州旭昶建築工程有限公司), a company incorporated in the PRC with limited liability on March 13, 2018 and a subsidiary of our Company
“Tangliang Home”	Qeeka Tangliang Home Holding Limited, formerly known as Tangliang Home Holding Limited, an exempted company with limited liability incorporated in the BVI on February 12, 2018, which is wholly owned by TANG Liang
“Tianjin Qijia”	Tianjin Qijia Information Science and Technology Co., Ltd.* (天津齊嘉信息科技有限公司), a company incorporated in the PRC with limited liability on October 21, 2014 and a subsidiary of our Company

DEFINITIONS

“Tianyuan Home”	Qeeka Tianyuan Home Holding Limited, formerly known as Tianyuan Home Holding Limited, an exempted company with limited liability incorporated in the BVI on February 12, 2018, which is wholly owned by TIAN Yuan
“Tier A cities”	Suzhou, Hangzhou, Nanjing, Wuxi, Shenzhen, Wuhan, Chengdu, Chongqing, Tianjin and Guangzhou
“Tier B cities”	Hefei, Ningbo, Nantong, Nanchang, Changsha, Kunming, Guiyang, Xi’an, Shijiazhuang, Zhengzhou, Qingdao, Jinan, Shenyang, Dalian, Taiyuan and Nanning
“Tier C cities”	Other cities in which the interior design and construction service providers on our platform are located, including third and fourth tier cities
“Track Record Period”	the three financial years ended December 31, 2015, 2016 and 2017
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. SEC”	Securities and Exchange Commission of the United States
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“ WHITE Application Form(s)”	the form of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be issued in the applicants’ own name

DEFINITIONS

“Xiamen Brausen”	Brausen (Xiamen) Decoration Engineering Co., Ltd.* (博若森(廈門)裝飾工程有限公司), a company incorporated in the PRC with limited liability on November 10, 2014 and a subsidiary of our Company
“Xiamen Zhuozhuang”	Xiamen Zhuozhuang Information Technology Co., Ltd.* (廈門卓裝信息科技有限公司), a company incorporated in the PRC with limited liability on December 8, 2017 and a subsidiary of our Company
“Xiapu Brausen”	Xiapu Brausen Decoration Engineering Co., Ltd.* (霞浦博若森裝飾工程有限公司), a company incorporated in the PRC with limited liability on April 27, 2017 and a subsidiary of our Company
“YELLOW Application Form(s)”	the form of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS
“Yunnan Brausen”	Yunnan Brausen Decoration Engineering Co., Ltd.* (雲南博若森裝飾工程有限公司), a company incorporated in the PRC with limited liability on March 14, 2017 and a subsidiary of our Company
“Yuyang Home”	Qeeka Yuyang Home Holding Limited, formerly known as Yuyang Home Holding Limited, an exempted company with limited liability incorporated in the BVI on February 12, 2018, which is wholly owned by YU Yang
“Zhangrong Home”	Qeeka Zhangrong Home Holding Limited, formerly known as Zhangrong Home Holding Limited, an exempted company with limited liability incorporated in the BVI on February 12, 2018, which is wholly owned by ZHANG Rong
“Zhangzhou Brausen”	Zhangzhou Brausen Decoration Engineering Co., Ltd.* (漳州博若森裝飾工程有限公司), a company incorporated in the PRC with limited liability on July 18, 2016 and a subsidiary of our Company
“Zhenyi Home”	Qeeka Zhenyi Home Holding Limited, formerly known as Zhenyi Home Holding Limited, an exempted company with limited liability incorporated in the BVI on February 12, 2018, which is wholly owned by QIU Zhenyi

DEFINITIONS

“%”

per cent

In this prospectus:

- * 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.

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will” “expect”, “anticipate”, “estimate”, “believe”, “going forward”, “ought to”, “may”, “seek”, “should”, “intend”, “plan”, “projection”, “could”, “vision”, “goals”, “objective”, “target”, “schedules” and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this prospectus), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our future business development, financial condition and results of operations;
- our business strategies and plans to achieve these strategies;
- our ability to identify and satisfy consumers’ demands and preferences;
- our ability to control or reduce costs;
- our ability to maintain good relationships with business partners;
- general economic, political and business conditions in the industries and markets in which we operate;
- relevant government policies and regulations relating to our industry, business and corporate structure;
- the actions and developments of our competitors; and
- all other risks and uncertainties described in the section in this prospectus under the heading “Risk Factors”.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

All forward-looking statements in this prospectus are expressly qualified by reference to this cautionary statement.

RISK FACTORS

Prospective investors should consider carefully all of the information presented in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the Offer Shares. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our group. This prospectus contains certain forward-looking statements regarding our plans, objectives, expectations, and intentions which involve risks and uncertainties. Our group's actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Offer Shares could decline due to any of these risks and you may lose all or part of your investments.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to our corporate structure; (iv) risks relating to doing business in the PRC; and (v) risks relating to the Global Offering.

RISKS RELATING TO OUR BUSINESS

We have had operating and accumulated losses, and we cannot assure future profitability.

In 2015, 2016 and 2017, we incurred an operating loss from continuing operations of RMB162.7 million, RMB154.2 million, and RMB108.5 million, respectively. As of December 31, 2015, 2016 and 2017, we had accumulated losses of RMB400.5 million, RMB802.6 million, and RMB1,627.5 million, respectively, and depending on, among other things, our actual results, may continue to incur additional accumulated losses until Listing. We cannot assure you that we will be able to generate operating income or positive cash flow from operating activities in the future. In addition, as a matter of Cayman Islands law, a Cayman company may only declare and pay a dividend on its shares out of either accumulated profit or share premium account. Any additional fair value loss on our preferred shares which will be determined based on valuation of such preferred shares upon Listing, may increase our accumulated loss balance as of the Listing, and such loss or any further loss that we may incur after the Listing, will limit our ability to distribute dividends. Our ability to achieve and maintain operating income depends on our ability to grow our online platform business as well as our self-operated interior design and construction business to the point where revenue generated exceeds expenses associated with growing and operating the business. We have been growing our business, and as a result our operating expenses have significantly increased and have outpaced our revenues over the Track Record Period. We expect our operating expenses to continue to exceed the profits from our operations during 2018, and possibly longer.

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Even if we are able to scale our business successfully, we may continue to incur losses in the future for a number of reasons, including other risks described in this prospectus, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors. There is also no assurance that we will continue to be able to pay dividends which depends on, among other things, our profitability and our liquidity position in future periods.

We may not be able to attract and retain users in a cost-effective manner.

Our extensive user base is fundamental to the thriving development of our ecosystem. In order to maintain and strengthen our leading market position, we must continue to attract and retain users to our platform, which requires us to continue to offer informative and engaging home improvement content on our integrated online platforms, connect users to suitable interior design and construction service providers, and maintain high levels of user satisfaction. We must also innovate and introduce services and products that meet users' constantly evolving needs. In addition, we must maintain and enhance our brand image.

If we fail to provide quality content in response to the constantly changing market trends and consumer preferences, offer a superior user experience, maintain and enhance our brand or fail to continue to receive support from Baidu, we may not be able to attract and retain users in a cost-effective manner. If our user base decreases, our platform may be less attractive to interior design and construction service providers and construction material suppliers who seek to enhance their brand awareness and their ability to access and/or acquire target customers via our platform. In that event, our revenues from recommendation fees and our self-operated interior design and construction business will decrease as a result. Loss of users may also adversely affect our brand image and our overall results of operations.

We rely on various third-parties, especially third-party interior design and construction service providers, to deliver satisfactory user experience and are subject to risks arising from the noncompliance or poor performance by such third-parties.

For users who engage third-party interior design and construction service providers through our platform, their user experience largely depends on the service quality of the interior design and construction service providers. The vast majority of interior design and construction service providers on our platform are third-party entities over which we do not have direct control or ownership interests. While these companies have undergone our selection process and are obligated to follow certain codes of conduct on our platform and may be penalized for failing to do so (e.g., losing the quality guarantee pledge they submitted to us when joining our platform), we cannot guarantee that all the interior design and construction service providers on our platform will always adhere to our standards for user interaction and services provision, or that our users' experience with such third-party service providers will always be positive. Historically, there have been incidents where third-party interior design and construction service providers failed to complete the project after receiving payment from our users and we were required to compensate the users as a result. In an effort to protect our users against the possibility of unpleasant experiences with third-party interior design and construction service providers, we offer our users the option to participate in our Qijia Bao

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program, under which we will engage independent inspectors to closely examine the five key junctures of the construction process, and will hold users' payments to these construction companies in escrow, until both the user and the independent inspector are satisfied with the quality of services provided. For further details on our Qijia Bao Service, see "Business – Our Business Model – Design and construction service – Step. 5 Financing and payment." However, we cannot guarantee you that the inspection service provided by third-party inspectors will always meet our standards and our user's expectations. For example, Lemon Tree, a service provider that joined our platform in February 2017, ceased its operation in May 2018. Using the quality guarantee pledge submitted by Lemon Tree and the security deposits we held in escrow on behalf of Lemon Tree customers who participated in our Qijia Bao program, we believe we are able to adequately compensate the losses incurred by our users as a result.

For users who engage our self-operated interior design and construction business, their user experience is directly affected by the service quality of subcontractors engaged by us to perform the construction work. The engagement of subcontractors is subject to various risks, including non-performance, late performance or poor performance by the subcontractors, difficulties in supervising such subcontractors, and the shortage in supply of skilled subcontractors in China. See "– Risks Relating to Our Corporate Structure – Shortage in skilled workers and increase in labor costs could increase our operational cost and affect our profitability." While our highly standardized construction process and established construction monitoring system enable us to have a level of control and supervision over the performance of such subcontractors, we cannot guarantee that all of our subcontractors can meet our high standards.

In addition, our reputation and results of operation may also be materially and adversely affected by the failure of the interior design and construction service providers on our platform or our subcontractors to comply with relevant laws, rules and regulations. Their work products, labor practices and any failure by them to adequately protect user information and to meet applicable service quality standards could harm our reputation and results of operations.

We may be unable to anticipate users' preferences or respond efficiently to changes in those preferences.

Rapid changes in home interior design trends, user preferences and spending patterns may affect our business strategy, results of operations and future growth. As user preferences for interior design and construction services are highly subjective and constantly changing, we may fail to anticipate our users' preferences or respond efficiently to changes in their preferences. Such failure could result in a reduction in the number of our users and lower the attractiveness of our platform to service providers and merchants, which may adversely impact our business, financial condition and results of operations. For example, if we fail to adapt our content offering on our integrated online platforms based on the latest market trends, users may lose interest in our platform and may not return.

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We attempt to analyze existing and potential users' preferences based on information provided by our users, their browsing habits, and search history. However, we cannot guarantee that our expectations on users' preferences will be accurate, particularly if the information we collected is inaccurate or false. Further, if privacy concerns or regulatory restrictions prevent us from collecting or using data we collected in the course of our business to analyze user preferences or if there is any defect in our data analytics model, our predictions on market trends as well as our business strategies may also be adversely affected.

We may not be able to maintain or enhance our brand image. We may experience harm to our brand or reputation, or damage to the reputation of the online interior design and construction industry generally.

Enhancing the recognition and reputation of our brand among users and other constituents in our ecosystem is critical to achieving the widespread acceptance of our business model, gaining trust for our services and attracting new users and business partners to our platform. Factors that are vital to this objective include, but are not limited to, our ability to:

- maintain the reliability of our website, mobile applications and our public accounts on third party platforms;
- connect users with suitable interior design and construction service providers on our platform;
- provide users with a superior experience;
- enhance and improve interior design offerings in response to market trends and consumer preferences;
- efficiently and effectively manage and resolve user complaints; and
- protect personal information and privacy of users.

Any negative allegations in the media or complaints by third parties about any of the foregoing or other aspects of our Company, including but not limited to our management, legal compliance, financial conditions or prospects, as well as such information about the interior design and construction service providers on our platform, whether with merits or not, could severely hurt our reputation and harm our business and operating results.

In addition, as China's online interior design and construction market is relatively new and the regulatory framework for this market is still evolving, negative publicity about this industry may arise from time to time. Negative publicity about China's online interior design and construction industry in general may also have a negative impact on our reputation.

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The service providers we recommend to our users include both third party service providers on our platform and our self-operated interior design and construction business, which may be perceived to be an inherent conflict.

Connecting our users with quality service providers that are able to meet their construction and budgetary needs is our objective in making recommendations to our users. Towards this goal, we recommend service providers to our users based on a number of criteria, including the users' budget, specific design or construction requests, the service providers' real-time capacity, proximity to the user, and experience in any particular area of design. We recommend both our self-operated interior design and construction business and third party service providers to our users and treat both equally when making user recommendations. However, potential users, third-party interior design and construction service providers, and others outside of our Company may be skeptical about the impartiality of our user recommendation process and assume that we disproportionately and unfairly recommend the services of our self-operated business instead of third-party service providers. Such a perception may negatively affect our relationship with service providers and users, may damage our reputation and may result in material and adverse effects on our financial conditions and results of operations.

Our relationships with our users, suppliers and partners may deteriorate.

The maintenance and continued growth of our relationship with various parties in the interior design and construction ecosystem, e.g., interior design and construction service providers, construction material suppliers, and third-party marketing channels, is essential to the success of our business model. Our ability to deliver high levels of user satisfaction depends significantly on whether we can continue to attract quality interior design and construction service providers to our platform and work with them to ensure the quality of their services meets our users' expectations. Our relationship with interior design and construction service providers is not only important for our revenue derived from recommendation fees but is also an integral component of our supply chain resources. In addition, our relationship with established financial institutions also helps us attract more users to our platform and enables us to further realize our monetization potentials.

We also rely on third parties for certain essential services, such as internet services and server custody, and we may not have any control over the costs of the services they provide. Our self-operated interior design and construction businesses also use third parties for the supply of construction materials. Third-party suppliers may raise their prices, which may not be commercially reasonable to us. If we are forced to seek other suppliers, there is no assurance that we will be able to find alternative suppliers willing or able to provide high-quality goods or services and there is no assurance that such suppliers will not charge us higher prices for their goods or services. If the prices that we are required to pay third-party suppliers rise significantly, our results of operations could be adversely affected.

While we endeavor to maintain and strengthen our relationship with these third parties, there is no guarantee that we will be able to maintain good relationships with them in the future. Any deterioration of our relationships with such third parties may materially and adversely affect our financial condition and results of operations.

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We may not be able to effectively monetize our user base.

We have made significant efforts in recent years to explore monetization strategies. We generate a significant portion of the revenue from our online platform from recommendation fees. This monetization model has allowed us to increase our revenues significantly as our user base and activities have increased. However, our current model may prove not be the most effective means of monetizing our user traffic. Our results of operations and our profitability largely depend on our ability to price our services competitively. This is especially true for our self-operated home interior design and construction services, which is influenced by the pricing strategies of other players on the market, the cost of construction materials and the price sensitivity of the various markets that we serve.

In addition, as we are still in the early stage of experimenting with monetization strategies, we may not be able to establish a business model that allows us to successfully monetize our user traffic. For example, we currently provide interior design and construction service providers on our platform with access to certain software owned by or licensed to us and plan to charge a fee for the use of such software in the near future. However, it is unclear whether doing so will reduce the number of third-party interior design and construction companies willing to use such software, which will in turn negatively affect the experience of our users. If we are unable to successfully implement monetization strategies, we may not be able to achieve our expected business growth and our results of operations may be adversely affected.

We may be unable to conduct our marketing activities cost-effectively.

We have incurred significant expenses on a variety of marketing and brand promotion efforts designed to enhance our brand recognition and expand our user base. Our marketing and promotional activities may not be well received and may not result in the levels of user increase that we anticipate. We incurred RMB158.8 million, RMB189.4 million, and RMB238.0 million in selling and marketing expenses from continuing operations in the years ended December 31, 2015, 2016, and 2017, representing 112.3%, 63.0%, and 49.7%, respectively, of our revenues of continuing operations in the corresponding periods.

Marketing approaches and tools in China are constantly evolving. This further requires us to enhance our marketing approaches and experiment with new marketing methods in order to keep pace with market developments and user preferences, which may not be as cost-effective as our marketing activities in the past and may lead to significantly higher marketing expenses in the future. We have conducted various sales and marketing initiatives to promote our brands through search engines, mobile platforms and navigation sites. We may not be able to continue or conduct these activities efficiently, and our marketing activities may not yield satisfactory results. Failure to refine our existing marketing approaches or to introduce new effective marketing approaches in a cost-effective manner could negatively affect our net revenues and profitability.

We may be unsuccessful in our efforts to continue expanding our business into new geographic areas in China and expect to incur additional costs, including rent, payroll and marketing expenses, in connection with such expansion.

As a result of our rapid expansion since 2015, we have established a network of interior design and construction service providers and self-operated interior design and construction

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businesses. In connection with this expansion, we have incurred significant costs, including rent, payroll and marketing expenses. We intend to keep expanding our business into new geographic areas and will likely incur additional rent, payroll and marketing expenses in doing so.

There is no guarantee that our expansion will be successful. We may not be able to accurately identify geographic locations with sufficient growth potential to expand our market reach. As the market of interior design and construction services generally tends to be very localized, our experience in existing markets and our business model may not be transferable to new markets that we enter and we may face intense competition from local interior design and construction service providers with an established presence or experience in targeted markets and from other national home improvement platforms with similar expansion plans. In the event that our expansion is not successful, our business and results of operations will be adversely affected.

Our growth strategy of acquiring and investing in complementary businesses, assets and technologies may result in operating difficulties, dilution to our investors and other negative consequences.

We have selectively acquired and invested in, and intend to continue to acquire and invest in, businesses, assets and technologies that complement our existing business. Acquisitions and investments involve uncertainties and risks, including:

- accurately identifying and evaluating potential acquisition targets with operations complementary to our existing operations;
- potential ongoing financial obligations and unforeseen or hidden liabilities;
- retaining key employees and maintaining the business relationships with the businesses we acquire;
- failure to achieve the intended objectives, benefits or revenue enhancement;
- costs and difficulties of integrating acquired businesses and managing a larger business;
- the need to integrate an acquired company's accounting, management information, human resource and other administrative systems to permit effective management and timely reporting;
- the possibility that, before the acquisition or investment, we will not discover important facts during due diligence that could have a material adverse impact on the value of the businesses we acquire or invest in;
- significant accounting charges resulting from the completion and integration of a sizeable acquisition and increased capital expenditures;

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- the possibility that a change of control of a company we acquire triggers a termination of contractual or intellectual property rights important to the operation of its business; and

- diversion of resources and management attention.

Our failure to address these risks successfully may have a material adverse effect on our financial condition and results of operations.

Investment in associates, i.e., entities over which we have significant influence but not control or joint control, are accounted for using the equity method of accounting. As of December 31, 2015, 2016 and 2017, the aggregate carrying amount of our investment in associates was approximately RMB162.2 million, RMB188.5 million and RMB198.8 million, respectively, and our share of profit of these associates were RMB0.8 million, RMB3.3 million and RMB4.0 million, respectively. Fluctuations in the profits of these associates and the corresponding changes in our share of profit of the associates could adversely affect our results of operations. Moreover, the carrying value of our investment in privately-held companies is based on our current estimate of realizability of the value of the investments. Future adverse changes in market conditions, poor operating results, lack of progress of the investee company, inability of the investee company to raise needed capital, the price and terms associated with capital raised by the investee company and potential liquidity events at valuations lower than the carrying value of our investment could cause us to write-down the value of our investment, which could negatively impact our financial performance. In addition, substantial liquidity risks exist with respect to such investments as no cash flow can be generated from privately-held investee companies until dividends are received. During the years ended December 31, 2015, 2016 and 2017, we received RMB0.5 million, RMB1.3 million and RMB2.3 million in dividends from these associates, respectively. Should these associates reduce the amount of dividends they distribute to us or cease to distribute dividends, our results of operation would also be adversely affected. For further details of our investment in associates, see Note 15 to the Accountant's Report in Appendix I to this prospectus.

In addition, any such acquisition or investment may require a significant amount of capital investment, which would decrease the amount of cash available for working capital or capital expenditures. Furthermore, if we finance acquisitions by issuing equity or convertible debt securities, shareholdings of our existing shareholders may be diluted, which could affect the market price of our shares. Our shareholders may not have the opportunity to review, vote on or evaluate future acquisitions or investments. If we borrow funds to finance acquisitions, such debt instruments may contain restrictive covenants that could, among other things, restrict us from distributing dividends.

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Our growth depends on our key management personnel, marketing executives, and project managers. We may fail to retain our key management personnel or hire suitable talents.

Our success relies, to a significant extent, on our ability to identify, hire, train and retain suitable, skilled and qualified employees, including management personnel with the requisite expertise. Our management team, comprising our executive Directors and our senior management, are experienced in the interior design and construction industry and our Directors believe that we possess in-depth knowledge and insightful understanding of the interior home design and construction market as well as the preferences of our users. In particular, we rely on our Chairman and executive Director, Mr. Deng Huajin, for the overall business development, strategic planning and major decision-making of our Company. Further information about our management's experience is set out in the section headed "Directors and Senior Management" in this prospectus.

Should any of our key management personnel, marketing executives, in-house designers or project managers be unable or unwilling to continue in his/her present position or cease to participate in our operation, we might not be able to replace them easily or in a timely manner, and we may incur additional expenses to recruit, train and retain personnel. In such case, our business could be disrupted and our financial condition and results of operations could be materially and adversely affected. Moreover, it would be detrimental to us if any of our key personnel or senior management joins our competitors or forms a company that competes with our Company. Under such circumstances, our competitive position and business prospects may be materially and adversely affected.

Shortage in skilled workers and increase in labor costs could increase our operational cost and affect our profitability.

Generally, interior construction projects are labor intensive and require a stable supply of skilled workers at a competitive price. There is no assurance that the supply of skilled workers will be sufficient in the coming years. In the event of labor shortages, our self-operated interior design and construction business and the interior design and construction service providers on our platform may have difficulties recruiting or retaining skilled workers. Any failure to attract qualified and skilled workers at reasonable costs and in a timely manner could reduce our competitive advantages, undermining our ability to expand our business and grow our revenue, and lower our profitability.

In addition, the average daily salaries for construction workers in China have experienced significant increase in recent years due to the limited pool of labor available in the market. We are also required by PRC laws and regulations to pay various statutory employee benefits, including pension, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. We expect that labor costs, including wages and employee benefits, will continue to increase, imposing additional pressure on the profitability of our self-operated interior design and construction business and the interior design and construction service providers on our platform.

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We may fail to keep up with technological developments.

The internet is characterized by rapid technological evolution, changes in customer requirements and preferences, frequent introductions of new products and services embodying new technologies and the emergence of new industry standards and practices, any of which could render our existing technologies and systems obsolete. Our success depends, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices in a cost-effective and timely way.

The development of websites, mobile applications and other proprietary technology entails significant technical and business risks. Enhancing legacy technologies and incorporating new technologies into our platforms involve numerous technical challenges, and require substantial capital and personnel resources and significant time. We cannot assure you that we will be able to use new technologies effectively or adapt our website, mobile applications, proprietary technologies and systems to meet customer requirements or emerging industry standards. If we are unable to adapt to changing market conditions or customer requirements in a cost-effective and timely manner, whether for technical, legal, financial or other reasons, our business and results of operations may be materially and adversely affected.

Our operations rely on software and algorithms that are highly technical, and which may contain undetected errors.

Our website and internal systems rely on software that is highly technical and complex. In addition, our platform and internal systems depend on the ability of such software to store, retrieve, process and manage immense amounts of data. The software on which we rely may now or in the future contain undetected errors or bugs. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within the software or algorithm on which we rely may result in a negative experience for our users, delay introductions of new features or enhancements, result in errors or compromise our ability to manage our platform, protect customer data, and accurately match users with suitable design and construction service providers. Any errors, bugs or defects discovered in the software on which we rely could result in harm to our reputation, loss of users or liability for damages, any of which could adversely affect our business, results of operations and financial conditions.

Our business is highly dependent on the proper functioning of our information technology systems, as well as the performance of the internet infrastructure and telecommunications networks in China.

Our business is dependent on the ability of our information technology systems to timely process a large amount of information. The satisfactory performance, reliability and availability of our technology and our underlying network infrastructure are critical to our operations, service quality, reputation and ability to retain and attract users. Any significant disruption in service on our mobile app, mobile site or website or computer systems, including

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events beyond our control, could materially and adversely affect our business, financial condition and results of operation. In the event of a partial or complete failure of any of our computer systems, our business activities would be materially disrupted.

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology (“MIIT”). We primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China’s internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the internet infrastructure and the fixed telecommunications networks in China will be able to support the demands associated with the continued growth in internet usage. In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be adversely affected. Furthermore, if internet access fees or other charges to internet users increase, our user traffic may decline and our business may be harmed.

Our business generates and processes a large amount of data, and the improper use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects.

Our platform generates and processes a large amount of personal, transaction, demographic and behavioral data. Sensitive user information in our business operations is stored in the Internet data center established and owned by us. Such information includes, but is not limited to, personal information (such as name, location, mobile phone number, home layout and size), browsing history and key word searches on our platform, consultation record, and activity log. We have kept all sensitive user information in our database such as order record and consultation record since inception. We face risks inherent in handling large volumes of data and in securing and protecting such data. In particular, we face a number of data-related challenges from the operation of our platform, including:

- protecting the data in and hosted on our system, including against attacks on our system by external parties or improper behavior by our employees;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, disclosure or security of personal information, including any requests from regulatory and government authorities relating to such data.

Any systems failure or security breach or lapse that results in the unauthorized release of our user data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability.

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In the PRC, the rules governing the collection, use, disclosure or security of personal information are separately stipulated in various laws, regulations and rules. On November 7, 2016, the Cyber Security Law was promulgated by the Standing Committee of the National People's Congress, as the PRC's first basic law comprehensively regulating cyberspace security management. For further details, see "Regulatory Overview – Regulations Relating to Information Security and Privacy Protection."

Our terms of service concerning the collection, use and disclosure of user data are posted on our mobile app. For details, see "Business – Risk Management and Internal Control – Information Risk Management." As advised by our PRC Legal Advisor, we are not in violation of the applicable PRC laws, rules and regulations relating to the collection, use, disclosure or security of personal information in any material respect. Any failure, or perceived failure, by us to comply with our privacy policies or any applicable regulatory requirements or privacy protection-related laws, rules and regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business model or practices, increase our costs and severely disrupt our business.

We may not be able to adequately protect confidential user information and comply with applicable PRC regulations due to cyberattacks, computer viruses, physical or electronic break-ins or similar disruptions.

We hold certain private information about our users, such as their names, addresses, contact information as well as financial and credit information, and are required to collect and use the private information in accordance with PRC laws and not to disclose or use such information without consent from our users. Ensuring secured transmission of confidential information through public networks is essential to maintaining the confidence of our customers and users. However, our computer and network systems are susceptible to breaches by computer hackers, including Distributed Denial of Service ("DDOS") attacks, and our security measures may not be adequate to protect confidential user information. Security breaches could expose us to litigation and potential liability for failing to secure confidential customer information and could harm our reputation and cause our customers to lose trust in us. If we, our business partners or third-party service providers do not maintain adequate controls or inappropriately disclose any personally identifiable information, we could be subject to claims for identity theft or claims for other misuses of personal information.

In addition, practices regarding the collection, use, storage, transmission and security of personal information by companies operating online platforms have recently come under increased public scrutiny and may be subject to increased regulation by the PRC government. While we are compliant with the industry standards and the terms of our own privacy policies, we cannot guarantee that we will be able to comply with new laws and regulations applicable to the solicitation, collection, processing or use of personal information. See "Regulatory Overview – Regulations on Information Security and Privacy Protections." Compliance with any such additional laws could also be expensive and may place restrictions on the conduct of our business and the manner in which we interact with our users. In addition, as our users often

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enter their personal information through third-party platforms, such as WeChat, in order to access our free service or make an appointment with us, leakage of user information may also result from the malfeasance or negligence of such third-party platforms. Any failure or perceived failure to comply with applicable regulations could may result in proceedings or actions against us by users, government entities or others, and could damage our reputation and subject us to fines and damages.

Failure to maintain effective customer service could harm our reputation or decrease market acceptance of our services.

We emphasize customer satisfaction throughout the users' interaction with us, starting from the first consultation call till the end of construction process. Our professional consultants provide real-time assistance to our users 24 hours a day, 7 days a week. For each user, we assign at least one professional consultant to help them navigate the complicated home improvement process. Due to the complexity and technical nature of interior design and construction services, our professional consultants and customer service personnel are required to undergo stringent pre-job training. Any failure by us to manage or train our consultants and customer service personnel properly could compromise our ability to effectively guide users through their service provider selection process and handle customer complaints. If our consultants or customer service personnel fail to provide satisfactory service, or if the waiting time is too long due to the high volume of requests at peak times, our brand and users' perception of us may be adversely affected. In addition, any negative publicity or poor feedback regarding our customer service may harm our brand and reputation and in turn cause us to lose users and market share.

In addition, effective customer service requires significant personnel expense and investment in developing programs and technology infrastructure to help customer service personnel carry out their functions. These expenses, if not managed properly, could significantly impact our profitability.

Our fee quotes may inaccurately estimate the time and costs involved in our projects.

Our self-operated interior design and construction business estimates the time and costs involved in the interior design and construction work when determining a fee quote. There is no assurance that the actual amount of time and costs to be incurred during the performance of the projects would not exceed their estimation. The actual amount of time and costs involved in completing a project may be negatively affected by many factors, including adverse weather conditions, accidents, unforeseen site conditions, departure of key staff involved in the project, delays in providing the necessary services by our subcontractors, delays in obtaining the necessary approvals in respect of the interior designs from the relevant government authorities or their appointed consultants, and other unforeseen circumstances. Any materially inaccurate estimation in the time and costs involved in a project may adversely affect our margin and results of operations. In addition, we also offer users the free service of examining the reasonableness of fee quotes given to them by the interior design and construction service providers on our platform. Should fee quotes verified by us turn out to be inaccurate despite our estimation to the contrary, our reputation and relationship with our users may be adversely affected.

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The focus of our business has expanded and adjusted during the Track Record Period and may continue to change in the future, which makes it difficult to evaluate our business by comparing our results of operations from period to period.

We have expanded and adjusted our business focuses multiple times during the Track Record Period in order to compete in the evolving online interior design and construction market in China. For example, the expansion of our self-operated interior design and construction business and the extension of our business into materials supply chain both contributed to the yearly increase of our revenue. Our historical results, however, may not be indicative of our future performance. For example, we had a once-off gain of RMB20.4 million from the sale of financial assets during the year ended December 31, 2016, which is non-recurring in nature. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our revenues, expenses and operating results may vary from period to period due to factors beyond our control, including general economic conditions in the PRC. Potential investors should not rely on our historical results to predict the future performance of our Shares.

Our business is subject to seasonal fluctuations.

We have experienced, and expect to continue to experience, seasonal fluctuations in our revenues and results of operations. Our revenue trends reflect consumption patterns for interior design and construction services. More consumers tend to engage in projects during the spring and autumn seasons, when the weather is more suitable for interior design and construction projects, and less so during summers and winters, when the weather is less accommodating. The period around Chinese New Year holidays tends to be the slowest time of the year due to the shortage of interior construction workers, most of which would return home around that time. As a result of these factors, our revenues may vary from quarter to quarter and our quarterly results may not be comparable to the corresponding periods of prior years, and you may not be able to predict our annual results of operations based on a quarter-to-quarter comparison of our results of operations. The quarterly fluctuations in our revenues and results of operations could result in volatility and cause the price of our shares to fall. As our revenues grow, these seasonal fluctuations may become more pronounced.

We may fail to meet product or service safety standards, which could damage our brand image and negatively affect our results of operations.

Quality issues with services and product accessed through our platform could negatively affect our brand image and user confidence in our Company. If the product or service does not meet applicable safety standards or users expectations, we could be subject to legal, financial and reputational risks and experience loss of users. While the interior design and construction service providers on our platform and our self-operated interior design and construction business provide users with a free insurance of up to RMB300,000 for any personal injury or property loss caused during the construction process, there is no guarantee that the actual damage that may result can be covered by the insurance. In addition, latent environmental issues may only appear after the completion of construction. Any non-compliance with the

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applicable safety standards by us or merchants on our platform could lead to negative publicity and cause users to lose their trust and confidence in us, which may result in material and adverse effects on our reputation, business, financial condition and results of operations.

We may not be able to prevent others from unauthorized use of our intellectual property.

We regard our trademarks, domain names, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment and non-compete agreements with our employees and others to protect our proprietary rights. See “Business – Intellectual Property” and “Regulatory Overview – Regulations Relating to Intellectual Property.” We cannot assure you that any of our intellectual property rights would not be challenged, invalidated, circumvented or misappropriated, or such intellectual property will be sufficient to provide us with competitive advantages. In addition, because of the rapid pace of technological change in our industry, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms, or at all.

It is often difficult to register, maintain and enforce intellectual property rights in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China. Preventing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may from time to time be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our products, services or other aspects of our business without our awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in China, Hong Kong, the United States or other jurisdictions. If any third-party infringement claims are brought against us, we may be forced to divert management’s time and other resources from our business and operations to defend against these claims, regardless of their merits.

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Additionally, the application and interpretation of China's intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights in China are still evolving and are uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business and results of operations may be materially and adversely affected.

Our performance may be adversely affected by contractual dispute or litigation with our users, subcontractors and other parties.

We may be in dispute with our users, subcontractors and other parties related to our platform for various reasons. During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute or litigation with our users, merchants on our platforms and our licensees. Disputes may arise in connection with late completion of work, delivery of substandard work, personal injuries during the course of undertaking the work, or consumer fraud. The handling of contractual disputes, litigation and other legal proceedings may sometimes involve a high degree of our management's attention and input. Handling of legal proceedings and disputes can be both costly and time-consuming, and may significantly divert the efforts and resources of our management.

We may be subject to liability for content placed on our websites and mobile applications.

The PRC government has adopted regulations governing the distribution of information over the internet. Under PRC laws and regulations, we are obligated to monitor the content shown on our websites to ensure that such content is in full compliance with applicable laws and regulations. Under the applicable internet information regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, compromises national security, harms the dignity or interests of the state, incites ethnic hatred or racial discrimination, undermines the PRC's religious policy, disturbs social order, disseminates obscenity or pornography, encourages gambling, violence, murder or fear, incites the commission of a crime, infringes upon the lawful rights and interests of a third party, or is otherwise prohibited by law or administrative regulations. See "Regulatory Overview – Regulations on Information Security and Privacy Protection."

In addition, through our websites and user forums, we allow users to upload written materials, images, pictures and other content on our websites, and also allow users to share links to content from other websites through our websites. Failure to identify and prevent illegal or inappropriate content from being displayed on or through our websites may subject us to liability. We cannot assure you that all of the content shown or posted on our websites adhere to laws and regulations governing content on the internet, especially given the uncertainty in the interpretation of these PRC laws and regulations. If PRC regulatory authorities determine that any content displayed on our websites do not adhere to applicable laws and regulations, they may require us to limit or eliminate the dissemination or availability

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of such content on our websites in the form of take-down orders or otherwise. Such regulatory authorities may also impose penalties on us, including fines, confiscation of illegitimate income or, in circumstances involving more serious violations by us, the termination of our internet content license, any of which would materially and adversely affect our business and results of operations. We may also be subject to claims by users asserting that the information on our websites is misleading. As a result, our business, financial condition and results of operations could be materially and adversely affected.

We have net current liabilities and net operating cash outflow.

As of December 31, 2017, we had net current liabilities of RMB193.3 million. Our net current liability position was primarily due to (i) prepayments from service providers resulted from our business model and (ii) rights of the CDH Entities to subscribe for our Series A Preferred Shares, which are classified as a current liability. In addition, As of December 31, 2015, 2016 and 2017, we had net operating cash outflow of RMB95.6 million, 101.4 million and 119.3 million, respectively. If we determine that our cash requirements exceed our cash on hand, we may seek to issue debt or equity securities or obtain a credit facility. No assurance can be given that we would be able to obtain debt or equity financing in the current economic environment. In addition, any issuance of equity or equity-linked securities could dilute our shareholders, while any incurrence of indebtedness could increase our debt service obligations and cause us to be subject to restrictive operating and finance covenants. If we do not have sufficient working capital and are unable to generate sufficient revenues or raise additional funds, we may delay the completion of or significantly reduce the scope of our current business plan or substantially curtail our operations, any of which could materially and adversely affect our business, financial condition and results of operations.

We may need additional capital, and we may be unable to obtain such capital in a timely manner or on acceptable terms, or at all.

Historically, we have completed five rounds of substantial financing from our Pre-IPO Investors. Although we believe that our anticipated cash flows from operating activities, together with cash on hand and additional capital contributions we expect to receive from existing investors, will be sufficient to meet our anticipated working capital requirements and capital expenditures in the ordinary course of business for the next twelve months, we cannot assure you this will be the case. We may need additional cash resources in the future if we experience changes in business conditions or other developments. We may also need additional cash resources in the future if we find and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

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We have adopted and may grant, share incentives awards, which may result in increased share based compensation expenses.

We have adopted the Pre-IPO Share Option Scheme for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. For further information regarding the options granted under the Pre-IPO Share Option Scheme, see “Appendix IV – Statutory and General Information – Pre-IPO Share Option Schemes – Outstanding options granted” to this prospectus. We will incur additional share based compensation expenses in the future as we continue to grant share incentives using the Shares reserved for this purpose. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Our prospects may be adversely affected by natural disasters, acts of God, and occurrence of epidemics.

Our business is subject to general economic and social conditions around the world, in particular in the PRC. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect local economies, infrastructure and livelihoods. Some regions in the PRC, including the cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome (“SARS”), Middle East Respiratory Syndrome (“MERS”), H5N1 avian flu, Ebola, as well as influenza caused by H7N9 and H3N2 or the human swine flu. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC. A recurrence of SARS or an outbreak of any other epidemics in the PRC, such as the H5N1 avian flu, MERS or the human swine flu, could interrupt our operations or the services or operations of our suppliers and customers, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our insurance policies may not be sufficient to cover liabilities arising from claims and litigation and the insurance premium payable by us may be increased.

We may receive claims from our users, customers, subcontractors or other parties in respect of various matters concerning our projects from time to time. As the outcome of any claim is subject to relevant parties’ negotiation or the decision of the court or the relevant arbitrating authorities, the result of any outstanding claims may be unfavorable to us. There is no assurance that our current insurance policies will sufficiently protect us against all liabilities arising from any potential claims. In addition, there is no guarantee that our insurance premium, which is dependent on various factors such as the scope and contract sum of our projects and our insurance claims records, will not increase in the future. If we are held liable for uninsured losses, or the amounts of claims for insured losses exceed the limit of our insurance coverage, or the insurance premium increases significantly, our business and financial condition will be materially and adversely affected.

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We are subject to credit risks related to our trade receivables and failure to collect our trade receivables could adversely affect our results of operations and financial condition.

As of December 31, 2015, 2016 and 2017, our net trade receivables were RMB13.0 million, RMB11.7 million and RMB5.4 million, respectively, most of which are from customers of our self-operated interior design and construction business. The average turnover days of our trade receivables were 6.5 days, 8.5 days and 4.1 days for the years ended December 31, 2015, 2016 and 2017, respectively. The failure to collect outstanding receivables could have an adverse impact on our business, prospects, and results of operations. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, then we might be required to make allowances, which would adversely affect our financial condition in the period in which the allowance was made.

The fair value measurement of certain of our assets and liabilities is subject to significant uncertainties and risks, and the fair value of such assets and liabilities may materially and adversely affect our results of operations.

During the Track Record Period, we issued significant number of Preferred Shares, which are designated as financial liabilities at fair value through profit or loss. We also made investment in a private company that is designated as available-for-sale financial assets. Since the valuation of available-for-sale financial assets, preferred shares and convertible liabilities require significant unobservable inputs, the fair value measurement of these assets and liabilities are subject to significant uncertainties and risks.

As of December 31, 2015, 2016 and 2017, we had available-for-sale financial assets of RMB0.1 million, RMB48.8 million and RMB49.6 million, respectively, representing our investment 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 LLP**”) and Shanghai Qin Shui Jia Investment management Co. Ltd. (上海欽水家投資管理有限公司). There are no readily ascertainable market prices for our available-for-sale financial assets. The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. In addition, the inherent uncertainties and risks associated with the investment, such as unsatisfactory results of operations of our investee or other negative market or industry conditions, may affect the fair value of our financial assets.

Our Preferred Shares are not traded in an active market and their fair value is also determined by using valuation techniques. Our Preferred Shares are managed on a fair value basis rather than by maturity dates because we recognize the Preferred Shares at fair value through profit or loss. The valuation methodologies are inherently uncertain, may involve a significant degree of management judgment, such as estimates as to the probability of the completion of this offering as well as projections of our future performance, and may result in material adjustment to the carrying amounts of such liabilities. As of December 31, 2015, 2016

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and 2017, we had fair value loss of preferred shares and convertible liabilities of RMB7.8 million, RMB112.9 million, and RMB743.0 million, respectively, reflecting the changes in our Company's equity value. The fluctuation in the fair value of our Preferred Shares may materially and adversely affect our results of operations. In addition, all of our Preferred Shares will be automatically converted into Ordinary Shares upon Listing and the liabilities for the Preferred Shares will be de-recognized. The current fair value of the Preferred Shares may be different from the fair value upon conversion, given that the valuation methods of Preferred Shares involve a significant degree of management judgment.

RISKS RELATING TO OUR INDUSTRY

China's online interior design and construction industry is still at an early stage of development and remains subject to many uncertainties.

Our business and operations rely on the development of China's online interior design and construction industry. We cannot assure you that it will continue to develop rapidly in the future. Further, the growth of China's online interior design and construction market could be affected by many factors, including:

- general economic conditions in China and around the world;
- the growth of disposable household income and the availability and cost of credit to finance home improvement projects;
- the growth of China's internet industry in general;
- government policies relating to real property ownership;
- the cost of labor and construction materials; and
- the evolving regulatory framework on online platforms, data privacy practices, and construction safety standards, etc.

Any adverse change to these factors could reduce the demand for interior design and construction services. If China's online interior design and construction market fails to expand or China's economy stagnates or contracts, our business, financial condition and results of operations would be materially and adversely affected.

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We face significant competition, and if we fail to compete effectively, we may lose market share and our business, prospects and results of operations may be materially and adversely affected.

The online interior design and construction industry in China is intensely competitive and evolving. We compete with a large number home improvement service providers and platforms. Although we ranked first in terms of market share in the online interior design and construction industry in 2017, according to Frost & Sullivan, our competitors may have significantly more resources in particular areas, such as financial, technical or marketing than we currently have, or they may be able to devote greater resources to certain areas than we can, such as the development, promotion, sales and support of their platforms and services and brand image. They may also have broader partner relationships than us. As such, they may be able to develop new and innovative services, respond to new technologies and undertake more extensive marketing campaigns than we can, which may in turn render our platform less attractive to our users and business partners. Additionally, the centralization of competition may result in current or potential competitors acquiring one or more of our existing competitors or forming a strategic alliance with one or more of our competitors. If we are unable to compete with such companies, the demand for our services could stagnate or substantially decline and we may fail to achieve more widespread market share of our platforms and services. As a result, our business, financial condition and results of operations will be materially and adversely affected.

We are highly affected by fluctuations of the PRC property market. Any change in market expectation may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our performance largely depends on individuals' home improvement and furnishings demands in China, especially in the regions where we operate. Historically, demands for interior design and construction services have been sensitive to changes in general economic conditions, fluctuating with the general economic cycles. Any slowdown of economic growth may negatively affect the growth in per capita disposable income and standard of living in our target cities and regions, as well as consumer demand and confidence. Purchases of interior design and construction services are often discretionary and customers may delay their home improvement plans during periods of economic downturn.

The overall economic growth in China will continue to be affected by many factors, including changes in the global economy as well as the macroeconomic, fiscal and monetary policies of the PRC government. The PRC property market, including the residential property market, is affected and will continue to be affected by various factors out of our control, including, among others, changes in the PRC social, economic, political and legal environment and macroeconomic policy, as well as global economic conditions. For example, PRC governments at the central and local levels have promulgated various measures to slow down the growth of the domestic property market in recent years and the PRC property market fluctuated as a result. Any adverse development in China's economy, in its real property market in general or in regions where we operate, or in the urbanization and consumption trends may affect the demand for interior design and construction services and may in turn materially and adversely affect our business, financial condition, results of operation and prospects.

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RISKS RELATING TO OUR CORPORATE STRUCTURE

If the PRC government finds that the agreements establishing our structure for operating certain of our businesses in China do not comply with applicable PRC laws or regulations, or if these regulations or the interpretation of the regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership of internet-based businesses is subject to significant restrictions under current PRC laws and regulations. Foreign investors are restricted from holding more than 50% equity interests in companies engaged in value-added telecommunication services, the operation of which requires valid Internet Content Provider License, or ICP License. As such, we provide internet information services on our online platform through our Consolidated Affiliated Entity, Shanghai Qijia, which holds a valid ICP License. On February 26, 2018, Shanghai Qijia, the Relevant Shareholders and Qijia Network Technology entered into the Contractual Arrangements, under which Qijia Network Technology acquired effective control over the financial and operational management and results of Shanghai Qijia and became entitled to all the economic benefits derived from the operations of Shanghai Qijia and its wholly-owned subsidiary, Shanghai Qiyi. For a description of our Contractual Arrangements, see “Contractual Arrangements.” We have been and are expected to continue to depend on our Consolidated Affiliated Entity to operate our online business operations. We do not have any equity ownership interest in our Consolidated Affiliated Entity but control its operations and receive the economic benefits through the Contractual Arrangements.

There are uncertainties regarding the interpretation and application of current and future PRC laws, rules and regulations, including but not limited to the laws, rules and regulations governing the validity and enforcement of our contractual arrangements with our Consolidated Affiliated Entity. We have been advised by our PRC Legal Advisor that the contractual agreements for operating certain of our business in China (including our corporate structure and contractual arrangements with the Consolidated Affiliated Entity) does not violate, breach, contravene or otherwise conflict with any applicable PRC laws, rules or regulations. However, our PRC Legal Advisor also advised that there are substantial uncertainties regarding the interpretation and application of the PRC laws, rules and regulations, including, but not limited to, those governing our business, or the enforcement and performance of our contractual arrangements with our Consolidated Affiliated Entity. These laws, rules and regulations may be subject to change, and their official interpretation and enforcement may involve substantial uncertainty. The PRC government has broad discretion in determining whether a particular contractual arrangement violates PRC laws, rules and regulations and the penalties for such violations. Thus we cannot assure you that the PRC regulatory authorities will not determine that our corporate structure and contractual arrangements violate existing PRC laws, rules or regulations, or will not adopt any new regulation to restrict or prohibit contractual arrangements in the business operations we conduct in the future.

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If we, our Consolidated Affiliated Entity or any of its current or future subsidiaries are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses of such entities;
- discontinuing or restricting such entities' operations;
- imposing fines, confiscating the income of our Consolidated Affiliated Entity or our income, or imposing other requirements with which we or our PRC subsidiaries and our Consolidated Affiliated Entity may not be able to comply;
- imposing conditions or requirements with which we or our PRC subsidiaries and our Consolidated Affiliated Entity may not be able to comply;
- requiring us or our PRC subsidiaries and our Consolidated Affiliated Entity to restructure our ownership structure or operations;
- restricting or prohibiting our use of the proceeds of our public offering to finance our business and operations in China; or
- taking other regulatory or enforcement actions that could be harmful to our business.

The imposition of any of these penalties would result in a material and adverse effect on our ability to conduct our business, and adversely affect our financial condition and results of operations.

We rely on our Contractual Arrangements with Shanghai Qijia to provide certain services that are critical to our business, and our Contractual Arrangements may not be as effective in providing operational control as equity ownership.

To comply with PRC regulations on internet-based business, we have relied and expect to continue to rely on our Contractual Arrangements with Shanghai Qijia to operate our online platform. Although we have been advised by our PRC counsel that, the contractual arrangements with our Consolidated Affiliated Entity are valid under current PRC laws, our Contractual Arrangements may not be as effective in providing us with control over Shanghai Qijia as equity ownership. If we had equity ownership of Shanghai Qijia, we would be able to exercise our rights as a shareholder to (i) effect changes in its board of directors, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level, and (ii) derive economic benefits from its operations by causing it to declare and pay dividends.

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Under our Contractual Arrangements, we would need to rely on the Qijia Network Technology's rights under the Exclusive Technological Services Agreement, the Exclusive Option Agreements, the Equity Interest Pledge Agreements and Power of Attorney to effect such changes, or designate new shareholders for Shanghai Qijia under the Exclusive Option Agreement. If Shanghai Qijia, Mr. Deng or the Relevant Shareholders fail to perform their respective obligations under our Contractual Arrangements, we cannot exercise shareholders' rights to direct corporate actions as direct ownership would otherwise enable us to. If the parties under such Contractual Arrangements refuse to carry out our directions in relation to everyday business operations, we will be unable to maintain effective control over Shanghai Qijia's operation. If we were to lose effective control over Shanghai Qijia, certain negative consequences would result, including our being unable to conduct our current business model, which may negatively impact our operational efficiency and brand image. Should we need to resort to a formal dispute resolution process to enforce our rights under our Contractual Arrangements, we may incur substantial costs and need to spend significant resources.

Certain terms of our Contractual Arrangements may not be enforceable under PRC laws.

All the agreements under the Contractual Arrangements are governed by PRC laws. The legal environment in the PRC is not as developed as certain other jurisdictions, such as Hong Kong and the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce our Contractual Arrangements. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over the Consolidated Affiliated Entity, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected.

Under the dispute resolution provisions of the agreements under the Contractual Arrangements, in the event of any dispute relating to the Contractual Arrangements, any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration in Shanghai, in accordance with the then effective arbitration rules and procedures. The contractual arrangements also contain provisions to the effect that the the arbitration tribunal may grant any remedies in accordance the relevant agreement and applicable PRC laws, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the equity interest or assets of Shanghai Qijia and awards directing Shanghai Qijia to conduct liquidation. However, under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order. PRC laws also do allow the arbitral body to grant an award of transfer of assets of or equity interests in our Consolidated Affiliated Entity in favor of an aggrieved party. See "Contractual Arrangements – Contractual Arrangements – Summary of the Material Terms of the Contractual Arrangements – Dispute Resolution" for details of the enforceability of the contractual arrangements. Therefore, in the event that Shanghai Qijia or the Relevant Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entity and conduct our business could be materially and adversely affected.

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The shareholders of our Consolidated Affiliated Entity may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Conflicts of interest may arise between the dual roles of Mr. Deng, who is an officer of our Company and a shareholder and director of our Consolidated Affiliated Entity, as well as the entities who are both affiliates of shareholders of our Company and shareholders of our Consolidated Affiliated Entity. These shareholders of our Consolidated Affiliated Entity may breach or cause our Consolidated Affiliated Entity to breach or refuse to renew the existing contractual arrangements, which will have a material adverse effect on our ability to effectively control the Consolidated Affiliated Entity and receive economic benefits from it. We do not have existing arrangements to address potential conflicts of interest these shareholders may encounter.

PRC laws provide that directors of our Consolidated Affiliated Entity owe a duty of loyalty to our Consolidated Affiliated Entity and require them to avoid conflicts of interest and not to take advantage of their positions for personal gains. Although our independent directors or disinterested officers may take measures to prevent the parties with dual roles from making decisions that may favor themselves as shareholders of our Consolidated Affiliated Entity, we cannot assure you that these measures would be effective in all instances and when conflicts arise, these shareholders will act in the best interests of our company or that conflicts will be resolved in our favor. The legal frameworks of China and the Cayman Islands do not provide guidance on resolving conflicts in the event of a conflict with another corporate governance regime. If we cannot resolve any conflicts of interest or disputes between us and those shareholders, we would have to rely on legal proceedings, which may materially disrupt our business. There is also substantial uncertainty as to the outcome of any such legal proceedings.

If we exercise the option to acquire equity ownership and assets of our PRC Consolidated Affiliated Entity the ownership or asset transfer may subject us to certain limitations and substantial costs.

Foreign direct investment in the telecommunications services industry in the PRC is regulated under the Regulations on the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the “**FITE Regulations**”). Under the FITE Regulations, a foreign investor wishing to acquire any equity interest in a value-added telecommunications business in the PRC must demonstrate a good track record and experience in providing value-added telecommunications services overseas (the “**Qualification Requirement**”). According to our PRC Legal Advisor, to date, no applicable PRC laws, regulations or rules have provided clear guidance on the interpretation of the Qualification Requirement. Although we have taken many measures to meet the Qualification Requirements, we still face the risk of not satisfying the requirement promptly. If when the PRC laws allow foreign investors to invest in value-added telecommunications enterprises in China, we may be unable to unwind the Contractual Arrangements before we are able to comply with the Qualification Requirements, or if we attempt to unwind the Contractual Arrangements before we are able to comply with the Qualification Requirements we may be

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ineligible to operate our value-added telecommunication enterprises and may be forced to suspend their operations, which could materially and adversely affect our business, financial condition and results of operations.

Pursuant to the contractual arrangements, Qijia Network Technology or its designee can exercise its option to purchase the assets of Shanghai Qijia from the respective shareholders for a nominal price, unless the relevant government authorities or PRC laws request that another amount be used as the purchase price and in which case the purchase price shall be the lowest amount under such request. Subject to relevant laws and regulations, the respective shareholders shall return any amount of purchase price they have received to Qijia Network Technology. If such a transfer takes place, the competent tax authority may require Qijia Network Technology to pay enterprise income tax for ownership transfer income with reference to the market value, in which case the amount of tax could be substantial.

If Shanghai Qijia fails to obtain and maintain the requisite assets, licenses and approvals required under the complex regulatory environment for internet-based businesses in China, our business, financial condition and results of operations may be materially and adversely affected.

Companies that operate on the internet in China are highly regulated by the PRC government and numerous regulatory authorities of the PRC government are empowered to issue and implement regulations governing various aspects of the internet industry. These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violations of applicable laws and regulations. For more information regarding the PRC laws and regulations governing our internet-based businesses, see “Regulatory Overview.”

Shanghai Qijia is required to obtain and maintain certain assets relevant to its business as well as applicable licenses or approvals from different regulatory authorities in order to provide its current services. These assets and licenses are essential to the operation of our business and are generally subject to annual review by the relevant governmental authorities. Furthermore, Shanghai Qijia may be required to obtain additional licenses. We cannot assure you that Shanghai Qijia will be able to obtain such licenses in the future. If Shanghai Qijia fails to obtain or maintain any of the required assets, licenses or approvals, its continued business operations in the internet industry may subject it to various penalties, such as fines and the discontinuation or restriction of its operations. Any such disruption in the business operations of our Shanghai Qijia will materially and adversely affect our business, financial condition and results of operations.

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We may lose the ability to use and enjoy assets held by our Consolidated Affiliated Entity that are material to our business operations if our Consolidated Affiliated Entity declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

Shanghai Qijia holds certain assets, primarily including the ICP License and certain intellectual property rights, that are important to our business operations. Our Contractual Arrangements with Shanghai Qijia and its shareholders contain terms that specifically obligate the shareholders of Shanghai Qijia to ensure the valid existence of Shanghai Qijia. However, we do not have priority pledges and liens against the assets of our Consolidated Affiliated Entity. If Shanghai Qijia undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and we may not have priority against such third-party creditors on the assets of our Shanghai Qijia. In the event that the shareholders of Shanghai Qijia initiate a voluntary liquidation proceeding without our authorization or attempts to distribute the retained earnings or assets of Shanghai Qijia without our prior consent, we may need to resort to legal proceedings to enforce the terms of the contractual arrangements. Any such legal proceeding may be costly and may divert our management's time and attention away from the operation of our business, and the outcome of such legal proceeding will be uncertain.

Contractual arrangements with our Consolidated Affiliated Entity and our principal shareholders may be subject to scrutiny by the PRC tax authorities and may result in a finding that we and our Consolidated Affiliated Entity owe additional taxes, which could substantially increase our taxes owed and thereby reduce our net income.

Under applicable PRC laws, rules and regulations, arrangements and transactions among related parties may be subject to audits or challenges by the PRC tax authorities. The relevant tax authorities may perform investigations to determine whether our contractual relationships with our Consolidated Affiliated Entity and its shareholders or our contracts with our principal shareholders were entered into on an arm's-length basis. We are not able to determine whether any of our transactions with our Consolidated Affiliated Entity and its shareholders will be regarded by the PRC tax authorities as arm's-length transactions. If any of the transactions we have entered into among Qijia Network Technology and the Consolidated Affiliated Entity and its shareholders or with our principal shareholders are determined by the PRC tax authorities not to be on an arm's-length basis, or are found to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, the PRC tax authorities may conduct transfer pricing adjustments and adjust the profits and losses of our subsidiaries or Consolidated Affiliated Entity and assess more taxes on them. In addition, the PRC tax authorities may impose late payment interest and other penalties on us for underpayment of taxes. Our results of operations may be adversely and materially affected if the tax liabilities of our Consolidated Affiliated Entity increase or if it is found to be subject to late payment interest or other penalties.

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We may rely on dividends and other distributions from our subsidiaries in China to fund our cash and financing requirements.

We are a holding company, and we rely on dividends and other distributions on equity paid by our PRC subsidiary for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If our PRC subsidiary incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require Shanghai Qijia to adjust its taxable income under the contractual arrangements it currently has in place with us in a manner that would materially and adversely affect its ability to pay dividends and other distributions to us. See “– Risks Related to Our Corporate Structure – Contractual arrangements with our Consolidated Affiliated Entity and our principal shareholders may be subject to scrutiny by the PRC tax authorities and may result in a finding that we and our Consolidated Affiliated Entity owe additional taxes, which could substantially increase our taxes owed and thereby reduce our net income.”

Under PRC laws and regulations, our PRC subsidiary, as a wholly foreign-owned enterprise in China, may pay dividends only out of their respective accumulated after-tax profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such funds reaches 50% of its registered capital. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends. Any limitation on the ability of our PRC subsidiary to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See “– Risks Relating to Doing Business in the PRC – We may be classified as a PRC resident enterprise for PRC income tax purposes, which could result in unfavorable tax consequences to us and our non-PRC shareholders.”

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 our current corporate structure, corporate governance and business operations.

The Ministry of Commerce, or MOFCOM, published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal

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requirements for both foreign and domestic investments. While the MOFCOM solicited public comments on this draft in 2015, substantial. According to the State Council Legislative Work Plan for 2018 issued by the General Office under the State Council on March 2, 2018, the draft FIL will be submitted to National People's Congress Standing Committee for deliberation. According to National People's Congress Standing Committee Legislative Work Plan for 2018 amended on April 17, 2018, the draft FIL will be deliberated for the first time in December, 2018. The draft FIL is currently in draft form only, and does not have any binding force. However, the draft FIL, if enacted as proposed, may materially affect the viability of our current corporate structure, corporate governance and business operations in many aspects. See "Contractual Arrangements – Development in the PRC Legislation on Foreign Investment – Draft new Foreign Investment Law" for details on the draft FIL.

Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of "actual control" in determining whether the investment in China is made by a foreign investor or a PRC domestic investor. The draft FIL specifically provides that an entity established in China but "controlled" by foreign investors will be treated as a foreign investor, whereas an entity set up in a foreign jurisdiction would nonetheless be, upon market entry clearance by the MOFCOM or its local branches, treated as a PRC domestic investor provided that the entity is "controlled" by PRC entities and/or citizens. In this connection, "control" is broadly defined in the draft law to cover, among others, having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity's operations, financial matters or other key aspects of business operations. If the foreign investment falls within a "negative list," to be separately issued by the State Council in the future, market entry clearance by the MOFCOM or its local branches would be required. Otherwise, all foreign investors may make investments on the same terms as Chinese investors without being subject to additional approval from the government authorities as mandated by the existing foreign investment legal regime.

The "variable interest entity" structure, or VIE structure, has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. See "– Risks Relating to Our Corporate Structure – If the PRC government finds that the agreements establishing our structure for operating certain of our businesses in China do not comply with applicable PRC laws or regulations, or if these regulations or the interpretation of the regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations." Under the draft FIL, if a variable interest entity is ultimately controlled by a foreign investor via contractual arrangement, it would be deemed as a foreign investment. Accordingly, for any company with a VIE structure established prior to promulgation of the Foreign Investment Law in an industry category that is on the "negative list," the VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/are of PRC nationality (either PRC individual, or PRC government and its branches or agencies). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as foreign invested enterprises and any operation in the industry category on the "negative list" without market entry clearance may be considered as illegal.

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It is uncertain whether we would be considered as ultimately controlled by Chinese parties or not. The draft FIL has not taken a position on what actions will be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by Chinese parties. Moreover, it is uncertain whether the services our Consolidated Affiliated Entity provides will be subject to the foreign investment restrictions or prohibitions set forth in the “negative list” to be issued. If the enacted version of the Foreign Investment Law and the final “negative list” mandate further actions, such as MOFCOM market entry clearance or certain restructuring of our corporate structure and operations, to be completed by companies with existing VIE structure like us, we face substantial uncertainties as to whether these actions can be timely completed, or at all, and our Contractual Arrangements, in the worst case scenario, may be regarded as invalid and illegal. If we cannot comply with the final Foreign Investment Law when it becomes effective, we may be required to dispose our online interior design and construction platform business under the Contractual Arrangements. In such case, the Stock Exchange may consider our Company to no longer have a sustainable business after such disposal, and may de-list our Shares.

The draft FIL, if enacted as proposed, may also materially affect our corporate governance practice and increase our compliance costs. For instance, the draft FIL proposed to impose stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable foreign invested entities. Aside from investment implementation report and investment amendment report that are required at each investment and alteration of investment specifics, an annual report is mandatory, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be non-compliant with the information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Adverse changes in political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our services and materially and adversely affect our competitive position.

Since our business operations are conducted in China, our business, financial position, results of operations and prospects are affected significantly by economic, political and legal developments in China. Because our business is sensitive to personal discretionary spending levels, our business tends to decline during general economic downturns.

The Chinese economy differs from the economies of most developed countries in many respects, including the degree of government involvement, the level of development, the growth rate, the control of foreign exchange, access to financing and the allocation of resources. While the Chinese economy has grown significantly in the past three decades, the growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing. Further, the Chinese economy has been transitioning from a planned economy to a more market-oriented economy and a substantial portion of the productive assets in China is still owned by the PRC government. The PRC government

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exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

For example, during the Track Record Period, certain of our subsidiaries received government grants, which are subject to governmental discretion and nonrecurring in nature. For the years ended December 31, 2015, 2016 and 2017, the aggregate amount of government grants received was RMB3.3 million, RMB7.1 million and RMB10.8 million, respectively. Such government grants may be suspended or terminated unexpectedly, which may adversely affect our results of operations. For further details of the government grants, see Note 7 to the Accountant's Report in Appendix I to this prospectus.

The discontinuation of any preferential tax treatment or other incentives currently available to us in the PRC could materially and adversely affect our business, financial condition and results of operations.

Our consolidated entities Shanghai Qijia and Shanghai Qiyi are entitled to certain preferential tax treatment that is currently available to certain qualified enterprises with advanced technologies. Such enterprise qualification is set to expire in November 2019, and we cannot guarantee you that we will still be able to qualify for such preferential tax treatment after it expires or that such enterprise qualification will not be revoked prior to its expiration. For further details of the preferential tax treatment and the related aggregate tax effect, see Note 9 to the Accountant's Report in Appendix I to this prospectus. Should we fail to extend such preferential tax treatment or if such preferential tax treatment were to be revoked retroactively, we will be subject to the standard 25% enterprise income tax rate and may be subject to higher tax liabilities as a result, which could adversely affect our results of operations. In addition, other economic measures, as well as future actions and policies of the PRC government, could also materially affect our liquidity and access to capital and our ability to operate our business.

The legal system of the PRC is not fully developed, and there are inherent uncertainties that may affect the protection afforded to our business and our shareholders.

We conduct a significant proportion of our business through our subsidiaries and Consolidated Affiliated Entity in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries are generally subject to laws and regulations applicable to foreign investments in China and, in particular, laws applicable to wholly foreign-owned enterprises. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect.

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Any litigation in China may be protracted and result in substantial costs and diversion of our resources and management attention. It may be more difficult to evaluate the outcome of Chinese administrative and court proceedings and the level of legal protection we enjoy in China than in more developed legal systems because PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms. Such uncertainties may impede our ability to enforce the contracts we have entered into with our business partners, customers and suppliers. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. We cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. These uncertainties could limit the legal protections available to us.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have a material adverse effect on our business and results of operations.

The internet industry in China is highly regulated. The PRC laws and regulations on the internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry, as well as provision of online platform services, are relatively new and evolving. The interpretation and enforcement of these laws and regulations also involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what may be deemed to be in violation of applicable laws and regulations. We cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain new ones.

Any change in or the tightening of current PRC laws or regulations that are directly or indirectly applicable to our business may adversely affect our results of operations. If the PRC government considers that we were operating without the proper approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material adverse effect on our business and results of operations.

Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.

Under the PRC law, Renminbi is freely convertible into foreign currencies with respect to current account” transactions, but not with respect to “capital account” transactions. We receive substantially all our revenues in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in

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the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations. Approval or registration from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. Dividend payments are current account transactions, which can be made in foreign currencies by complying with certain procedural requirements but do not require prior approval from SAFE. The PRC government may also exercise its discretion to restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

Fluctuations in exchange rates could result in foreign currency exchange losses and may materially and adversely affect your investment.

The conversion of Renminbi into foreign currencies, including Hong Kong dollar and U.S. dollars, is based on rates set by the People's Bank of China. On November 30, 2015, the Executive Board of the International Monetary Fund ("IMF") completed the regular five-year review of the basket of currencies that make up the Special Drawing Right ("SDR") and decided that with effect from October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen, and the British pound. With the development of the foreign exchange market and progress toward interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or the U.S. dollar in the future.

We had currency translation losses of RMB23.4 million and RMB33.5 million for the years ended December 31, 2015 and 2016 respectively, and a currency translation gain of RMB54.4 million for the year ended December 31, 2017, recognised as other comprehensive income/(loss). Additionally, as we may rely on dividends and other fees paid to us by our subsidiaries in China, any significant revaluation of the Renminbi may materially and adversely affect our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable on, our shares in the Hong Kong dollar or the U.S. dollars. For example, if we decide to convert our Renminbi into the Hong Kong dollar or the U.S. dollars for the purpose of making payments for dividends on our shares or for other business purposes, appreciation of the Hong Kong dollar or the U.S. dollar against the Renminbi would have a negative effect on the Hong Kong dollar or the U.S. dollar amount available to us.

The net proceeds from the Global Offering are expected to be deposited overseas in currencies other than Renminbi until we obtain necessary approvals and filings from relevant PRC regulatory authorities to convert these proceeds into onshore Renminbi. If the net proceeds cannot be converted into onshore Renminbi in a timely manner, our ability to deploy these proceeds efficiently may be affected, as we will not be able to invest these proceeds on RMB-denominated assets onshore or deploy them in uses onshore where Renminbi is required, which may adversely affect our business, results of operation and financial condition.

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PRC regulations relating to offshore investment activities by PRC residents may increase our administrative burden and restrict our overseas and cross-border investment activity. If our shareholders fail to make any required applications and filings under such regulations, we may be unable to distribute profits and may become subject to liability under PRC laws.

The SAFE has promulgated several regulations requiring PRC residents to register with PRC government authorities before engaging in direct or indirect offshore investment activities, including Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicles and Investing Back in China by Domestic Residents (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》, “SAFE Circular 75”), issued in October 2005, Circular on Further Improvement and Amendment of Foreign Exchange Control Policies on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》, “SAFE Circular 59”), issued by SAFE on November 19, 2012 and effective December 17, 2012, and the Circular on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents Through Overseas Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》, “SAFE Circular 37”) issued by SAFE on July 14, 2014, which replaced the Circular 75. In the event that a PRC shareholder with a direct or indirect stake in an offshore parent company fails to make the required SAFE registration, the PRC subsidiaries of that offshore parent company may be prohibited from making distributions of profit to the offshore parent and from paying to the offshore parent proceeds from any reduction in capital, share transfer or liquidation of the PRC subsidiaries. Furthermore, failure to comply with these SAFE registration requirements could result in liability under PRC law for foreign exchange evasion. Currently, nine of our shareholders are PRC residents required to register with the local branch of the SAFE according to the above-mentioned rules. In addition, in the future, we may not at all times be fully aware or informed of the identities of all our shareholders or beneficial owners that are required to make such registration, and if or when we have such shareholders or beneficial owners, we may not always be able to compel them to comply with SAFE Circular 37 and SAFE Circular 59 requirements. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents will at all times comply with, or in the future make or obtain any applicable registrations or approvals required by, SAFE Circular 37, SAFE Circular 59 or other related regulations. Failure by any such shareholders or beneficial owners to comply with SAFE Circular 37 or SAFE Circular 59 could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our subsidiaries’ ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could adversely affect our business and prospects.

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PRC regulations on loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from making loans or additional capital contributions to our PRC entities.

As an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries and Consolidated Affiliated Entity, or we may make additional capital contributions to our PRC subsidiaries. Such loans to our subsidiaries or Consolidated Affiliated Entity in China and capital contributions are subject to PRC regulations and approvals. For example, loans by us to our subsidiaries cannot exceed statutory limits and must be registered with SAFE or its local branch. Besides SAFE registration, loans to the Consolidated Affiliated Entity may also need government approval. Capital contributions to our PRC subsidiaries must be approved by or filed with the PRC Ministry of Commerce or its local counterpart. In addition, the PRC government also restricts the convertibility of foreign currencies into Renminbi and use of the proceeds. On March 30, 2015, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資金結匯管理方式的通知》, “SAFE Circular 19”), which took effect and replaced certain previous SAFE regulations from June 1, 2015. SAFE further promulgated the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》, the “SAFE Circular 16”), effective on June 9, 2016, which, among other things, amend certain provisions of SAFE Circular 19. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. Violations of the applicable circulars and rules may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations. If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

PRC rules on mergers and acquisitions may make it more difficult for us to pursue growth through acquisitions.

On August 8, 2006, six PRC regulatory agencies, including the Ministry of Commerce and China Securities Regulatory Commission (“CSRC”), promulgated the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, which became effective on September 8, 2006 and was amended on June 22, 2009. Among other things, the M&A Rules and recently issued regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Moreover, the Anti-Monopoly Law (《中華人民共和國反壟斷法》) requires that the Ministry of Commerce shall be notified in advance of any concentration of undertakings if certain thresholds under the Provisions on Thresholds for Prior Notification

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of Concentrations of Undertakings (《國務院關於經營者集中申報標準的規定》), issued by the State Council on August 3, 2008, are triggered. According to the Implementing Rules Concerning Security Review on the Mergers and Acquisitions by Foreign Investors of Domestic Enterprises (《商務部實施外國投資者併購境內企業安全審查制度的規定》) issued by the Ministry of Commerce in August 2011, mergers and acquisitions by foreign investors involved in an industry related to national security are subject to strict review by the Ministry of Commerce. These rules also prohibit any transactions attempting to bypass such security review, including by controlling entities through contractual arrangements. We believe that our business is not in an industry related to national security. However, we cannot preclude the possibility that the Ministry of Commerce or other government agencies may publish interpretations contrary to our understanding or broaden the scope of such security review in the future. We may elect to grow our business in the future in part by directly acquiring complementary businesses in China. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions.

Increases in labor costs and enforcement of stricter labor laws and regulations in the PRC may adversely affect our business and our profitability.

China's overall economy and the average wage in China have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. In addition, we have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees.

Pursuant to the PRC Labor Contract Law, or the Labor Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. According to the PRC Social Insurance Law, employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

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Our failure to make adequate contributions to various employee benefits plans and housing funds as required by PRC laws may expose us to potential penalties.

Companies operating in China are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. Our failure in making contributions to various employee benefit plans and in complying with applicable PRC labor-related laws regarding housing funds may subject us to late payment penalties, and we could be required to make up the contributions for these plans as well as to pay late fees and fines. If we are subject to late fees or fines in relation to the underpaid employee benefits, our financial condition and results of operations may be adversely affected. To the extent that we can make a reasonable estimate of the liability arising from our failure in making full contributions to various employee benefit plans, we record a related contingent liability. However, the amount of our estimates may be inaccurate, in which case our financial condition and cash flow may be adversely affected if we were to pay late fees or fines in relation to the underpaid employee benefits.

Dividends we receive from our subsidiaries located in the PRC may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay our shareholders.

We are a holding company incorporated under the laws of Cayman Islands and as such rely on dividends and other distributions on equity from our PRC subsidiaries to satisfy part of our liquidity requirements. Pursuant to the PRC Enterprise Income Tax Law 《中華人民共和國企業所得稅法》, a withholding tax rate of 10% currently applies to dividends paid by a PRC “resident enterprise” to a foreign enterprise, unless the jurisdiction of the foreign investor’s tax residence has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income 《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》, or the Double Taxation Arrangement, and relevant PRC tax laws on the interpretation of the Double Taxation Arrangement, a preferential withholding tax rate of 5% may apply if the PRC enterprise is at least 25% held by the Hong Kong enterprise for at least 12 consecutive months prior to distribution of the dividends and certain other conditions, e.g., the beneficial ownership requirement, are met. Furthermore, under the the Announcement of the State Administration of Taxation on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers 《國家稅務總局關於發佈〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》, which was issued in August 2015, the applicant for the preferential withholding rate is required to make a recordal with its in-charge tax authority and submit all the requisite application materials. No government approval for the application is required, although the relevant tax authorities may challenge the applicability of the

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preferential withholding rate later on. See “Regulatory Overview – Taxation Laws and Regulations.” We cannot assure you that our determination regarding our qualification to enjoy the preferential tax treatment will not be challenged by the relevant PRC tax authority or we will be able to complete the necessary filings with the relevant PRC tax authority and enjoy the preferential withholding tax rate under the Double Taxation Arrangement with respect to dividends to be paid by our PRC subsidiaries to Jia (Hong Kong) Limited.

We may be classified as a PRC resident enterprise for PRC income tax purposes, which could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the SAT issued the Circular of the State Administration of Taxation on Issues Concerning the Identification of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the Actual Standards of Organizational Management 《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》, known as SAT Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. See “Regulatory Overview – Taxation Laws and Regulations.” However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that Jia (Hong Kong) Limited or any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then such subsidiary could be subject to PRC tax at a rate of 25% on its world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our shares may be subject to PRC

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tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the shares.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC shareholders.

According to the Announcement of the SAT on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises 《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》, or SAT Circular 7, promulgated by the SAT in February 2015 and further revised in October and December 2017, if a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly through the transfer of the equity interests of an offshore holding company (other than the purchase and sale of shares issued by a PRC resident enterprise in a public securities market) without a reasonable commercial purpose, the PRC tax authorities have the power to reassess the nature of the transaction and treat the indirect equity transfer as a direct transfer. As a result, the gain derived from such transfer, i.e., the transfer price minus the cost of equity, will be subject to PRC withholding tax at a rate of up to 10%. Under the terms of SAT Circular 7, a transfer that meets all of the following circumstances shall be directly deemed as having no reasonable commercial purposes: (i) over 75% of the value of the equity interests of the offshore holding company are directly or indirectly derived from PRC taxable properties; (ii) at any time during the year before the indirect transfer, over 90% of the total properties of the offshore holding company are investments within PRC territory, or in the year before the indirect transfer, over 90% of the offshore holding company's revenue is directly or indirectly derived from PRC territory; (iii) the function performed and risks assumed by the offshore holding company are insufficient to substantiate its corporate existence; and (iv) the foreign income tax imposed on the indirect transfer is lower than the PRC tax imposed on the direct transfer of the PRC taxable properties.

On October 17, 2017, the SAT released Public Notice Regarding Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source 《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》, or SAT Public Notice 37, effect from December 1, 2017. SAT Public Notice 37 made certain key changes to the current withholding regime, such as (i) the withholding obligation for non-resident enterprises receiving dividends arises on the day the payment is actually made rather than on the day of the resolution to declare the dividends; (ii) the provision that non-resident enterprises shall self-report tax within seven days if their withholding agents fail to withhold is removed, etc.

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We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring and sale of the shares in our offshore subsidiaries. We and our non-PRC resident investors may be subject to filing obligations in such transactions, under SAT Circular 7. See “Regulatory Overview – Taxation Laws and Regulations.” For transfer of shares in our company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist with the filing under SAT Circular 7. As a result, we may be required to expend valuable resources to comply with SAT Circular 7 or to request the relevant transferors from whom we purchase taxable assets to comply with this circular, or to establish that our company should not be taxed under these circumstances, which may have a material adverse effect on our financial condition and results of operations.

Certain of our leased property interests may be defective and we may be forced to relocate operations affected by such defects.

As of the Latest Practicable Date, we operated our businesses primarily through 46 leased properties in Shanghai, Beijing, Suzhou, Fuzhou and various other cities in China. According to PRC laws, rules and regulations, in situations where a landlord lacks evidence of the title or the right to lease, the relevant lease agreement may not be valid or enforceable under PRC laws, rules and regulations, and may also be subject to challenge by third parties. However, in cases where the lessors failed to provide property title certificates, we cannot assure you that such defects will be cured in a timely manner or at all. Our business may be interrupted and additional relocation costs may be incurred if we are required to relocate operations affected by such defects. Moreover, if our lease agreements are challenged by third parties, it could result in diversion of management attention and cause us to incur costs associated with defending such actions, even if such challenges are ultimately determined in our favor. In addition, a majority of lease agreements have not been registered with competent governmental authority. According to PRC laws, rules and regulations, the failure to register the lease agreement will not affect its effectiveness between the tenant and the landlord, however, the landlord and the tenant may be subject to administrative fines of up to RMB10,000 each for such failure to register the lease. As of the Latest Practicable Date, we are not aware of any action, claim or investigation being conducted or threatened by the competent government authorities with respect to the defects in our leased properties. However, if we are fined or penalized by government authorities due to our lessors’ failure to register our lease agreements, our business and financial condition may be negatively impacted.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, the SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly listed Companies 《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》 (the “**Stock Option Rules**”). Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in stock incentive plan

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in an overseas publicly listed company are required to register with the SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas-entrusted institution or other material changes. We and our PRC employees who have been granted share options will be subject to these regulations upon the completion of the Global Offering. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute dividends to us or otherwise materially and adversely affect our business, financial condition and results of operations.

It may be difficult to effect service of process upon us, our Directors or our executive officers that reside in the PRC or to enforce against them or us in the PRC any judgments obtained from non-PRC courts.

Substantially all of our business, assets, operations and subsidiaries are located in the PRC. In addition, all our senior management members reside in the PRC, and substantially all of our assets, and substantially all of the assets of those persons, are located in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

Moreover, the legal framework to which our Company is subject is materially different from the Companies Ordinance or corporate law in the United States and other jurisdictions with respect to certain areas, including the protection of minority shareholders. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which we are subject are also relatively undeveloped and untested. However, according to the Company Law of the PRC (the “**PRC Company Law**”), shareholders may commence a derivative action against the directors, supervisors, officers or any third party on behalf of a company under certain circumstances.

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In July 2006, the Supreme People's Court of the PRC and the Government of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned 《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》. Under such an arrangement, where any designated people's court in the PRC or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant people's court in the PRC or Hong Kong court for recognition and enforcement of the judgment. Although this arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the arrangement still remain uncertain.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares and an active trading market may not develop.

Prior to completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

The trading price of our Shares may be volatile, which could result in substantial losses to you.

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. A number of PRC-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

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Substantial Shareholders may change or influence the composition of our Board and senior management team, as we will have no Controlling Shareholders following completion of the Global Offering.

Mr. Deng has been our Controlling Shareholder during the Track Record Period and up to the date of this prospectus. Upon listing, as our super-voting arrangement will come to a conclusion in compliance with the Listing Rules, Mr. Deng and Qeeka Holding will cease to be our Controlling Shareholders following completion of the Global Offering, and will remain as our single largest Shareholders. As we will have no Controlling Shareholders following completion of the Global Offering, we are exposed to the risk that a Substantial Shareholder or a group of Substantial Shareholders may vote to change or otherwise influence the composition of our Board and senior management team, which may adversely affect the value of an investment in the Shares and our Company's business, financial condition, results of operations and prospects.

Investors will experience immediate dilution.

We recorded a consolidated deficit as of December 31, 2017. Our pro forma adjusted net tangible assets per Share giving effect to, among other things, the net proceeds to be received from the Global Offering and the conversion of our preferred shares into Shares, was approximately RMB1.65 per share, or HK\$2.02 per share, based on an Offer Price of HK\$9.00 per Share. As a result, purchasers of our Shares in the Global Offering will experience an immediate dilution reflected in the significant difference between the net tangible asset per Share upon the Listing and the Offer Price investors are investing at. Our existing Shareholders will however experience an increase in consolidated net tangible asset value per Share of their Shares. In addition, holders of our Shares may experience further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we issue additional Shares in the future to raise additional capital.

Future sales or perceived sales of substantial amounts of our Shares in the public market could have a material adverse effect on the prevailing market price of our Shares and our ability to raise additional capital in the future.

The market price of our Shares could decline as a result of substantial future sales of our Shares or other securities relating to Shares in the public market. Such a decline could also occur with the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could materially adversely affect the prevailing market price of our Shares and our ability to raise future capital at a favorable time and price. Our shareholders would experience a dilution in their holdings upon the issuance or sale of additional securities for any purpose.

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If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the market price and trading volume of our Shares may decline.

The trading market for our Shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Shares, the price of our Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Because we do not expect to pay dividends in the foreseeable future after the Global Offering, you must rely on price appreciation of our Shares for a return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings after the Global Offering to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

Our Board has discretion as to whether to declare and pay dividends. In addition, our shareholders may in a general meeting also declare dividends, provided that no dividends shall exceed the amount recommended by our Directors. In either case, in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. Even if our Board decides to declare and pay dividends, or to recommend such dividends to our shareholders, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value after the Global Offering or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

Investors may experience difficulties in enforcing Shareholder rights.

Our Company is an exempted company incorporated in the Cayman Islands with limited liability and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where investors may be located. The corporate affairs of our Company are governed by the Memorandum and the Articles, the Companies Law and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Company and/or our Directors, actions by minority Shareholders and the fiduciary duties of our Directors to our Company under Cayman Islands laws are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from

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comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of the Shareholders and the fiduciary duties of our Directors under Cayman Islands laws may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong or other jurisdictions where investors reside. In particular, the Cayman Islands has a less developed body of securities laws. As a result of all of the above, Shareholders may have more difficulty in exercising their rights in the face of actions taken by the management of our Company, Directors or major Shareholders than they would as shareholders of a Hong Kong company or company incorporated in other jurisdictions.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert reports, contained in this prospectus.

This prospectus, particularly the section headed “Industry Overview”, contains information and statistics relating to the mobile internet and certain internet-related industries. Such information and statistics have been derived from third-party reports commissioned by us, various government publications and other publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Global Offering, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this prospectus being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

There may be, subsequent to the date of this document but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such

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statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.

You should rely solely upon the information contained in this document, the Global Offering and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the Global Offering.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

We do not have sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. The Group's management, business operations and assets are primarily based outside Hong Kong. The principal management headquarters and senior management of the Group are primarily based in China. The Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, the Group and therefore would not be in the best interests of the Company and its Shareholders as a whole. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, namely Mr. Deng and Mr. Wang Wenfei, to be the principal communication channel at all times between the Stock Exchange and the Company. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange;
- (b) we will implement a policy to provide the contact details of each Director (including mobile phone numbers, office phone numbers, residential phone numbers (if any), email addresses and fax numbers) to each of the authorized representatives and to the Stock Exchange. This will ensure that each of the authorized representatives and the Stock Exchange will have the means to contact all the Directors (including the independent non-executive Directors) promptly as and when required, including means to communicate with the Directors when they are travelling;
- (c) we will ensure that all Directors who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong and will be able to come to Hong Kong to meet with the Stock Exchange within a reasonable period of time when required;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

- (d) we have retained the services of a compliance advisor, being Somerley Capital Limited (the “**Compliance Advisor**”), in accordance with Rule 3A.19 of the Listing Rules. The Compliance Advisor will serve as a channel of communication with the Stock Exchange in addition to the authorized representatives of our Company. The Compliance Advisor will provide our Company with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Advisor has prompt access to our Company’s authorized representatives and Directors who will provide to the Compliance Advisor such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor’s duties. The Compliance Advisor will also provide advice to our Company when consulted by our Company in compliance with Rule 3A.23 of the Listing Rules; and meetings between the Stock Exchange and the Directors could be arranged through the authorized representatives or the Compliance Advisor, or directly with the Directors within a reasonable time frame. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the Compliance Advisor in accordance with the Listing Rules.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Pursuant to Note (1) to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a Member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note (2) to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he or she played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance and the Takeovers Code;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Our Company appointed Mr. Wang Wenfei and Ms. So Shuk Yi Betty as joint company secretaries of the Company on April 2, 2018 and June 4, 2018, respectively. Ms. So meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Mr. Wang is our chief financial officer and is primarily responsible for corporate finance, investor relations, investments and acquisitions, strategy and legal matters. Our Company believes that it would be in the best interest of our Company and the corporate governance of the Group to have as its joint company secretary a person such as Mr. Wang who possesses the relevant experience of the Group's corporate finance, investor relations, investments and acquisitions, strategy and legal matters.

Accordingly, whilst Mr. Wang does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Wang may be appointed as a joint company secretary of our Company.

The waiver was granted for a three year period on the condition that Ms. So, as joint company secretary, will work closely with, and provide assistance to, Mr. Wang in the discharge of his duties as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules. In addition, Mr. Wang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Mr. Wang has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. The qualifications and experience of Mr. Wang and the need for on-going assistance of Ms. So will be further evaluated by our Company before the expiration of the initial three-year period. We will liaise with the Stock Exchange to enable it to assess whether Mr. Wang, having benefited from the assistance of Ms. So for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Rule 3.28 Note 2 of the Listing Rules so that a further waiver will not be necessary.

See "Directors and Senior Management" for further information regarding the qualifications of Mr. Wang and Ms. So.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which would constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon Listing. Accordingly, we have applied to the Stock Exchange for and the Stock Exchange has granted, a waiver from strict compliance with the announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules for the non-exempt continuing connected transactions. Further details of such continuing connected transactions are set out in the section headed "Connected Transactions".

WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO SHARE INCENTIVE SCHEME

Under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this prospectus is required to include, among other things, details of the number, description and amount of any of the shares in or debentures of our Company which a person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given (the "**Share Option Disclosure Requirements**").

As of the Latest Practicable Date, our Company has granted options under the Pre-IPO Share Option Scheme to 188 persons to subscribe for an aggregate of 49,115,000 Shares, representing 4.05% of the total number of Shares in issue immediately following completion of the Global Offering (assuming the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme are not exercised) on the terms set out in the section headed "Appendix IV – Statutory and General Information – E. Other Information – 11. Pre-IPO Share Option Scheme" to this prospectus.

Our Company has applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the ground that full compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

- (a) given that 188 grantees are involved, strict compliance with such disclosure requirements in setting out full details of all the grantees under the Pre-IPO Share Option Scheme in the prospectus would be costly and unduly burdensome for the Company in light of a significant increase in cost and timing for information compilation, prospectus preparation and printing;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

- (b) as of the Latest Practicable Date, among all the grantees, 181 are not Directors, members of the senior management or connected persons of our Company or other grantees who have been granted options to subscribe for 1,000,000 shares of our Company or more, but are only employees of our Group (“181 Other Employees”), the strict compliance with the Share Option Disclosure Requirements to disclose names, addresses, and entitlements on an individual basis in this prospectus will require a substantial number of additional disclosure while does not provide any material information to the investing public;
- (c) the grant and exercise in full of the options under the Pre-IPO Share Option Scheme will not cause any material adverse change in the financial position of our Company;
- (d) non-compliance with the above disclosure requirements with regard to the 181 Other Employees would not prevent the Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of the Company; and
- (e) material information relating to the options under the Pre-IPO Share Option Scheme will be disclosed in the prospectus, including the total number of Shares subject to the Pre-IPO Share Option Scheme, the exercise price per Share, the potential dilution effect on the shareholding and impact on earnings per Share upon full exercise of the options granted under the Pre-IPO Share Option Scheme. The Directors consider that the information that is reasonably necessary for the potential investors to make an informed assessment of the Company in their investment decision making process has been included in the prospectus.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application will not prejudice the interests of the investing public.

The Stock Exchange has agreed to grant to our Company a waiver under the Listing Rules on condition that:

- (a) full details of the options under the Pre-IPO Share Option Scheme granted to each of our Directors, members of the senior management of our Group, connected persons of our Company and other grantees who have been granted options to subscribe for 1,000,000 shares of our Company or more be disclosed in the section headed “Appendix IV – Statutory and General Information – E. Other Information – 11. Pre-IPO Share Option Scheme” to this prospectus, on an individual basis, as required under the Share Option Disclosure Requirements;
- (b) for the remaining grantees, disclosure will be made, on an aggregate basis, (1) their aggregate number and number of Shares underlying the options under the Pre-IPO Share Option Scheme; (2) the consideration paid for the options under the Pre-IPO Share Option Scheme; (3) the exercise period and the exercise price of the options granted under the Pre-IPO Share Option Scheme;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

- (c) there will also be disclosure in this prospectus for the aggregate number of Shares underlying the options under the Pre-IPO Share Option Scheme and the percentage of our Company's issued share capital represented by them as of the Latest Practicable Date;
- (d) the dilutive effect and impact on earnings per Share upon full exercise of the options under the Pre-IPO Share Option Scheme will be disclosed in the section headed "Appendix IV – Statutory and General Information – E. Other Information – 11. Pre-IPO Share Option Scheme" to this prospectus;
- (e) a summary of the major terms of the Pre-IPO Share Option Scheme will be disclosed in the section headed "Appendix IV – Statutory and General Information – E. Other Information – 11. Pre-IPO Share Option Scheme" to this prospectus;
- (f) a full list of all the grantees (including those persons whose details have already been disclosed in this prospectus) who have been granted the options under the Pre-IPO Share Option Scheme, containing all the details as required under the Share Option Disclosure Requirements, will be made available for public inspection in accordance with the arrangement as set out in "Appendix V – Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus;
- (g) the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting the Company from strict compliance with the Share Option Disclosure Requirements; and
- (h) the particulars of the waiver will be disclosed in this prospectus.

The SFC has agreed to grant to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on condition that:

- (a) full details of the options under the Pre-IPO Share Option Scheme granted by our Company to each of our Directors, members of the senior management of our Group, connected persons of our Company and other grantees who have been granted options to subscribe for 1,000,000 shares of our Company or more, be disclosed in the section headed "Appendix IV – Statutory and General Information – E. Other Information – 11. Pre-IPO Share Option Scheme" to this prospectus, on an individual basis, such details to include all the particulars required by paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

- (b) in respect of the options granted by the Company under the Pre-IPO Share Option Scheme to employees other than those referred to in point (a) above, the following details are disclosed in the prospectus, (1) the aggregate number of grantees and number of Shares underlying the options under the Pre-IPO Share Option Scheme; (2) the consideration paid for the grant of the options under the Pre-IPO Share Option Scheme; (3) the exercise period and the exercise price for the options granted under the Pre-IPO Share Option Scheme;

- (c) a full list of all the grantees (including those persons whose details have already been disclosed in this prospectus) who have been granted the options under the Pre-IPO Share Option Scheme, containing all the details as required in paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection in accordance with the arrangement as set out in “Appendix V – Documents Delivered to the Registrar of Companies and Available for Inspection” to this prospectus;

- (d) the particulars of the exemption will be disclosed in this prospectus; and

- (e) the Company’s prospectus will be issued on or before June 22, 2018.

Further details of the Pre-IPO Share Option Scheme are set forth in the section headed “Appendix IV – Statutory and General Information – E. Other Information – 11. Pre-IPO Share Option Scheme” to this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purposes of giving information to the public about us. The Directors collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this prospectus misleading.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. The Global Offering comprises the International Offering of initially 217,827,000 Offer Shares and the Hong Kong Public Offering of initially 24,203,000 Offer Shares, each subject to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus and without taking into account the Over-allotment Option. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date.

The Offer Price is expected to be fixed among the Joint Global Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around June 27, 2018 and, in any event, not later than July 3, 2018 (unless otherwise determined between the Joint Global Coordinators (on behalf of the Underwriters) and our Company). If, for whatever reason, the Offer Price is not agreed between the Joint Global Coordinators and our Company on or before July 3, 2018, the Global Offering will not become unconditional and will lapse immediately.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the related Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any information or to make any representation not contained in this prospectus and the related Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters and any of their respective directors, officers, employees, agents or representatives or advisors or any other persons involved in the Global Offering.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Further information regarding the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering”, and the procedures for applying for our Shares are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus and in the related Application Forms.

Further information about the Underwriters and the underwriting arrangements is set out in the section headed “Underwriting” in this prospectus.

RESTRICTIONS ON SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this prospectus. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offer and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares have not been publicly offered or sold directly or indirectly in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering and any Shares which may be issued upon the exercise of the Over-allotment Option and any options that have been granted under the Pre-IPO Share Option Scheme.

No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future. All the Offer Shares will be registered on the Hong Kong branch register of members of our Company in order to enable them to be traded on the Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the Listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out in the section headed “Structure of the Global Offering” in this prospectus.

PROCEDURE FOR APPLICATION OF HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus and on the related Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Particulars of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

COMMENCEMENT OF DEALINGS IN SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on July 5, 2018. Shares will be traded in board lots of 500 Shares each.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

SHARE REGISTRAR AND HONG KONG STAMP DUTY

Our Company's principal register of members will be maintained by its principal share registrar and transfer office, Sertus Incorporations (Cayman) Limited, in the Cayman Islands. All of the Shares allocated pursuant to the Global Offering will be registered on the Company's branch register of members to be maintained in Hong Kong by its Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Dealings in the Shares registered in the branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice. Unless otherwise determined by our Board, dividends will be paid to Shareholders whose names are listed on our branch register of members in Hong Kong, by ordinary post, at the Shareholders' risk in Hong Kong dollars.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of holding and dealing in the Shares. It is emphasized that none of us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our/their respective affiliates, directors, officers, employees, agents or advisors or any other party involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail unless otherwise stated.

EXCHANGE RATE

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the Renminbi amounts could actually be converted into another currency at the rates indicated, or at all. Unless otherwise indicated, (i) the translation between Renminbi and Hong Kong dollars was made at the rate of RMB0.8167 to HK\$1.00, the exchange rate prevailing on June 1, 2018 published by the PBOC for foreign exchange transactions and (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK\$7.8454 to US\$1, being the noon buying rate as set forth in the H.10 statistical release of the United States Reserve Board on June 1, 2018.

ROUNDING

Any discrepancies in any table in this prospectus between total and sum of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. DENG Huajin (鄧華金)	Room 402, 488 Xinchang Road, Huangpu District, Shanghai, PRC	Chinese
Mr. TIAN Yuan (田原)	Room 1701, Block 2, 1098 Xinzha Road, Jing'an District, Shanghai, PRC	Chinese
Mr. GAO Wei (高巍)	Room 1402, Block 4, Xinghai Community, Suzhou Industrial Park, Jiangsu, PRC	Chinese
<i>Non-executive Directors</i>		
Mr. LI Gabriel (李基培)	Flat A, 43F, South Tower 8, Residence Bel-Air, Island South, Hong Kong	Chinese
Mr. SHENG Gang (盛剛)	Room 304, Block 11, 49 Xiangwang Road, Gusu District, Suzhou, Jiangsu, PRC	Chinese
Mr. WU Haifeng (吳海鋒)	Room 201, Unit 3, Block 18, Yunqu Garden Third Section, Huilongguan Town, Changping District, Beijing, PRC	Chinese
<i>Independent non-executive Directors</i>		
Mr. ZHANG Lihong (張禮洪)	Room 817, No.4 Building, 366 Ningxia Road, Putuo District, Shanghai, PRC	Chinese
Mr. CAO Zhiguang (曹志廣)	Room 501, No. 9, 168 Yunxi Road, Baoshan District, Shanghai, PRC	Chinese
Mr. WONG Man Chung Francis (黃文宗)	Flat G, 14/F, Tower 23, Mei Hin Court, South Horizons, Hong Kong	Chinese

Further information is disclosed in the section headed “Directors and Senior Management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

CLSA Capital Markets Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Legal Advisors to the Company

As to Hong Kong law and United States law
Kirkland & Ellis
26th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law
Zhong Lun Law Firm
10-11/F, Two IFC
No. 8 Century Avenue
Shanghai
PRC

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal Advisors to the Joint Sponsors and the Underwriters *As to Hong Kong law and United States law*

Simpson Thacher & Bartlett
ICBC Tower, 35/F
3 Garden Road
Central
Hong Kong

As to PRC law
Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road
Beijing
China

Auditor and Reporting Accountant

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

Industry Consultant

Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.
1018, Tower B
500 Yunjin Road
Shanghai
PRC

Receiving Banks

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

Industrial and Commercial Bank of China
(Asia) Limited
33/F, ICBC Tower
3 Garden Road
Central
Hong Kong

CORPORATE INFORMATION

Headquarters	No.6 Building, 3131 Jinshajiang Road Jiading District, Shanghai PRC
Principal Place of Business in Hong Kong	18/F, Tesbury Centre 28 Queen's Road East, Wanchai Hong Kong
Registered Office in the Cayman Islands	Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104 Cayman Islands
Company Website	www.qeeka.com (<i>the information contained on the website does not form part of this prospectus</i>)
Joint Company Secretaries	Mr. WANG Wenfei (王文飛) Ms. SO Shuk Yi Betty (蘇淑儀) (HKICS, ICSA)
Authorized Representatives	Mr. DENG Huajin (鄧華金) Room 402, 488 Xinchang Road Huangpu District Shanghai PRC Mr. WANG Wenfei (王文飛) Room 302, No.9 Building, 99 Fangli Road Jiading District Shanghai PRC
Audit and Risk Management Committee	Mr. WONG Man Chung Francis (黃文宗) (Chairman) Mr. ZHANG Lihong (張禮洪) Mr. CAO Zhiguang (曹志廣)
Remuneration Committee	Mr. CAO Zhiguang (曹志廣) (Chairman) Mr. DENG Huajin (鄧華金) Mr. ZHANG Lihong (張禮洪) Mr. WONG Man Chung Francis (黃文宗)

CORPORATE INFORMATION

Nomination Committee

Mr. DENG Huajin (鄧華金) (*Chairman*)
Mr. ZHANG Lihong (張禮洪)
Mr. CAO Zhiguang (曹志廣)

**Principal Share Registrar and
Transfer Office**

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

**Hong Kong Share Registrar and
Transfer Office**

Tricor Investor Services Limited
Level 22 Hopewell Centre,
183 Queen's Road East,
Hong Kong

Compliance Advisor

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

Principal Banker

Ping An Bank
West Nanjing Road Sub-branch
No. 1418 Xinzha Road
Jing'an District, Shanghai
PRC

INDUSTRY OVERVIEW

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the market research report prepared by Frost & Sullivan, which was commissioned by us. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by us, the Joint Sponsors or any of our or their respective directors, officers or representatives or any other person involved in the Global Offering, other than Frost & Sullivan, nor is any representation given as to its accuracy or completeness. The information and statistics contained in this section may not be consistent with other information and statistics compiled within or outside of China.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the online interior design and construction industry in China. The report prepared by Frost & Sullivan for us is referred to in the prospectus as the Frost & Sullivan Report. A total fee of RMB650,000 was paid to Frost & Sullivan for the preparation of the report, which we believe reflects market rates for reports of this type.

Frost & Sullivan is a global consulting company founded in 1961 in New York and has over 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists.

The Frost & Sullivan Report was undertaken through both primary and secondary research obtained from various sources using intelligence collection methodologies. Primary research involved discussing the status of the industry with certain leading industry participants across the industry value chain and conducting interviews with relevant parties to obtain objective and factual data and prospective predictions. Secondary research involved reviewing information integration of data and publication from publicly available sources, including official data and announcements from government agencies, company reports, independent research reports and data based on Frost & Sullivan's own data base.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) social, economic and political environment in China is likely to remain stable in the forecast period, and (ii) industry key drivers are likely to drive the growth of the online interior design and construction industry in China in the forecast period.

On this basis, our Directors are satisfied that the forecasts and industry data disclosed in this section are not misleading. Our Directors confirm that, after making reasonable enquiries, there is no material adverse change in the market information since the issue date of the abovementioned sources which may qualify, contradict or have adverse impact on the information in this section.

INDUSTRY OVERVIEW

MACRO ECONOMIC ENVIRONMENT AND REAL ESTATE MARKET IN CHINA

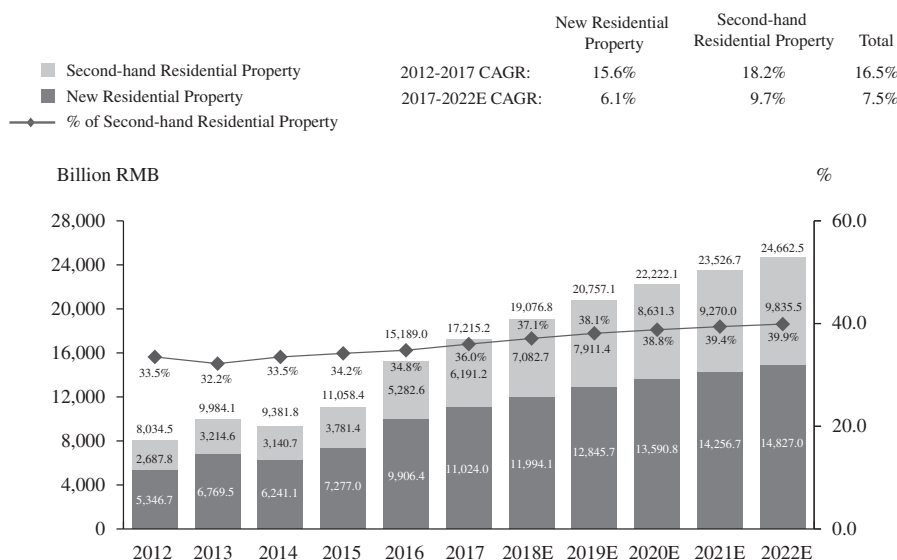
In 2017, China's nominal GDP reached RMB82.7 trillion, growing at a CAGR of 8.9% since 2012, according to the National Bureau of Statistics of the PRC. Going forward, attributed to the strong government economic incentive policies and schemes, China's nominal GDP is forecasted to reach RMB117.8 trillion in 2022, at a CAGR of 7.3% from 2017 to 2022 according to the Frost & Sullivan Report. The sound and improving economic condition further stimulate the public and private investments in the real estate industry and the interior design and construction industry, which lays a good foundation and provide sustained business potential for the growth of online interior design and construction industry. Meanwhile, the per capita disposable income of urban households in China reached RMB36,400 in 2017 and is expected to reach RMB52,100 in 2022, at a CAGR of 7.4% from 2017 to 2022. The rising disposable income financially enables the customers to spend more on interior design and construction for a better living standard, which, at the same time, boosts the development of the online interior design and construction industry.

From 2012 to 2017, China's population grew from 1,354.0 million to 1,390.1 million, remaining the largest population in the world and is expected to reach 1,423.6 million in 2022. Meanwhile, China's urbanization rate increased to 58.5% in 2017 from 52.6% in 2012 and is expected to reach 63.1% in 2022. The rising population and urbanization rate largely boosted the demand for housing, especially in the first-and second-tier cities. Thus, the sales value of residential property grew significantly from RMB8,034.5 billion in 2012 to RMB17,215.2 billion in 2017, representing a CAGR of 16.5%. The proportion of second-hand residential property's sales value amongst the total residential property sector has been trending forward, reaching 36.0% in 2017. For the forecast period, the sales value of the residential property is likely to keep an increasing trend driven by the continuous housing demand and reach RMB24,662.5 billion by 2022, with second-hand residential property sector accounting for 39.9% of the sales value.

Over the past few years, China's real estate industry has experienced rapid development due to continuously increasing investment. The total investment in real estate development grew from RMB7,180.4 billion in 2012 to RMB10,979.9 billion in 2017, representing a CAGR of 8.9% and is expected to further grow to RMB15,185.2 billion in 2022, representing a CAGR of 6.7% from 2017 to 2022. As the largest sector amongst the real estate market in China, the investment of residential property market is expected to reach RMB10,817.6 billion by 2022, accounting for 71.2% of the total investment amount of China's real estate market. The rising investment in the residential property market breeds significant amount of housing construction and renovation projects, which is crucial for the development of the online interior design and construction industry.

INDUSTRY OVERVIEW

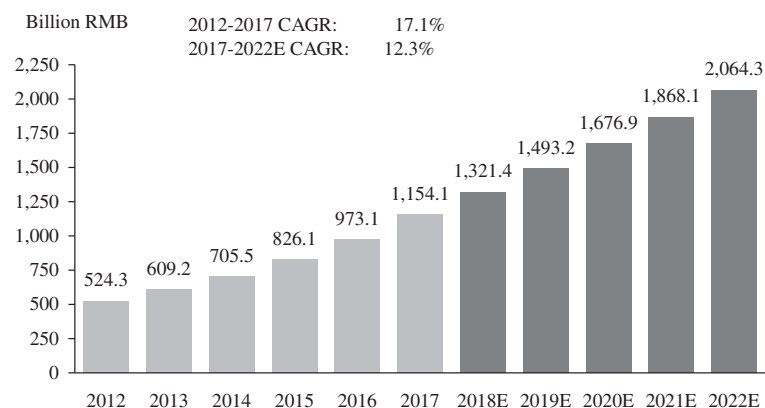
Sales Value of Residential Property (China), 2012-2022E



Source: Frost & Sullivan Report

The market size of housing rental market in China reached RMB1,154.1 billion in 2017, representing a CAGR of 17.1% from 2012. China's large floating population (floating population is a terminology used to describe a group of people who reside in a given population for a certain amount of time and for various reasons, but are not generally considered part of the official census count) drives the growth of housing rental market. According to the Frost & Sullivan Report, the floating population in China reached 244.0 million by the end of 2017, accounting for approximately 17.6% of total population in China. Also, high housing prices, loans and purchasing limit policies (especially in tier-1 cities such as Beijing and Shanghai) force people to rent residential properties instead of purchasing one. Going forward, the market size of housing rental market in China is expected to further grow to RMB2,064.3 billion in 2022, representing a CAGR of 12.3% from 2017 to 2022, according to the Frost & Sullivan Report. The sustained growth of China housing rental market drives the demand of interior design and construction market as the residential property owners prefer to renovate the houses in order to secure higher rental rates, which would eventually create substantial business opportunities for the online interior design and construction platforms in China.

Market Size of Housing Rental Market (China), 2012-2022E



Source: Frost & Sullivan Report

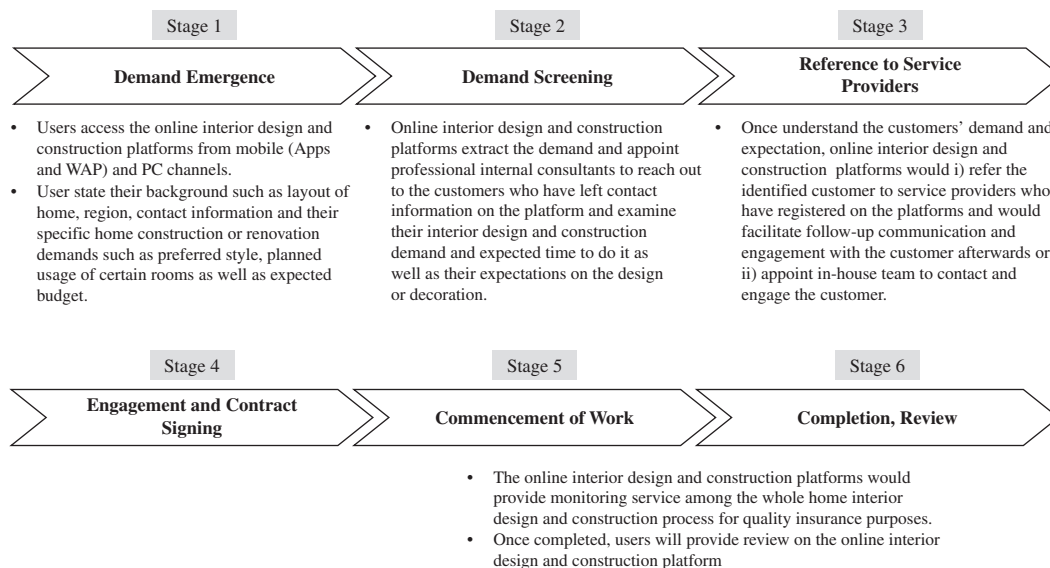
INDUSTRY OVERVIEW

OVERVIEW OF ONLINE INTERIOR DESIGN AND CONSTRUCTION SERVICES INDUSTRY IN CHINA

Definition and introduction

Online interior design and construction services refer to the comprehensive design, consultancy and decoration services concerning the interior construction or renovation of residential properties performed by service providers who obtained the orders from online interior design and construction services platforms.

The online interior design and construction services platforms not only serve as an intermediary and interface connecting service providers and consumers by providing channels and opportunities for the interior design and construction service providers to reach out to property owner users, but also facilitate monitoring and quality control throughout the whole service process. The customers who have strong commercial intent to purchase interior design and construction services can receive other value-added services provided by the platforms such as project financing. Accordingly, the new business model adopted by the online interior design and construction platforms could efficiently address many complaints of the traditional business model such as non-transparent service process, inefficient client communication as well as non-standardized fee charging mechanism. In addition, some leading online interior design and construction service platforms engage in the construction work themselves with in-house capabilities. The following chart set forth the overall service process of the online interior design and construction service industry in China:



Source: Frost & Sullivan Report

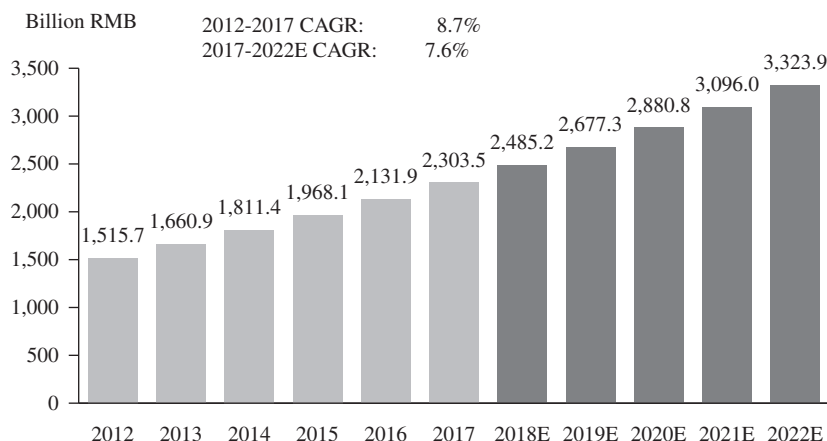
INDUSTRY OVERVIEW

Market size of interior design and construction services industry in China

With the growth of China's economy and rise in household living standards, residential real estate industry has experienced steady development in the past few years, with the total sales value of residential property increasing from RMB8,034.5 billion in 2012 to RMB17,215.2 billion in 2017, which has continuously boosted the demand for interior design and construction services. From 2012 to 2017, the market size by revenue of China interior design and construction services industry grew from RMB1,515.7 billion to RMB2,303.5 billion, representing a CAGR of 8.7%, according to the Frost & Sullivan Report.

Going forward, the sales value of residential property, including second-hand and new houses, is estimated to further grow, and the second-hand housing market is likely to grow even faster than the new housing market. According to the Frost & Sullivan Report, it is estimated that the proportion of second-hand residential property in terms of sales value amongst the total residential sector will reach 39.9% by 2022, increasing from 36.0% in 2017. Meanwhile, the prospect of housing rental market due to increasing urbanization rate and population migration will also promote the growth of China interior design and construction services industry. Under this supportive environment, the interior design and construction services industry is expected to meet more opportunities and its market size by revenue is forecasted to reach RMB3,323.9 billion in 2022, representing a CAGR of 7.6% from 2017 to 2022, according to the Frost & Sullivan Report.

Market Size by Revenue of Interior Design and Construction Services Industry (China), 2012-2022E



Source: Frost & Sullivan Report

INDUSTRY OVERVIEW

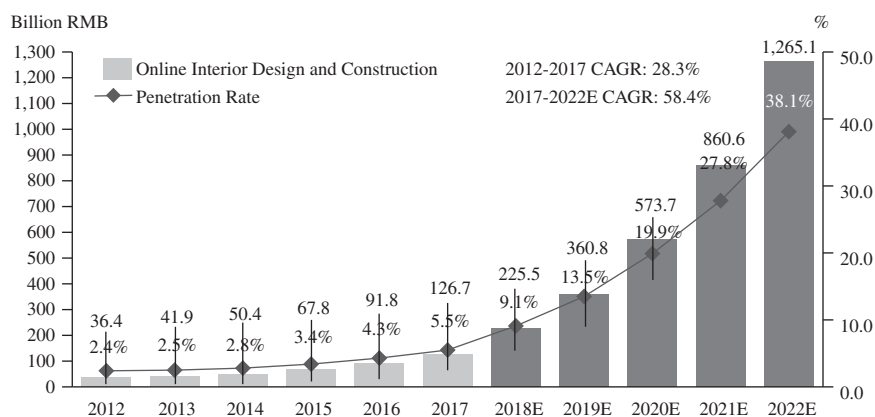
Market size of online interior design and construction services industry in China

The GMV of online interior design and construction services industry refers to the total residential-based interior construction or renovation related value generated by service providers who obtained the order from online interior design and construction platforms.

According to the Frost & Sullivan Report, the internet penetration rate in China reached 55.5% in 2017 and is expected to reach 72.7% by 2022. Benefiting from the rising internet penetration and customers' stronger preference to search for interior construction or renovation solutions online, the online interior design and construction services industry in China has experienced fast development over the past few years. The market size by GMV of the online interior design and construction services industry in China grew from RMB36.4 billion in 2012 to RMB126.7 billion in 2017, showing a CAGR of 28.3%. Given the relatively low penetration of 5.5% in 2017, the market features significantly high growth potential going forward.

Together with the rising disposable income and people's demand for better living standards, the spending on interior design and construction is expected to further grow over the next few years. In addition, customers' rising demand for more efficient services, service providers' higher dependency on online platforms to acquire customers and technological advances all contribute to deeper internet penetration within the interior design and construction service industry. Accordingly, it is expected that the market size by GMV of the online interior design and construction services industry in China would reach RMB1,265.1 billion in 2022, representing a CAGR of 58.4%, according to the Frost & Sullivan Report. Meanwhile, the penetration rate of online interior design and construction services industry is likely to reach 38.1% by 2022.

Market Size by GMV of Online Interior Design and Construction Services Industry (China), 2012-2022E



Note: Penetration rate refers to the proportion of online interior design and construction industry amongst the entire interior design and construction industry by GMV

Source: Frost & Sullivan Report

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Further, according to the Frost & Sullivan report, the online interior design and construction industry by GMV of Beijing and Shanghai reached RMB55.7 billion in 2017, and expected to reach RMB78.9 billion in 2018, RMB106.5 billion in 2019 and RMB177.1 billion in 2022; hence, the 2017-2018 and 2018-2019 growth rate are expected to reach 41.7% and 35.0% and the CAGR from 2018 to 2022 is expected to reach 22.4%. The online interior design and construction industry by GMV of Tier A cities reached RMB38.0 billion in 2017, and expected to reach RMB68.2 billion in 2018, RMB102.3 billion in 2019 and RMB354.2 billion in 2022; hence, the 2017-2018 and 2018-2019 growth rate are expected to reach 79.5% and 50.0% and the CAGR from 2018 to 2022 is expected to reach 51.0%. The online interior design and construction industry by GMV of Tier B cities reached RMB19.0 billion in 2017, and expected to reach RMB48.5 billion in 2018, RMB92.2 billion in 2019 and RMB350.4 billion in 2022; hence, the 2017-2018 and 2018-2019 growth rate are expected to reach 155.0% and 90.0% and the CAGR from 2018 to 2022 is expected to reach 63.9%. The online interior design and construction industry by GMV of Tier C cities reached RMB6.3 billion in 2017, and expected to reach RMB20.2 billion in 2018, RMB56.6 billion in 2019 and RMB366.9 billion in 2022; hence, the 2017-2018 and 2018-2019 growth rate are expected to reach 220.0% and 180.2% and the CAGR from 2018 to 2022 is expected to reach 106.4%.

According to the Frost & Sullivan Report, the average GMV of a typical interior design and construction transaction is normally over RMB100,000, while the average revenue per recommended user for online platforms may be less than RMB1,000, especially in lower-tier cities. Therefore, it is not uncommon that online interior design and construction platforms in China generate a platform revenue of less than 1.0% of their total platform GMV, according to the Frost & Sullivan Report.

MARKET DRIVERS AND DEVELOPMENT TRENDS

Sustained demand for interior design and construction services

The interior design and construction services market maintained sustained growth over the past few years and is expected to further grow in the coming years and reach a market size by revenue of RMB3,323.9 billion by 2022. The growth of nominal GDP, increasing urbanization rate as well as investments on the residential sector act as the cornerstone for the development of interior design and construction industry. The continuous ascending of customer disposable income and the increasing demand of second-hand residential properties propel the growth of interior design and construction industry. Hence, the sustained demand for interior design and construction services bring substantial business opportunities and significant potential customer bases for online platforms to further address with their internet-based business model.

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Customers' rising demand for more efficient service process

Compared with the traditional business model of the interior design and construction industry in China, the online platform business model is much more efficient in terms of customer communication (such as status updates). By leveraging on the information provided by the online interior design and construction platforms, customers have more choices and are able to select the service providers suited to their specific needs. Also, the traditional business model has many disadvantages such as opaque pricing system, inefficient customer claim settlement process while the online platform business model offers transparent pricing and charging details for customers from construction materials to labor costs and also enable all-process involvement for the customers. There are increasing number of customers in China paying attention to resource support on the internet when they have demands for interior design and construction and the significant efficiency and convenience exerted by the online interior design and construction platforms would further drive the industry growth and facilitate deeper cultivation of customer' demands.

Service providers' intention to move online

Interior design and construction service providers in China have gradually recognize the significance and importance for them to work with online platforms. With more and more customers moving online to look for interior design and construction services, online platforms have become an effective and efficient channel for interior design and construction service providers to reach out to potential customers. Online platforms provide interior design and construction service providers stably growing business opportunities with lower customer acquisition cost compared with their conventional business model. Meanwhile, online platforms provide interior design and construction service providers with larger customer coverage, while traditional service providers normally focus on a small area around their physical stores. Additionally, by leveraging their technological capabilities, online platforms match users with interior design and construction service providers suited to users' specific needs and effectively improve conversion rate for service providers. Moreover, Standing Committee of the PRC National People's Congress has passed the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) on November 7th 2016. The law ensures the protection of personal information and the strengthening of network information management. Therefore, interior design and construction service providers could no longer collect and disclose unauthorized information. However, online platforms with their own rules for collecting customers' information could provide a regulated environment and only use information with customers' consent. More interior design and construction service providers are now cooperating with online platforms to be better in compliance with the regulation and law. Besides the renovation orders obtained, interior design and construction service providers could also strengthen their brand image and industry recognition by working with online platforms, which would help them to reach out to more customers in the future. As interior design and construction service providers become increasingly attached to and dependent on online platforms, they are willing to pay a higher price to online platforms for the orders referred, according to the Frost & Sullivan Report. The interior design and construction service providers' intention to move their business online to work with online platforms and their rising dependence on the platforms would drive the market size of this industry.

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Integration with emerging technologies

Online interior design and construction service platforms serve as a connecting intermediary between service providers and the property users who have decoration or renovation demands, which makes it possible to collect massive user information and facilitate further targeted behavior analyzing. By leveraging on the advanced technologies such as big data and cloud computing, more precise user profiles could be created with effective labels, which would help the platform to make more accurate references for online interior design and construction service providers. Also, the integration of VR, AR and 3D technologies could give the customer an immediate idea on interior design so that better choices and timely adjustments could be made. Hence, with the development of internet technology, there is a trend that more integration of emerging technical methods would be applied, which would help the online interior design and construction platforms to deliver better services to the customers in a more targeted manner.

ENTRY BARRIERS

Solid business network

One of the most critical success factors for the online interior design and construction platforms is the large number of service providers in different regions it could integrate. Establishing such a network requires significant preliminary investment and work. Also, monetizing the network of interior design and construction service providers require strong capabilities in terms of providing long-term value for customers and interior design and construction service providers; providing eye-catching contents for customers that could well address their evolving demands. New market entrants are unable to compete with the existing platforms as they are typically smaller in business scale, limited regional coverage in service offerings as well as lack of experiences in serving large number of customers and interior design and construction service providers.

Brand recognition

Holding a strong reputation with well-recognized brand name is of great importance for the potential customers to select an online interior design and construction platform. According to the Frost & Sullivan Report, the customers in China are very brand sensitive when it comes to selecting an online interior design and construction platform. There would be a barrier for the new entrants to compete with leading brands such as Jia.com due to their insufficient brand image. According to the Frost & Sullivan Report, Jia.com enjoys the no.1 brand recognition in the online interior design and construction service industry and is the first choice for customers in China when they have related demands.

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Systematic vertical management capability

In order to maintain strong competitiveness in the industry and maximize the monetization of business network and resources, it is of great importance for the online interior design and construction platforms to have a systematic vertical management capability which extends from effective management and monitoring on the customer information and related contents to comprehensive standardization of third-party service providers' service offering. Failing to effectively and systematically manage the internal and external business resources would adversely and materially impact the sustained business growth of the online interior design and construction platforms. Hence, it would be a barrier for the new market entrants due to their lack of industry experiences, comprehensive technological and managerial know-how as well as less bargain power against the resources integrated.

DEVELOPMENT CHALLENGES

Comprehensive quality control

Notwithstanding the fact that online interior design and construction platforms would help to monitor the renovation work performed by third-party service providers to insure service quality and customer satisfaction, it is still very difficult for the online platforms to have a comprehensive quality control on the whole process. There are dozens of steps in the interior design and construction work streams from preliminary design to final work inspection, failing to control on one single process might result in customer claims and damage of brand image.

Full network monetization

The online interior design and construction platforms are exposed and accessible to all internet users and for some of the regions where there are no or very few service providers registered on the platform, it is currently a challenge to monetize the demand by referring the orders. Leading online interior design and construction brands such as Jia.com are trying to enhance their geographical coverage by integrating more quality service providers onto the platform, which takes time and investment. Also, if the customer have registered on the platform and stated their demands which are however not addressed, it would be a challenge for the online interior design and construction platforms to keep strong customer loyalty.

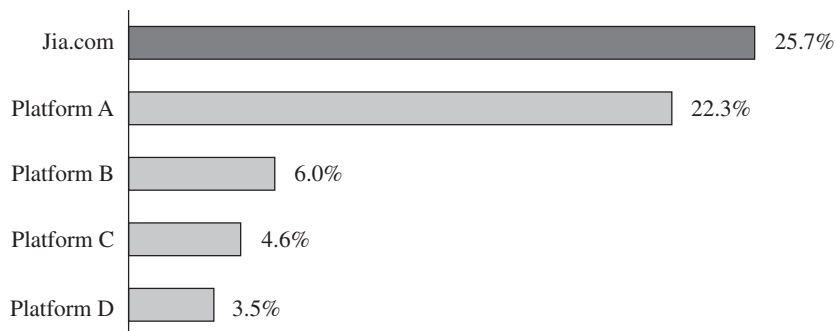
COMPETITIVE LANDSCAPE ANALYSIS

The competition of China online interior design and construction industry is quite fierce, with the number of competitors approximately from 500 to 800 in 2017. Top two players, namely Jia.com and Platform A took up nearly half of the market share in terms of GMV.

According to the Frost & Sullivan Report, the market size by GMV of China online interior design and construction industry reached RMB126.7 billion in 2017. Top 5 players accounted for 62.1% of the market. Jia.com ranked first with a market share of 25.7%, followed by Platform A whose market share was 22.3%. Platform B, Platform C and Platform D ranked as the third, fourth and fifth with their market shares of 6.0%, 4.6% and 3.5%, respectively.

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Top 5 Online Interior Design and Construction Platforms by GMV (China), 2017



Source: Frost & Sullivan Report

According to the Frost & Sullivan Report, Jia.com mainly differentiates itself from its industry peers in the following aspects: (i) Top customer recognition. As the largest online interior design and construction platform in China, Jia.com enjoys the highest customer awareness and best word-of-mouth reputation in the industry and is considered as the top choice platform given its strong capabilities in offering quality services and managing service providers; (ii) Extensive online presence. According to the Frost & Sullivan Report, Jia.com has the highest amount of search results in terms of interior design and construction related contents, which could significantly help enhance its brand awareness and acquire more users; (iii) Focus on user experience. For example, Jia.com was the first player in the online interior design and construction services industry to introduce escrow payment service.

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REGULATIONS IN RELATION TO FOREIGN INVESTMENT

The establishment and management of companies in the PRC are governed by the PRC Company Law which was enacted by the National People's Congress Standing Committee (the “**NPC Standing Committee**”) on December 29, 1993 and was implemented since July 1, 1994. The NPC Standing Committee amended the PRC Company Law on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013 respectively. The PRC Company Law provides for the establishment, corporate structure and corporate management of companies. The PRC Company Law also applies to foreign invested enterprises. Where laws relating to foreign invested enterprises otherwise stipulate, such stipulations shall apply.

Wholly foreign-owned enterprises are also governed by The Law on Foreign-funded Enterprises of the PRC (《中華人民共和國外資企業法》) (the “**Foreign-Funded Enterprise Law**”) and Foreign-Funded Enterprise Law Implementing Rules (《中華人民共和國外資企業法實施細則》). The Foreign-Funded Enterprises Law was adopted at the 4th Meeting of the Sixth National People's Congress on April 12, 1986 and was amended by the NPC Standing Committee on October 31, 2000, and September 3, 2016, respectively. The establishment procedures, approval procedures, registered capital and corporate structures of wholly foreign-owned enterprises are regulated in the abovementioned laws and regulations.

Foreign investment shall also abide by the Guidance Catalogue of Industries for Foreign Investment (《外商投資產業指導目錄》), (the “**Foreign Investment Catalogue**”). The Foreign Investment Catalogue was promulgated on June 28, 1995 and was revised in December 31, 1997, April 1, 2002, November 30, 2004, October 31, 2007, December 24, 2011, March 10, 2015 and June 28, 2017. The currently effective Foreign Investment Catalogue was promulgated by MOFCOM and the NDRC on June 28, 2017 and implemented since July 28, 2017. The Foreign Investment Catalogue classifies industries into three categories: encouraged, restricted and prohibited. Except as otherwise stipulated by other laws and regulations, foreign investors are permitted to invest in industries not in the restricted or prohibited categories. Part of industries in the restricted category may be limited to equity or contractual joint ventures, in some cases with the Chinese shareholder as the majority shareholder. Foreign investors are not allowed to invest in industries in prohibited category.

On June 10, 2010, MOFCOM released the Circular on Issues Concerning Delegating the Examination and Approval Authority for the Foreign Investment (《商務部關於下放外商投資審批許可權有關問題的通知》) (the “**MOFCOM Circular 209**”). Under the MOFCOM Circular 209, local authorities shall examine and approve and administrate the establishment and replacement of foreign invested enterprises which are in the encouraged and permitted categories of the Foreign Investment Catalogue and with a total investment amount of US\$300 million or less and those which are in the restricted categories and with a total investment amount of US\$50 million or less.

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The Interim Measures for Record-filing Administration of the Establishment and Change of Foreign Invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》), or Foreign Invested Enterprise Record-filing Interim Measures, was issued by MOFCOM in October 2016 and revised in July 2017. Pursuant to FIE Record-filing Interim Measures, the establishment and change of foreign invested enterprises are subject to record-filing procedures, instead of prior approval requirements, provided that the establishment or change does not involve special entry administrative measures. If the establishment or change of foreign invested enterprise matters involve the special entry administrative measures, the approval of the MOFCOM or its local counterparts is still required. Pursuant to the Announcement 2016 No. 22 of the National Development and Reform Commission and the MOFCOM (《中華人民共和國國家發展和改革委員會、中華人民共和國商務部公告2016年第22號》) dated October 8, 2016, the special entry administrative measures for foreign investment apply to restricted and prohibited categories specified in the Foreign Investment Catalogue, and the encouraged categories are subject to certain requirements relating to equity ownership and senior management under the special entry administrative measures.

MOFCOM or the relevant local authorities are responsible for approving or filing the relevant joint venture contracts, articles of association of the foreign invested enterprises and other substantial changes to the foreign invested enterprises, such as changes in capital, equity transfer and consolidation.

REGULATIONS ON VALUE-ADDED TELECOMMUNICATION SERVICES

Licenses for Value-Added Telecommunication Services

On September 25, 2000, the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the “**Telecom Regulations**”) was issued by the State Council as the primary governing law on telecommunication services, and amended on July 29, 2014, and February 6, 2016, respectively. The Telecom Regulations set out the general framework for the provision of telecommunication services by PRC companies. Under the Telecom Regulations, it is a requirement that telecommunications service providers procure operating licenses prior to their commencement of operations. The Telecom Regulations draw a distinction between “basic telecommunications services” and “value-added telecommunications services.” Value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructures. The Catalog of Telecommunications Business (《電信業務分類目錄》) (the “**Telecommunication Catalog**”) attached to the Telecom Regulations to categorizes telecommunications services as basic or value-added. In December 28, 2015, the Telecommunication Catalog was updated and information services such as content service, entertainment and online games services are classified as value-added telecommunications services.

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On September 25, 2000, the State Council promulgated the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the “**Internet Measures**”), which was amended in January, 2011. Pursuant to the Internet Measures, “Internet information services” refers to services that provide Internet information to online users, and is categorized into commercial Internet information services and non-commercial Internet information services. Under the Internet Measures, commercial Internet information services providers shall obtain a value-added telecommunications license for Internet information service (the “**ICP License**”) from the relevant government authorities before engaging in any commercial Internet information services operations within the PRC.

On July 3, 2017, the MIIT issued the Administrative Measures for Telecommunications Business Operating Permit (《電信業務經營許可管理辦法》) (the “**Telecom Permit Measures**”), which took effect on September 1, 2017. The Telecom Permit Measures confirm that there are two types of telecom operating licenses for operators in China, namely, licenses for basic telecommunications services and for value-added telecommunications service (the “**VATS Licenses**”). The operation scope of the VATS License includes details on the permitted activities of the enterprise to which it is granted. An approved added-value telecommunication services provider shall conduct its business in accordance with the specifications recorded on its VATS License. In addition, the holder of a VATS License is required to obtain approval from the original permit-issuing authority prior to any change to its shareholders and business scope. The VATS License has a term of five years subject to annual inspection and shall be applied for renewal no later than 90 days before expiration.

Besides, the Internet Measures and other relevant measures also prohibit internet activities that constitute publication of any content that, among others, propagates obscenity, pornography, gambling and violence, incite the commission of crimes or infringe upon the lawful rights and interests of third parties. If an Internet information service provider detects information transmitted on their system that falls within the specifically prohibited scope, such provider must terminate such transmission, delete such information immediately, keep records and report to the government in charge. Any provider’s violation of these prescriptions will lead to the revocation of its ICP License and, in serious cases, the shutting down of its website.

On June 28, 2016, the State Internet Information Office promulgated the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) (the “**Mobile Application Administrative Provisions**”), which took effect on August 1, 2016, to strengthen the regulation of the mobile application information services. Pursuant to the Mobile Application Administrative Provisions, an internet application program provider must verify a user’s mobile phone number and other identity information under the principle of mandatory real name registration at the back-office end and voluntary real name display at the front-office end. An internet application program provider must not enable functions that can collect a user’s geographical location information, access user’s contact list, activate the camera or recorder of the user’s mobile smart device or other functions irrelevant to its services, nor is it allowed to conduct bundle installations of irrelevant application programs, unless it has clearly indicated to the user and obtained the user’s consent on such functions and application programs. Furthermore, in December 2016, the MIIT promulgated

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the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals (《移動智能終端應用軟件預置和分發管理暫行規定》) (the “**Mobile Application Interim Measures**”), which took effect on July 1, 2017. The Mobile Application Interim Measures requires, among others, that internet information service providers must ensure that a mobile application, as well as its ancillary resource files, configuration files and user data can be uninstalled by a user on a convenient basis, unless it is a basic function software, which refers to a software that supports the normal functioning of hardware and operating system of a mobile smart device.

“Shanghai Qijia” and “Shanghai Qiyi” have each obtained an ICP License, which will expire in December 7, 2019 and November 13, 2022 respectively.

Foreign Investment in Value-Added Telecommunication Services

Pursuant to the FITE Regulations, the ultimate foreign equity ownership in a value-added telecommunications services provider shall not exceed 50%. Moreover, for a foreign investor to acquire any equity interest in a value-added telecommunication business in China, it must satisfy a number of stringent performance and operational experience requirements, including demonstrating good track records and experience in operating value-added telecommunication business overseas (the “**Qualification Requirements**”). Since no written guidelines have been publicly issued by the MIIT to specify the Qualification Requirements, such as what constitutes “a good track record,” the MIIT retains considerable discretion in determining whether a foreign investor has satisfied the Qualification Requirements and in granting approvals in each case of application.

The most updated version of Foreign Investment Catalogue, imposes the same restrictions on the percentage of foreign ownership in value-added telecommunication business as imposed by the Provisions on Foreign Invested Telecommunications Enterprises as discussed above.

On July 13, 2006, the MIIT issued the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《關於加強外商投資經營者增值電信業務管理的通知》) (the “**MIIT Circular**”). The MIIT Circular reiterated the regulations on foreign investment in telecommunications businesses, which require foreign investors to set up foreign invested enterprises and obtain telecommunication business operation license to conduct any value-added telecommunications business in China. Under the MIIT Circular, a value-added telecommunication service provider may not rent, transfer or sell a telecommunications business operation license to foreign investors in any form, nor may they provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in the PRC. Furthermore, the relevant trademarks and domain names that are used in the value-added telecommunications business must be owned by the value-added telecommunication service provider or its shareholder. The MIIT Circular further requires value-added telecommunication service provider to have the necessary facilities for its approved business operations and to maintain such facilities in the regions covered by its license. In addition, all value-added telecommunications services providers are required to maintain network and Internet security

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in accordance with the standards set out in relevant PRC regulations. If a license holder fails to comply with the requirements in the MIIT Circular and remedy such non-compliance, MIIT or its local counterparts has the discretion to take administrative measures against such license holder, including revocation of its VATS License and/or ICP License.

REGULATIONS ON INFORMATION SECURITY AND PRIVACY PROTECTION

Internet content in China is regulated and restricted from a state security standpoint. On December 28, 2000, the Standing Committee of the PRC National People's Congress introduced the Decisions on Maintaining Internet Security (《關於維護互聯網安全的決定》), which was amended on August 27, 2009 and may subject violators to criminal punishment in China for any effort to: (i) use the Internet to market fake and substandard products or carry out false publicity for any commodity or service; (ii) use the Internet for the purpose of damaging the commercial goodwill and product reputation of any other person; (iii) use the Internet for the purpose of infringing on the intellectual property of any person; (iv) use the Internet for the purpose of fabricating and spreading false information that affects the trading of securities and futures or otherwise jeopardizes the financial order; or (v) create any pornographic website or webpage on the Internet, providing links to pornographic websites, or disseminating pornographic books and magazines, movies, audiovisual products, or images. The Ministry of Public Security has promulgated measures that prohibit use of the Internet in ways which, among other things, result in a leakage of state secrets or a spread of socially destabilizing content, and require internet service providers to take proper measures including anti-virus, data back-up and other related measures, and keep records of certain information about its users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, and detect illegal information, terminate transmission of such information, and keep relevant records. If an Internet information service provider violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating license and shut down its websites.

PRC governmental authorities have enacted laws and regulations on Internet use to protect personal information from any unauthorized disclosure. In December 2012, the Standing Committee of the PRC National People's Congress promulgated the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》) to enhance the legal protection of information security and privacy on the Internet. In July 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) to regulate the collection and use of users' personal information in the provision of telecommunications services and Internet information services in China. Telecommunication business operators and Internet service providers are required to establish its own rules for collecting and use of users' information and cannot collect or use users' information without users' consent. Telecommunication business operators and Internet service providers are prohibited from divulging, tampering with, damaging, selling or illegally providing others with, collecting personal information.

REGULATORY OVERVIEW

On November 7, 2016, Standing Committee of the PRC National People's Congress published Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which took effective on June 1, 2017 and requires network operators to perform certain functions related to cyber security protection and the strengthening of network information management. For instance, under the Cyber Security Law, network operators of key information infrastructure shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of PRC and their purchase of network products and services that may affect national securities shall be subject to national cyber security review. On May 2, 2017, the Cyberspace Administration of China issued a trial version of the Measures for the Security Review of Network Products and Services (Trial) (《網絡產品和服務安全審查辦法》(試行)), which took effective on June 1, 2017, to provide for more details rules regarding cyber security review requirements.

In addition, the Guidelines requires Internet finance service providers, including online finance platforms, among other things, to improve technology security standards, and safeguard customer and transaction information. The PBOC and other relevant regulatory authorities will jointly adopt the implementing rules and technology security standards.

PROVISIONS ON THE MERGER AND ACQUISITION OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS

In light of the M&A Rules jointly adopted by the MOFCOM, the SAFE and other four ministries on August 8, 2006, became effective on September 8, 2006 and amended on June 22, 2009, “mergers and acquisitions of domestic enterprises by foreign investors” refers to:

- a foreign investor converts a non-foreign invested enterprise (domestic company) to a foreign invested enterprise by purchasing the equity interest from the shareholder of such domestic company or the increased capital of the domestic company; this is defined as “equity merger and acquisition”; or
- a foreign investor establishes a foreign invested enterprise to purchase the assets from a domestic enterprise by agreement and operates the assets therefrom; or
- a foreign investor purchases the assets from a domestic enterprise by agreement and uses these assets to establish a foreign invested enterprise for the purpose of operation of such assets; this is defined as “assets merger and acquisition”.

Mergers and acquisitions of domestic enterprises by foreign investors shall be subject to the approval of the MOFCOM or its delegates at provincial level. In the event that any domestic company, enterprise or natural person merges or acquires a domestic company that has affiliated relationship with it through an overseas company legally established or controlled by such domestic company, enterprise or natural person, the merger and acquisition applications shall be submitted to the MOFCOM for approval and any circumvention on the requirement including domestic re-investment of a foreign invested enterprise is not allowed.

REGULATORY OVERVIEW

REGULATIONS IN RELATION TO COMMERCIAL FRANCHISE

The Regulations on Administration of Commercial Franchise (《商業特許經營管理條例》), which was promulgated on February 6, 2007 and implemented on May 1, 2007, aims to regulate commercial franchise activities by specifying the main contents of commercial franchise contracts and the obligations of franchisors in filing with commerce administrative authorities and information disclosure. Pursuant to the Administrative Measures for the Filing of Commercial Franchise (《商業特許經營備案管理辦法》), which was amended on December 12, 2011 and implemented on February 1, 2012, the MOFCOM and the commerce administrative authorities at the level of provinces, autonomous regions and municipal cities directly under the state council are the competent authorities for filing commercial franchise. Commercial franchise is filed on a national network basis. Franchisors complying with the provisions of the Administrative Measures for the Filing of Commercial Franchise shall proceed with filing through the commercial franchise information management system established by the MOFCOM in accordance with the measures. The Administrative Measures for Information Disclosure of Commercial Franchise (《商業特許經營信息披露管理辦法》), which was amended on February 23, 2012 and implemented on April 1, 2012, further clarifies the scope of information disclosure by franchisors.

REGULATIONS RELATING TO INTERIOR DECORATION AND DESIGN

Qualifications for Operations

According to the Administrative Provisions on the Qualifications of Enterprises Construction in the Construction Industry (《建築業企業資質管理規定》) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on January 22, 2015 and was effective from March 1, 2015, and the Grade Standards for Construction Enterprises Qualification (《建築業企業資質標準》) which was issued by the Ministry of Housing and Urban-Rural Development of the PRC on November 6, 2014 and came into effect on January 1, 2015, the PRC would implement qualification management for domestic construction enterprises. The qualification of contractors engaging in interior construction is divided into two grades, namely A, B. Interior construction contractors can only undertake interior construction projects allowed within its grade, in terms of its single contract value. Interior construction contractors with Grade A qualification can undertake interior construction project without scale limitation; those with Grade B qualification can undertake interior construction project which single contract value is under RMB20 million.

REGULATORY OVERVIEW

Work Safety Regulations and Rules

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》), which was adopted at the 28th meeting of the Standing Committee of the Ninth National People's Congress on June 29, 2002 and amended on August 27, 2009 and August 31, 2014 respectively, a production entity must meet the State's legal standard or industrial standard on work safety and provide work conditions set out in relevant laws, administrative rules and State or industry standards. An entity that cannot provide required work conditions may not engage in production and business operation activities. The production and business operation entities shall set up eye-catching safety warning mark at the production or business operation sites that have substantial dangerous elements or on the relevant facilities or equipment.

According to the Work Safety License Regulation (《安全生產許可證條例》) issued by the State Council on January 13, 2004 and be amended and effective on July 18, 2013 and July 29, 2014 respectively, and the Administrative Provisions on the Work Safety License of Construction Enterprises (《建築施工企業安全生產許可證管理規定》) issued by the Ministry of Construction and came into effect on July 5, 2004 and amended on January 22, 2015, a construction entity without a work safety license should not engage in construction activities.

REGULATIONS RELATING TO FURNITURE PRODUCTION

Regulations on Product Quality

According to the General Principles of Civil Law of the PRC (《中華人民共和國民法通則》) issued by the National People's Congress on April 12, 1986 and amended on August 27, 2009, if a substandard product causes property damage or physical injury to others, the manufacturer or seller shall bear civil liability according to law. If the transporter or storekeeper is responsible for the matter, the manufacturer or seller shall have the right to demand compensation for its losses.

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) issued by the NPC Standing Committee on February 22, 1993 and amended on July 8, 2000 and August 27, 2009 respectively, which enhance the control of product quality and protection on consumers, sellers shall be responsible for repair, replacement or return and compensate for the damages done to end-users or consumers if one of the following cases occurs: (1) the products do not have the function for use they are supposed to have and which were not explained in advance; (2) the quality of products does not conform to the standards specified on the products or the packages; (3) the quality of products does not meet the quality specified in the instruction for use or shown by the samples if provided. After the sellers undertake the repairs, replacement, return or compensation for damages according to the provisions of the preceding paragraph, the sellers have the right to claim the losses from producers or other sellers that provide the products (hereinafter referred to as suppliers), if the liability lies on the producers or suppliers.

If the sellers fail to perform the duty of repairing, replacing, returning or compensating for damages as provided in the above paragraph, the quality supervision and control departments or administrative departments of industry and commerce shall order them to correct.

REGULATORY OVERVIEW

Regulations on Consumer Protection

According to the Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) issued by State Council on October 31, 1993 and amended on August 27, 2009 and October 25, 2013 respectively, and came into effect on March 15, 2014, the rights and interests of consumers to purchase or use commodities, or receive services for living consumption will be protected by the Law of the PRC on the Protection of Consumer Rights and Interests.

According to the Law of the PRC on the Protection of Consumer Rights and Interests, business operators shall, if the commodities or services they supply involve any of the following circumstances, bear civil liability in accordance with other relevant laws and regulations, except as otherwise provided in the Law of the PRC on the Protection of Consumer Rights and Interests: (1) there exist defects in the commodities or services; (2) not possessing the application performance they should possess and no declaration thereabout made at the time of sale; (3) not conforming to the standards indicated on the commodities or on the packages thereof; (4) not conforming to the quality indicated by the product description or by physical samples; (5) producing commodities that have been formally ordered by the State to be obsolete or selling commodities that are no longer effective or deteriorated; (6) commodities sold being short of weight or quantity; (7) contents and costs of services being in violation of the agreements; (8) deliberately delaying or unreasonably refusing consumers' requests for repair, rework, replacement, return of goods, makeup for the shortage, return of payment for goods or services, or compensation for losses; or (9) other circumstances infringing consumer rights and interests as specified by laws and regulations. The business operators who fail to fulfil the obligations of security assurance for the consumers and cause damage to the consumers shall undertake the infringement liability.

According to the Tort Law of the PRC (《中華人民共和國侵權責任法》) promulgated by the NPC Standing Committee on December 26, 2009, and came into effect on July 1, 2010, (1) producers shall bear tortious liability for damage caused to others by their defective products; (2) sellers shall bear tortious liability for damage caused to others by defective products where the seller is at fault; (3) where the seller is unable to identify either the producer or the supplier of defective products, the seller shall bear tortious liability.

REGULATIONS IN RELATION TO FOREIGN EXCHANGE CONTROLS

Foreign Exchange

Due to the foreign exchange control policy of the PRC, cross border money transactions of our PRC Subsidiaries in their business activities and dividend distribution to the foreign investors of the PRC Subsidiaries shall comply with various administration of foreign exchange in the PRC.

REGULATORY OVERVIEW

The principal regulation governing foreign exchange in the PRC are the Foreign Exchange Administration Rules of the PRC (《中華人民共和國外匯管理條例》) which were issued by the State Council of the PRC on January 29, 1996, became effective on April 1, 1996 and were amended on January 14, 1997 and August 5, 2008. Under these rules, the current account incomes of foreign exchanges can be retained or sold to financial authorities which manage exchange settlement and sale and purchase of foreign exchange. However, approval from SAFE is required for the relevant capital account transactions of the foreign invested enterprises, such as the capital increase and decrease. Foreign invested enterprises may purchase foreign exchange without the approval of SAFE for trade and service related foreign exchange transactions by providing documents evidencing such transactions. In addition, foreign exchange transactions involving direct investment, loans and investment in securities outside the PRC are subject to limitations and require approvals from SAFE.

In light of Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015 and became effective on June 1, 2015, to improve the efficiency on foreign exchange management, the SAFE has cancelled (a) confirmation of foreign exchange registration under domestic direct investment and confirmation of foreign exchange registration under overseas direct investment; (b) registration for confirmation of the non-cash capital contribution of foreign investors under domestic direct investment and the registration for confirmation of the capital contribution made by foreign investors for acquisition of the equity interests of the Chinese side; (c) filling of overseas re-investment; and (d) annual inspection on direct investment foreign exchange.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated on June 9, 2016 and came into force on the same day, the SAFE loses the controls on settlement of foreign exchange capital by allowing foreign invested enterprises to settle their foreign exchange capital according to real business needs. Whilst, FIEs foreign invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign invested enterprises or forbidden by laws and regulations; (b) for investments in securities or other investments than banks' principal-secured products, unless otherwise specified; (c) for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; (d) for the construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

REGULATORY OVERVIEW

Dividend Distribution

According to Notice of the State Administration of Foreign Exchange on Issuing the Provisions on the Foreign Exchange Administration of Service Trade(《國家外匯管理局關於印發服務貿易外匯管理法規的通知》) promulgated by the SAFE on July 18, 2013 and came into force on September 1, 2013 and the Circular of the State Administration of Foreign Exchange on Repealing and Revising the Regulatory Documents concerning the Reform for Registered Capital Registration System (《國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知》) promulgated on May 4, 2015, remittance of profits, dividends and bonuses shall fall into the scope of current foreign exchange receipts and payments under trade in services, and shall subject to the regulations of foreign exchange of trade in services.

For external payments of profits, dividends and bonuses in an amount over US\$50,000, the payer shall submit the following documents to banks for their review: (a) the annual financial audit reports of relevant years issued by accounting firms to foreign invested enterprises; and (b) resolutions of the board of directors on the distribution of profits.

According to the Circular of the State Administration of Foreign Exchange on Further Facilitating Trades and Investments and Improving Authenticity Check (《國家外匯管理局關於進一步促進貿易投資便利化完善真實性審核的通知》) promulgated on April 26, 2016, when handling outward remittance of profits exceeding equivalent USD50,000 (exclusive) for a domestic institution, a bank shall, based on the real transaction principle, review the board resolution on profit distribution in connection with the remittance, original of the tax registration form and financial statements proving the profits. Upon completion of the remittance, the bank shall affix the seal and endorsement to the original of the tax registration form stating the actual amount remitted and date of remittance.

Circular 75 and Circular 37

In terms of the SAFE Circular 75 promulgated by the SAFE on 21 October 2005 and came into force on 1 November 2005, (a) before establishing or controlling special-purpose vehicles (the “SPVs”) for financing for overseas equity, PRC residents shall register with the local branch of the SAFE; (b) if the PRC resident injects the assets or equity of domestic enterprises it possesses to the SPVs, or financing for overseas equity after the injection, the said PRC resident shall change registration of foreign exchange concerning equity of net assets and its changes of SPVs with the local branch of the SAFE; (c) if any significant asset change (such as change of share capital or M&A) occurs in overseas SPVs outside the PRC, PRC residents shall register relevant changes with the local branch of the SAFE within 30 days after occurrence of the said change. SAFE Circular 75 has been repealed by the SAFE Circular 37 defined as below on 14 July 2014.

REGULATORY OVERVIEW

On 4 July 2014, the SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents Through Overseas Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (“SAFE Circular 37”), according to which, (a) “SPVs” is defined as “offshore enterprise directly established or indirectly controlled by domestic residents (including domestic institution and individual resident) with their legally owned assets or equity of domestic enterprises, or legally owned offshore assets or equity, for the purpose of offshore investment and financing; (b) a domestic resident must register with the SAFE before he or she contributes assets or equity interests to SPVs; (c) following the initial registration, any major changes such as change in the overseas SPV’s domestic resident shareholders, names of the overseas SPVs and terms of operation or any increase or reduction of the overseas SPV, registered capital, share transfer or swap, merger or division, or similar development, shall be report to the SAFE for registration in time, and failing to comply with the registration procedures as set out in SAFE Circular 37 may result in penalties.

TAXATION LAWS AND REGULATIONS

Enterprise Income Tax

On March 16, 2007, the National People’s Congress passed the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) with effect from January 1, 2008. The NPC Standing Committee amended it on Enterprise Income Tax on February 24, 2017. The PRC Enterprise Income Tax Law adopted a uniform tax rate of 25% for all enterprises (including foreign invested enterprises) and revoked the current tax exemption, reduction and preferential treatments applicable to foreign invested enterprises. However, according to the Notice of the State Council on the Implementation of the Enterprise Income Tax Transitional Preferential Policy (《國務院關於實施企業所得稅過渡優惠政策的通知》) issued on December 26, 2007, there is a transition period for enterprises, whether foreign invested or domestic, that received preferential tax treatments granted by relevant tax authorities prior to the effectiveness of the PRC Enterprise Income Tax Law. Enterprises that were subject to an enterprise income tax rate lower than 25% before the effectiveness of the PRC Enterprise Income Tax Law may continue to enjoy the lower rate and gradually transit to the new tax rate within five years after the effective date of the PRC Enterprise Income Tax Law. Enterprises that were granted preferential Enterprise Income Tax treatments before the effectiveness of the PRC Enterprise Income Tax Law may continue to enjoy the preferential Enterprise Income Tax treatments until their expiration.

Tax on Dividends from PRC Enterprise with Foreign Investment

According to the Circular of Ministry of Finance and the State Taxation Administration on Several Preferential Policies Relevant to Enterprise Income Tax (《財政部、國家稅務總局關於企業所得稅若干優惠政策的通知》), the undistributed profits earned by foreign investment enterprises prior to January 1, 2008 and distributed to foreign investors later shall be exempt from PRC withholding tax, whereas the profits earned and distributed after January 1, 2008 shall be subject to PRC withholding tax pursuant to the PRC Enterprise Income Tax Law.

REGULATORY OVERVIEW

According to the PRC Enterprise Income Tax Law, non-PRC resident enterprises that have not set up institutions or establishments in China, or have set up institutions or establishments but the income obtained by the said enterprises has no actual connection with the set up institutions or establishments, shall pay enterprise income tax in relation to their income originating from China and the applicable tax rate shall be 20%. Implementing Regulations of the PRC Enterprise Income Tax Law reduced the rate from 20% to 10% which was effective from January 1, 2008. The PRC and Hong Kong signed the Arrangement between the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) on August 21, 2006. According to the arrangement, no more than 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong tax resident, provided that the recipient is a company that holds at least 25% of the capital of the PRC company for at least 12 consecutive months prior to the dividend distribution. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if the recipient is a company that holds less than 25% of the capital of the PRC company.

According to the Announcement of the State Administration of Taxation on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (《國家稅務總局關於發佈〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》), which was promulgated by the State Administration of Taxation on August 27, 2015 and effective from November 1, 2015, any non-resident taxpayer meeting conditions for enjoying the convention treatment may be entitled to the convention treatment itself/himself when filing a tax return or making a withholding declaration through a withholding agent, subject to the subsequent administration by the tax authorities.

Value Added Tax

The Interim Value-Added Tax Regulations of the PRC (《中華人民共和國增值稅暫行條例》) (the “**VAT Regulations**”) were promulgated by the State Council on December 13, 1993 and implemented on January 1, 1994, and as amended on November 5, 2008, February 6, 2016 and November 19, 2017. Under the VAT Regulations, entities and individuals selling goods, providing labor services of processing, repairs or maintenance, or selling services, intangible assets or real property in the PRC, or importing goods to the PRC, shall be identified as taxpayers of value-added tax, and shall pay value-added tax.

Urban Maintenance and Construction Tax

Under the Provisional Regulations of the PRC on Urban Maintenance and Construction Tax (《中華人民共和國城市維護建設稅暫行條例》) enacted by the State Council on February 8, 1985, implemented since February 8, 1985 and as amended on January 8, 2011, any taxpayer, whether an entity or individual, of product tax, value-added tax or business tax shall be required to pay urban maintenance and construction tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county and a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town. Pursuant to the Notice of Unifying the System of Urban Maintenance and Construction Tax and

REGULATORY OVERVIEW

Education Surcharge Paid by Domestic and Foreign Invested Enterprises and Individuals (GuoFa [2010] No. 35) (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) (the “**SC Notice 35**”) promulgated by the State Council on October 18, 2010, the Provisional Regulations of the PRC on Urban Maintenance and Construction Tax issued by the State Council in 1985 shall be applicable to foreign invested enterprises, foreign enterprises and foreign individuals from December 1, 2010. Regulations, rules and policies in respect of urban maintenance and construction tax issued by the State Council as well as the finance and tax department of the State Council since 1985 shall also be applicable to foreign invested enterprises, foreign enterprises and foreign individuals.

Education Surcharge

Under the Provisional Provisions on Imposition of Education Surcharge (《徵收教育費附加的暫行規定》) enacted by the State Council on April 28, 1986, implemented since July, 1 1986 and amended on June 7, 1990, August 20, 2005 and January 8, 2011, a taxpayer, whether an entity or individual, of product tax, value-added tax or business tax shall pay an education surcharge at a tax rate of 3%, unless such obliged taxpayer is instead required to pay a rural area education surcharge as stipulated under the Notice of the State Council on Raising Funds for Schools in Rural Areas (《國務院關於籌措農村學校辦學經費的通知》).

Pursuant to the SC Notice 35, the Provisional Provisions on Imposition of Education Surcharge enacted on April 28, 1986 shall be applicable to foreign invested enterprises, foreign enterprises and foreign individuals from December 1, 2010. Regulations, rules and policies in respect of education surcharge issued by the State Council as well as the finance and tax department of the State Council since 1986 shall also be applicable to foreign invested enterprises, foreign enterprises and foreign individuals.

PROPERTY LAW AND REGULATIONS

Pursuant to the Administrative Measures for Commodity Housing Tenancy (《商品房屋租賃管理辦法》) issued by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, the parties concerned to a housing tenancy shall go through the housing tenancy registration formalities with the competent construction (real estate) departments of the municipalities directly under the central government, cities and counties where the housing is located within 30 days after the housing tenancy contract is signed. Where the content of the housing tenancy registration is altered, or the housing tenancy contract is renewed or terminated, the parties concerned shall, within 30 days, go through housing tenancy registration amendment, renewal or termination formalities at the department which originally registered the housing tenancy. The competent construction (real estate) departments of the people’s governments of the municipalities directly under the Central Government, cities and counties shall urge those who do not register on time hereof to make corrections within a specified time limit, and shall impose a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on units which fail to make corrections within the specified time limit.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Copyright

The NPC Standing Committee adopted the Copyright Law (《中華人民共和國著作權法》) in 1990 and amended it in 2001 and 2010, respectively. The amended Copyright Law extends copyright protection to internet activities, products disseminated over internet and software products. In addition, there is a voluntary registration system administered by the China Copyright Protection Center.

In order to further implement the Computer Software Protection Regulations (《計算機軟件保護條例》) promulgated by the State Council on December 20, 2001 and amended on January 8, 2011, and January 30, 2013 respectively, the State Copy Right Bureau issued the Computer Software Copyright Registration Procedures (《計算機軟件著作權登記辦法》) on February 20, 2002, which apply to software copyright registration, license contract registration and transfer contract registration.

Domain Name

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), promulgated on August 24, 2017 and with effect from November 1, 2017, “domain name” shall refer to the character mark of hierarchical structure, which identifies and locates a computer on the internet and corresponds to the Internet protocol (IP) address of that computer. And the principle of “first come, first serve” is followed for the domain name registration service. After completing the domain name registration, the applicants become the holder of the domain name registered by him/it. Furthermore, the holder shall pay operation fees for registered domain names on schedule.

Patent

The NPC Standing Committee adopted the Patent Law (《中華人民共和國專利法》) in 1984, as most recently amended in 2008. A patentable invention, utility model or design must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation. A patent is valid for a twenty-year term in the case of an invention and a ten-year term in the case of a utility model or design, starting from the application date. A third-party user must obtain consent or a proper license from the patent owner to use the patent except for certain specific circumstances provided by law. Otherwise, the use will constitute an infringement of the patent rights.

REGULATORY OVERVIEW

Trademarks

Both Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the NPC Standing Committee in 1982 and amended respectively on February 22, 1993, October 27, 2011 and August 30, 2013, and with effective on May 1, 2014 and the Regulation on Implementation of Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, amended on April 29, 2014 and with effective on May 1, 2014 provide protection to the holders of registered trademarks. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective marks and certificate marks.

A registered trademark is valid for ten years and is renewable every ten-years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months prior to the expiration of the term.

Under the Trademark Law of the PRC, any of the following acts maybe regarded as an infringement upon the right to exclusive use of a registered trademark, including (1) to use a trademark that is identical with a registered trademark in respect of the same goods without authorization of the proprietor of the registered trademark; (2) to use a trademark similar to a registered trademark in respect of the same goods or to use a trademark identical with or similar to a registered trademark in respect of similar goods, without authorization of the proprietor of the registered trademark, where such use is likely to cause confusion; (3) to sell the goods that infringe the exclusive right to use a registered trademark; (4) to counterfeit, or to make, without authorization, representations of a registered trademark of another person, or to sell such representations of a registered trademark as were counterfeited, or made without authorization; (5) to replace, without authorization, a registered trademark and put the goods bearing the replaced trademark on the market; (6) to intentionally provide a person with conveniences for such person's infringement of the trademark of another person or facilitate such person's infringement of the trademark of another person; (7) to cause, in other aspects, prejudice to the exclusive right of another person to use a registered trademark.

Violation of the Trademark Law of the PRC may result in the imposition of fines, confiscation and destruction of the infringing commodities.

LABOR LAW AND REGULATIONS

Enterprises in China are mainly subject to the following PRC labor laws and regulations: Labor Law of the PRC (《中華人民共和國勞動法》), PRC Labor Contracts Law (《中華人民共和國勞動合同法》), the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the Regulation of Insurance for Work-Related Injury (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》), the Provisional Measures on Insurance for Maternity of Employees (《企業職工生育保險試行辦法》), the Interim Provisions on Registration of Social Insurance (《社會保險登記管理暫行辦法》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), the Administrative Regulation on Housing Fund (《住房公積金管理條例》) and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time.

REGULATORY OVERVIEW

The principal regulations governing the employment contract is the PRC Labor Contracts Law, which was promulgated by the NPC Standing Committee on June 29, 2007 and amended on December 28, 2012 and came into effect on July 1, 2013. Pursuant to the PRC Labor Contracts Law, employers shall establish employment relationship with employees on the date that they start employing the employees. To establish employment, a written employment contract shall be concluded, or employers will be liable for the illegal actions. Furthermore, the probation period and liquidated damages shall be restricted by the law to safeguard employees' rights and interests.

As required under the Social Insurance Law of the PRC, the Regulation of Insurance for Work-Related Injury, the Provisional Measures on Insurance for Maternity of Employees, the Interim Provisions on Registration of Social Insurance and the Administrative Regulation on Housing Fund, enterprises in China are obliged to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance, medical insurance and housing accumulation fund.

REGULATIONS IN RELATION TO ENVIRONMENTAL PROTECTION

With respect to the environmental protection in the process of engineering and construction contracting, according to such laws and regulations as the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (promulgated on and implemented since December 26, 1989, amended on April 24, 2014 and implemented since January 1, 2015), the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), (promulgated on November 1, 1997 and implemented since January 1, 1998, amended on October 28, 2007 and implemented since April 1, 2008, and amended on July 2, 2016 and implemented on the same day), the Environmental Impact Evaluation Law of the PRC (《中華人民共和國環境影響評價法》) (promulgated on October 28, 2002 and implemented since September 1, 2003, and amended on July 2, 2016), the Law on the Prevention of the Environmental Pollution of Solid Waste of the PRC (《中華人民共和國固體廢物污染環境防治法》) (promulgated on October, 30 1995 and implemented since April 1, 1996, and amended successively on December, 29 2004, June, 29 2013, April, 24 2015 and November 7, 2016), the Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), promulgated on and implemented since November 29, 1998 and amended on July 16, 2017 and implemented on October 1, 2017), and the Measures on Administration Concerning the Environmental Protection Acceptance Check on Construction Projects (《建設項目竣工環境保護驗收管理辦法》), promulgated on December, 27 2001 and implemented since February, 1 2002 and amended on December 22, 2010, the construction of any project that causes pollution to the environment must comply with the PRC government's regulations on environment protection relating to the construction projects. The PRC government has implemented a mechanism for the evaluation of environmental impact of construction projects. A construction enterprise shall adopt measures to control environmental pollutions and damages caused by dust, waste gas, sewages, solid waste, noises and vibrations at the construction site in accordance with the environmental protection and work safety laws and regulations.

REGULATORY OVERVIEW

Penalties for an enterprise that has violated the environmental protection laws are determined based on the extent of the pollution caused and the seriousness of the particular violations. Such penalties include warning, fines, remedial actions to be taken within the fixed time period, suspension of business, and closure. A non-compliance enterprise shall also pay damages to other enterprises for the losses they incurred due to the pollution. For any significant environmental pollution accident resulting from violations of the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) and causing such serious consequences as major losses of public and private assets or casualties, perpetrators bear criminal liability in accordance with laws and regulations.

HISTORY AND CORPORATE STRUCTURE

KEY CORPORATE MILESTONES

The following is a summary of our key corporate development milestones:

Date	Event
August 2007	Shanghai Qijia was established
December 2010	We completed our Series A financing, our first round of private equity financing
September 2012	We commenced our online interior design and construction platform business through our website www.jia.com
July 2014	We launched our Jia.com mobile app
November 2014 – April 2015	We underwent the Reorganization whereby an offshore red-chip structure was adopted with contractual arrangement to control our PRC operations We also adopted super-voting arrangement whereby our founder and certain core individual shareholders hold Class B Ordinary Shares allowing two votes per share on an as-converted basis at our general meetings, which we expect to terminate immediately upon completion of the Global Offering. Class A Ordinary Shares, each representing one vote per share, were authorized, though none issued, and reserved for the Preferred Shares and our Pre-IPO Share Option Scheme We made a strategic investment in Guangzhou Seagull
April 2015	We completed our Series B financing, our second round of strategic financing
August 2015	We acquired Brausen and its subsidiaries
August 2016	We established Jumei
March 2018	We completed our Series C financing, our third round of strategic financing totaling US\$22.3 million from Cachet Special

HISTORY AND CORPORATE STRUCTURE

OUR CORPORATE HISTORY AND DEVELOPMENT

Our history traces back to 2007 when Mr. Deng, our founder, together with his wife, Ms. Sun, and Wu Jie, a friend of Mr. Deng and an Independent Third Party, through Shanghai Daihua Info & Technology Co., Ltd. (“**Shanghai Daihua**”), established Shanghai Qijia, our core operating entity in the PRC which became our Consolidated Affiliated Entity in 2015 as part of our Reorganization. Shanghai Qijia’s initial operations were funded by Shanghai Daihua, which was held as to 95% by Mr. Deng and his wife and as to 5% by Wu Jie. Mr. Deng funded the capital contribution using his personal funds.

Shanghai Qijia was established for purposes of capturing the significant business opportunity in China’s fast growing interior design and construction industry. Initially, it was engaged in, among other things, operations of shopping malls and sales of interior design and construction equipment and materials, or the Shopping Mall Management and Leasing Business, as detailed below, which was Shanghai Qijia’s core business until 2015 and then disposed in March 2018. In 2012, we commenced our online platform business through our website www.jia.com. In 2015, we decided to transform our strategic focus from the Shopping Mall Management and Leasing Business to online platform business, as we foresaw the change in consumer preference from purchasing construction equipment and materials directly towards looking for all-inclusive packaged interior design and construction services. In 2015, we also commenced the business of providing home interior design and construction services in Shanghai through one of Shanghai Qijia’s then indirect wholly-owned subsidiaries. We subsequently expanded our self-operated interior design and construction business, through our acquisition of Brausen in August 2015, our establishment of Shanghai Qiyu in December 2015, and our establishment of Jumei in August 2016. Considering the short history of our current business, namely, our online platform business and self-operated interior design and construction business, we are still at the early stage of monetization.

In February 2008, Mr. Deng procured that Shanghai Daihua transferred its entire equity interest in Shanghai Qijia to Suzhou Qijia Science & Technology Co., Ltd. (“**Suzhou Qijia**”), which was held by Mr. Deng, eight individuals, and Cowin Venture, our first Series A Investor, for a total consideration of RMB1.0 million, determined based on the parties’ mutual view as to the valuation of Shanghai Qijia at the time of the transaction.

In August 2008, to further fund the growing operations, Shanghai Qijia conducted a RMB9.0 million capital increase to increase its registered capital to RMB10.0 million. In December 2009, Suzhou Qijia distributed all its holding in Shanghai Qijia to its then shareholders on pro-rata basis, and was de-registered. As a result, Mr. Deng, the eight individuals and Cowin Venture, directly held 54.0%, 31.0% in aggregate and 15% equity interests in Shanghai Qijia, respectively. As our first Series A Investor, Cowin Venture’s capital contribution to Shanghai Qijia was RMB1.5 million.

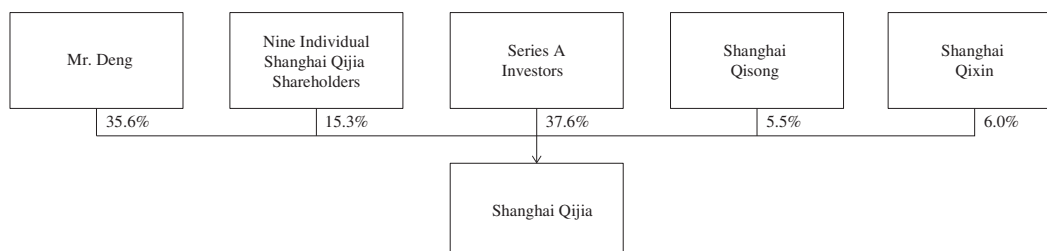
During 2010, additional Series A Investors were introduced as shareholders of Shanghai Qijia as part of our Series A financing. For further details on these investors, see “– Pre-IPO Investments.” Around the same time, we also established Shanghai Qisong as a holding entity

HISTORY AND CORPORATE STRUCTURE

for the underlying shares of our planned employee share option scheme, which held 7.0% equity interest of Shanghai Qijia purchased from Mr. Deng for a consideration of RMB700,000. In October 2010, two of the then existing eight individual shareholders of Shanghai Qijia sold a portion of their holdings to a new individual shareholder, namely Yang Zhenyu, an Independent Third Party, for a total consideration of RMB960,000, (this individual and the then existing eight individual shareholders of Shanghai Qijia, collectively, the “**Nine Individual Shanghai Qijia Shareholders**”). Additionally, the Nine Individual Shanghai Qijia Shareholders agreed to exercise their voting power in regard to such ownership interest in our Group at the direction of Mr. Deng (the “**Interim Voting Arrangement**”).

In July 2012, we established Shanghai Qixin, another holding entity for the underlying shares of our planned employee share option scheme, which held 6.0% equity interest in Shanghai Qijia with shares being transferred from four of the individual shareholders. Qixin financed such purchase through an interest free loan of RMB16.88 million from Shanghai Qijia. As a result, as of December 2014, Shanghai Qijia was held by Mr. Deng as to 35.6%, the Nine Individual Shanghai Qijia Shareholders in aggregate as to 15.3%, the Series A Investors in aggregate to 37.6% and Shanghai Qisong and Shanghai Qixin as to 5.5% and 6.0% respectively.

The shareholding structure of Shanghai Qijia as of such time after the completion of our Series A financing, and before our Reorganization is as follows:



Starting in November 2014, in order to support our growing business and to adopt an offshore holding structure in anticipation of raising Series B financing from offshore investors, we conducted certain reorganization steps (the “**Reorganization**”):

- ***Incorporation of Cayman Islands holding vehicle.*** We incorporated a Cayman Islands holding vehicle, being our Company and the proposed Listing vehicle;
- ***Establishment of BVI holding vehicle.*** We established Qijia Holding Limited, a wholly-owned subsidiary of our Company in BVI;
- ***Establishment of Hong Kong subsidiary.*** We established Qeeka HK, a wholly-owned subsidiary of Qijia Holding Limited, in Hong Kong;
- ***Incorporation of WFOE.*** In April 2015, we established Qijia Network Technology in the PRC as a wholly foreign-owned enterprise and a wholly owned subsidiary of Qeeka HK;

HISTORY AND CORPORATE STRUCTURE

- ***Enter into contractual arrangement to consolidate Shanghai Qijia.*** By the end of April 2015, Qijia Network Technology entered into contractual arrangements with Shanghai Qijia and its then shareholders (the “**Old Contractual Arrangements**”), the effect of which is for our Company to gain effective control over Shanghai Qijia and enable us to enjoy the economic benefit and consolidate financial results of Shanghai Qijia into our Group;
- ***Adoption of pre-IPO super-voting arrangement.*** We adopted a super-voting arrangement, which is to terminate immediately prior to completion of the Global Offering. Class B Ordinary Shares were issued to Mr. Deng, with each share representing two votes per share on an as-converted basis at our general meetings, as opposed to one vote per share on an as-converted basis for our preference shares in issue.

In April 2015, seven of the nine individual shareholders partially sold their interest in Shanghai Qijia to Mr. Deng for a total consideration of RMB24.0 million. Also around the same time, as part of our Reorganization, the Nine Individual Shanghai Qijia Shareholders entered into various share transfer agreements with Mr. Deng, whereby they transferred all their remaining shares in Shanghai Qijia to Mr. Deng, with the understanding that their ownership interest in our Group will be restored at our Cayman Islands holding vehicle level as soon as they complete the required registration procedures pursuant to applicable PRC laws and regulations. Additionally, the Nine Individual Shanghai Qijia Shareholders and Mr. Deng agreed that the Interim Voting Arrangement would continue to be effective until the restoration of their shareholding. Upon the completion of such onshore transfer, Mr. Deng held 50.9% equity interest in Shanghai Qijia, the Series A Investors held in aggregate 37.6% and Shanghai Qisong and Shanghai Qixin held 5.5% and 6.0%, respectively. Subsequently in March 2018, the Nine Individual Shanghai Qijia Shareholders completed relevant PRC legal procedures and became eligible to hold shares at our Company’s level. As a result, each of them established their respective BVI holding vehicles and Qeeka Holding, the holding vehicle for Mr. Deng, restored their respective shareholding and also terminated the Interim Voting Arrangement. In particular, 11,275,898 Class B Ordinary Shares, representing approximately 11.65% equity interest in our Company in aggregate were transferred from Mr. Deng to these BVI holding companies. For further details on the percentage of equity interest and voting power of these individual shareholders and their BVI holding vehicles companies, see “– Pre-IPO Investments” below.

As part of our Reorganization, between April 2015 and December 2015, the then existing Shareholders, including Series A Investors, were flipped up to the Cayman Islands holding vehicle level. In particular, our Company issued 29,650,481 Series A Preferred Shares to the offshore affiliates designated by the Series A Investors (other than CDH Entities as described below). Series B Investors were also introduced after the Reorganization as shareholders of our Company as part of our Series B financing. For further details on these investors, see “– Pre-IPO Investments – 1. Overview – Series B Investors” below.

In March 2018, Cachet Special, an Independent Third Party, was introduced as a Series C Investor. For further details on the investment by Cachet Special, see “Pre-IPO Investments” below.

HISTORY AND CORPORATE STRUCTURE

OTHER MAJOR HISTORICAL DEVELOPMENT OF OUR GROUP

- **2011 A-Share Listing Application.** In March 2011, Shanghai Qijia filed an application to the CSRC for listing of its shares on the Shenzhen Stock Exchange (the “**A-Share Listing Application**”). The CSRC accepted the A-Share Listing Application for review in April 2011, and we received one round of written feedback from the CSRC in July 2011, which we believed did not include any unusual or uncommon comment or otherwise raised any objection or significant challenge to the A-Share Listing Application. We subsequently decided not to proceed with the A-Share Listing Application in October 2011, due to changes of market condition of the A-Share Listing, particularly the continued significant downward adjustment commencing in April 2011, resulting in the strong preference of our Series A Investors to pursue an offshore listing to achieve satisfactory valuation of our Group.
- **2014-2015 Investment of Guangzhou Seagull.** To pursue strategic and synergic values we anticipate through, among other things, optimized and centralized procurement and better quality control over product supply utilized for our operations, we invested in Guangzhou Seagull, a company listed on the Shenzhen Stock Exchange (stock code: 002084) engaging in the production and sale of high-end plumbing equipment and hardware. In particular, Shanghai Qijia acquired 18,000,000 shares in Guangzhou Seagull for a consideration of RMB120.1 million in November 2014, and Shanghai Qisheng acquired 5,026,041 shares in Guangzhou Seagull for a consideration of RMB29.0 million in September 2015. As a result of the above transactions, through Shanghai Qijia and Shanghai Qisheng, we hold an aggregate of 23,026,041 shares in Guangzhou Seagull, representing approximately 4.5% of its issued share capital as of December 31, 2017. As part of our investment, (i) we also have the right to nominate two directors to the board of Guangzhou Seagull, and Mr. Deng, our founder, is currently serving as one of our nominated Guangzhou Seagull directors, and (ii) we granted Guangzhou Seagull the right to invest no more than a minority interest in our Company. In 2015, Guangzhou Seagull completed its investment in our Company as part of our Series B financing and acquired 2,267,347 Series B Preferred Shares for a consideration of US\$13.6 million.

In addition, we, through our wholly-owned subsidiary Shanghai Qixu, participated in a fund as a co-general partner, Shanghai Qihong Equity Investment Fund (Limited Partnership) (上海齊泓股權投資基金合夥企業(有限合夥)) (“**Shanghai Qihong**”), to which the wholly-owned subsidiary of GF Xinde Investment, one of our Series A Investors, acted as a co-general partner and also a limited partner. We accounted for Shanghai Qihong as an associate. Shanghai Qihong also invested in Guangzhou Seagull and held approximately 8.5% of Guangzhou Seagull as of December 31, 2017.

HISTORY AND CORPORATE STRUCTURE

- **2015 Acquisition of Brausen.** We acquired Brausen, a Fujian-headquartered home interior design and construction group, to expand our full-service self-operated home interior design and construction businesses in 2015.

In August 2015, Shanghai Qijia acquired 32.26% equity interest in Brausen and its subsidiaries from Lin Long, an Independent Third Party, for a consideration of approximately RMB1.65 million. The consideration for the acquisition was determined on arms' length basis among the parties taking into account the value of Brausen's then registered capital. The remaining equity capital of Brausen was held by two individuals, namely Zuo Hanrong and Chen Yangui, both Independent Third Parties, as to 45.07% and 22.67%, respectively. Shanghai Qijia also subscribed for additional capital of RMB6.25 million in Brausen, representing approximately 37.74% of its equity interests, at a consideration of RMB25 million. The consideration for the capital increase was determined based on arm's length negotiation among the parties taking into account the fair market value of Brausen's underlying businesses at that time.

As a result of these transactions, we controlled 69.89% equity interest in and consolidated the results of Brausen. Our PRC Legal Adviser has confirmed that the acquisition and the capital increase has been properly and legally completed on August 2015 and all applicable regulatory approvals have been obtained. Our PRC Legal Advisor has confirmed that the acquisitions as described above have been properly and legally completed.

- **2017-18 Disposal of Shopping Mall Management and Leasing Business.** Our Group operated and managed interior-design, home decoration and construction themed shopping malls primarily for merchants to engage in sales of construction materials. Given the difference in nature of the shopping mall management and leasing business to the anticipated core business of our Group upon Listing, being the provision of online home interior design and construction services, we decided to dispose of the Disposed Entity, our then wholly-owned subsidiary operating such disposed business in December 2017, to Ninghua Humin Investment Limited Partnership as to 99.9%, and Mr. Qiu Zhenyi as to 0.1%, for a total consideration of RMB18.01 million. Mr. Qiu Zhenyi, also one of the Nine Individual Shanghai Qijia Shareholders, acted as the general partner of and one of the limited partners holding 10% of the partnership for the benefit of Mr. Deng, both exercising such power at the direction of Mr. Deng, our founder, and hold such limited partner interest on behalf of Mr. Deng. Mr. Deng is also a limited partner holding 90% of the partnership. The consideration for the disposal was determined based on the mutual view regarding the valuation of the Disposed Business. The disposal was completed in March 2018. Our PRC Legal Advisor has confirmed that the disposal as described above has been properly and legally completed. We recorded a gain on disposal of RMB34.7 million for the Disposed Entity as of March 2018.

HISTORY AND CORPORATE STRUCTURE

- **Revised Contractual Arrangements.** In early 2018, in anticipation of the Global Offering, we underwent a further group restructuring to adjust our contractual arrangements. In February 2018, Qijia Network Technology, Shanghai Qijia and the shareholders of Shanghai Qijia entered into a set of revised Contractual Arrangements which replaced the Old Contractual Arrangements entered into as part of our Reorganization in 2015. See “Contractual Arrangements” in this prospectus for further details.
- **Narrowly Tailoring the VIE and Related Intra-group Restructuring.** In early 2018, we also underwent the intra-group restructuring below to narrowly tailor our contractual arrangements and transferred certain of our PRC subsidiaries and related businesses not subject to foreign investment restrictions under applicable PRC laws and regulations outside our Consolidated Affiliated Entities. In particular:
 - Shanghai Qiyu, a wholly-owned subsidiary of Shanghai Qijia, acquired all the equity interests of each of Shanghai Qisheng, Qijia Wallet Financial Information Service, Shanghai Qixu, Tianjin Qijia, Sanming Qijia Network, Shanghai Qijia Internet, Qijia Bao and Fujian Qiyi, all of which were previously held by Shanghai Qijia;
 - Brausen acquired all the equity interests of Fuzhou Qijia, all which was previously held by Shanghai Qijia; and
 - Apex Gold International Limited (“**Apex Gold**”) subscribed 0.99% of the enlarged share capital of Shanghai Qiyu, at a total consideration of RMB50,000 in March 2018. Then Qijia Network Technology acquired the entire equity interest of Shanghai Qiyu from Shanghai Qijia and Apex Gold, thus making Shanghai Qiyu and its subsidiaries being held under Qijia Network Technology.

OUR MAJOR SUBSIDIARIES AND PRC OPERATING ENTITIES

The principal business activities, date of establishment or acquisition of each member of our Group that made a material contribution to our financial results during the Track Record Period are shown below:

Name of company	Principal business activities	Date of establishment or acquisition	Date of commencement of business
Shanghai Qijia	Operation of our online interior design and construction platform and provision of Internet information services	August 9, 2007	August 9, 2007
Shanghai Qiyi	Operation of our online interior design and construction platform and provision of Internet information services	September 8, 2011	September 8, 2011

HISTORY AND CORPORATE STRUCTURE

Name of company	Principal business activities	Date of establishment or acquisition	Date of commencement of business
Qijia Network Technology	Holding company of our PRC subsidiaries	April 16, 2015	April 16, 2015
Qijia Wallet Financial Information Service	Provision of escrow payment services	December 2, 2013	December 2, 2013
Brausen	Provision of interior design and construction services	August 24, 2015	June 23, 2006
Shanghai Qiyu	Provision of technology and consulting services	September 23, 2015	September 23, 2015

PRE-IPO INVESTMENTS

1. Overview

Our Company underwent three rounds of Pre-IPO Investment:

Series A Investors

- ***Hua Yuan International.*** In February 2008, we introduced Cowin Venture, the designated onshore holding vehicle of Hua Yuan International, as a shareholder, holding 15% equity interest in Shanghai Qijia at the time through capital contribution of RMB1.5 million. Cowin Venture is engaged in equity investment, focusing on start-up companies across various industries in China. We were first acquainted with Cowin Venture in 2007, through the introduction by our business partners from other projects. At that time, Cowin Venture was focused on investments in the internet industry and we were one of the leading online home improvement companies in eastern China. Cowin Venture was our first Pre-IPO Investor and was able to provide us with localized industry information. Our non-executive Director, Mr. Sheng, was appointed by Hua Yuan International.
- ***Cowin.*** In February 2010, we introduced Cowin Jinqu, the designated onshore holding vehicle of Cowin, as a shareholder, holding 2.5% equity interest in Shanghai Qijia at the time, for a consideration of RMB12.5 million. Cowin Jinqu is engaged in equity investment across various industries in China. Cowin Jinqu was first acquainted with us in 2010, through recommendations by other equity investment companies. It invested in us based on its optimism for growth of the internet industry and B2B platforms. Cowin Jinqu's investment allowed us to increase our cash reserves and to develop our business.

HISTORY AND CORPORATE STRUCTURE

- ***Guangfa Xinde Capital.*** In February 2010, we introduced GF Xinde Investment, the designated onshore holding vehicle of Guangfa Xinde Capital, as a shareholder, holding 4.41% equity interest in Shanghai Qijia at the time, for a total consideration of RMB22.5 million. GF Xinde Investment is engaged in equity investment across various industries in China. GF Xinde Investment was first acquainted with us in 2010. At the time, we were one of the leading building materials suppliers in China and GF Xinde Investment initiated contact with us, in light of its interest to invest in internet based businesses. GF Xinde Investment's investment brought additional benefits to us, as it was able to introduce potential investors to us by utilizing its capital market resource advantages.
- ***Qianrong Capital.*** In September 2010, we introduced Suzhou Kunrong, the designated onshore holding vehicle of Qianrong Capital, as a shareholder, holding 1.05% equity interest in Shanghai Qijia at the time, for a consideration of RMB10 million. Suzhou Kunrong is engaged in equity investment across various industries in China. Suzhou Kunrong was first acquainted with us in 2010. At the time, we already had well-established presence in the home improvement industry, and Suzhou Kunrong learned of our funding needs during our business expansion stage. Its investment allowed us to increase our cash reserves and to develop our business.
- ***CDH Entities.*** In September 2010, we introduced CDH Weixin and CDH Weisen (collectively, the "**CDH Entities**") as shareholders, collectively holding 4.21% equity interest in Shanghai Qijia at the time, for a total consideration of RMB40 million. The CDH Entities are engaged in equity investment across various industries in China. They were first acquainted with us in 2010, through a business associate of Mr. Deng, and were seeking to invest in Internet based businesses at the time.

In April 2015, as part of our Reorganization, the CDH Entities entered into the Old Contractual Arrangements with Qijia Network Technology and Shanghai Qijia with respect to its interest in Shanghai Qijia, with an expectation that our Company will issue an aggregate 3,080,050 of Series A-3 Preferred Shares to them as soon as they are eligible to hold such shares pursuant to applicable PRC laws and regulations. Upon completion of our Reorganization, the CDH Entities held all rights and benefits as such holder of Series A-3 Preferred Shares with the only exception that such Preferred Shares were held in the form of authorized and unissued capital for and on behalf of the CDH Entities (such arrangement, the "**CDH Arrangement**").

In March 2018, as CDH Entities confirmed that they could not meet the required eligibility to be issued such Preferred Shares, a total consideration of RMB77.5 million was paid by us to fully settle the CDH Arrangement. The consideration was determined through friendly negotiation taking into account the then valuation of our Group as well as certain valuation discounting factors associated with the arrangement. The settlement process involved (i) a loan provided by Qijia Network

HISTORY AND CORPORATE STRUCTURE

Technology to Mr. Deng for purposes of enabling such settlement, and (ii) Mr. Deng's payment of such loan proceeds to CDH Entities to settle the CDH Arrangement. As a result, a loan arrangement was entered into between Qijia Network Technology and Mr. Deng, which became a part of the current Contractual Arrangements. As a result of the settlement, the CDH Arrangement was fully settled and terminated in March 2018. For further details of the loan and the Contractual Arrangements, see "Contractual Arrangements – Contractual Arrangements – Summary of the material terms of the Contractual Arrangements – Loan Agreements."

- **Baidu HK.** In December 2010, as part of our Series A financing, we introduced Beijing Baidu, the onshore affiliate of Baidu HK, as a shareholder, holding 16% equity interest in Shanghai Qijia at the time, for a total consideration of RMB190 million. Beijing Baidu is engaged in internet based services. Beijing Baidu first became acquainted with us in 2010. At that time, Beijing Baidu realized it could utilize its online traffic advantage to carry out strategic cooperation with us to help expand our business. Beijing Baidu's investment brought us additional benefits such as their reputation across the internet services industry, which we believed would attract more potential investors to our Company. Our non-executive Director, Mr. Wu, was appointed by Baidu HK.

In April 2015, as we underwent our Reorganization, the shareholdings of the Series A Investors other than CDH Entities (which had been held by their designated onshore holding vehicles at the time) were flipped up to Cayman Island level.

As of April 30, 2015, the Series A Investors, including, Hua Yuan International, Cowin, Guangfa Xinde Capital, Qianrong Capital and Baidu HK became shareholders of our Company, holding 10,191,275 Series A-1 Preferred Shares, 1,698,560, Series A-2 Preferred Shares, 3,057,322 Series A-2 Preferred Shares, 769,991 Series A-3 Preferred Shares and 13,933,333 Series A-4 Preferred Shares, respectively, representing 10.53%, 1.76%, 3.16%, 0.80% and 14.40% of equity interests in our Company as of the Latest Practicable Date, respectively.

Series B Investors

- **Orchid Asia.** In April 2015, we introduced Orchid Asia as a shareholder, whereby we issued 10,000,000 Series B Preferred Shares, representing 10.33% of the equity interest in our Company as of the Latest Practicable Date, for a consideration of US\$60 million. Orchid Asia is an affiliate and part of the investment group of Orchid Asia Group Management, Limited ("**Orchid Asia Group**"). The investment group focuses on companies in Asia and China. In 2014, Orchid Asia was seeking for investment opportunity in online decoration industry and through introduction and recommendation by our business partners, Orchid Asia was then acquainted with us and then invested in us. One of our non-executive Directors, Mr. Li, the managing partner of Orchid Asia Group, was appointed by Orchid Asia as our director.

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- ***Jianxin Capital.*** In April 2015, we introduced Jianxin Capital as a shareholder, whereby we issued 833,333 Series B Preferred Shares, representing 0.86% of the equity interest in our Company as of the Latest Practicable Date, for a consideration of US\$5.0 million. Jianxin Capital is engaged in the business of equity investment across TMT and medical and healthcare industries in China. Jianxin Capital was first acquainted with us in 2014, through the recommendation of a friend of Mr. Deng. At the time, Jianxin Capital was seeking to invest in internet based businesses, and was interested to invest in us in light of our established presence in the building materials industry. Its investment allowed us to increase our cash reserves and to develop our business.
- ***Seagull.*** In December 2015, we introduced Seagull, an affiliate of Guangzhou Seagull which is a Shenzhen listed A share company in which we invested in November 2014, as a shareholder, whereby we issued 2,267,347 Series B Preferred Shares representing 2.34% of the equity interest in our Company as of the Latest Practicable Date for a consideration of US\$13.6 million. Seagull is engaged in equity investment in China. Before Seagull invested in our Company, we had made strategic investment in Guangzhou Seagull, an affiliate of Seagull in 2014. For details, see “History and Corporate Structure – Other Major Historical Development of our Group”. We believed Seagull’s investment in our Company was conducive to the stability of our equity investment in Guangzhou Seagull and future business cooperation.
- ***SIP Oriza.*** In December 2015, we introduced SIP Oriza as a shareholder, whereby we issued 8,333,333 Series B Preferred Shares representing 8.61% of the equity interest in our Company as of the Latest Practicable Date for a consideration of US\$50 million. SIP Oriza is engaged in equity investment across various industries in China. SIP Oriza was first acquainted with us in 2015, after it became aware of certain of our Series A Investors’ investments in our Company. Its investment allowed us to to increase our cash reserves and to develop our business.

Series C Investor

- ***Cachet Special.*** In March 2018, as we arranged for the settlement of the CDH Arrangement, we introduced Cachet Special as a Series C Investor. In particular, (i) 3,080,050 Series A-3 Preferred Shares, equaling the authorized and unissued capital reserved in connection with the CDH Arrangement and representing 3.18% of our equity interest as of the Latest Practicable Date were issued at a consideration of US\$12.3 million; and (ii) 1,134,014 Series C Preferred Shares, representing 1.17% of our then equity interest, at a consideration of US\$10 million was issued, collectively based on the parties’ valuation of the Group as of the time of such investment. Cachet Special is a multi-strategy investment fund, which was first acquainted with us in 2018. Its investment allowed us to increase our cash reserves and to develop our business. As part of this round of financing, shareholders also revised certain special rights in anticipation of the Global Offering.

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The consideration for each of the Pre-IPO Investments was determined based on arm's length negotiations between our Company, the Pre-IPO Investors and our Controlling Shareholders after taking into account the timing of the subscription, the illiquidity of the shares as a private company when the Pre-IPO Investments were entered into and the fair value of any relevant business contributed in conjunction with the Pre-IPO Investments (where applicable).

In connection with the Pre-IPO Investments, our Company, Qeeka Holding, Mr. Deng and the Pre-IPO Investors entered into the Shareholders' Agreement on April 30, 2015, which was amended and restated on March 1, 2018. All the special rights of the Pre-IPO Investors pursuant to the Shareholders' Agreement will terminate upon the Listing.

The table below is a summary of the capitalization of the Company:

Shareholders	Class A Ordinary Shares ⁽¹⁾	Class B Ordinary Shares ⁽²⁾	Series A Preferred Shares ⁽³⁾	Series B Preferred Shares ⁽³⁾	Series C Preferred Shares ⁽³⁾	Total number of Shares convertible immediately prior to the capitalization Issue	Ownership percentage as of the date of this prospectus ⁽³⁾	% of voting power as of the date of this prospectus ⁽⁴⁾	Ownership percentage as of the Listing Date ⁽⁵⁾
Qeeka Holding ⁽⁶⁾	-	30,234,953	-	-	-	30,234,953	31.231%	43.72%	24.99%
Baidu HK ⁽⁷⁾	-	-	13,933,333	-	-	13,933,333	14.393%	10.07%	11.51%
Cowin ⁽⁸⁾	-	-	1,698,560	-	-	1,698,560	1.755%	1.23%	1.40%
Hua Yuan International ⁽⁹⁾	-	-	10,191,275	-	-	10,191,275	10.527%	7.37%	8.42%
Guangfa Xinde Capital ⁽¹⁰⁾	-	-	3,057,322	-	-	3,057,322	3.158%	2.21%	2.53%
Qianrong Capital ⁽¹¹⁾	-	-	769,991	-	-	769,991	0.795%	0.56%	0.64%
Orchid Asia ⁽¹²⁾	-	-	-	10,000,000	-	10,000,000	10.330%	7.23%	8.26%
Jianxin Capital ⁽¹³⁾	-	-	-	833,333	-	833,333	0.861%	0.60%	0.69%
Seagull ⁽¹⁴⁾	-	-	-	2,267,347	-	2,267,347	2.342%	1.64%	1.87%
SIP Oriza ⁽¹⁵⁾	-	-	-	8,333,333	-	8,333,333	8.608%	6.02%	6.89%
Cachet Special ⁽¹⁶⁾	-	-	3,080,050	-	1,134,014	4,214,064	4.353%	3.05%	3.48%
Josephine Holding ⁽¹⁷⁾	-	2,863,997	-	-	-	2,863,997	2.958%	4.14%	2.37%
Stevenwater Holding ⁽¹⁸⁾	-	1,679,402	-	-	-	1,679,402	1.735%	2.43%	1.39%
Zhenyi Home ⁽¹⁹⁾	-	1,331,069	-	-	-	1,331,069	1.375%	1.92%	1.10%
Tangliang Home ⁽²⁰⁾	-	1,031,502	-	-	-	1,031,502	1.065%	1.49%	0.85%
Yuyang Home ⁽²¹⁾	-	770,252	-	-	-	770,252	0.796%	1.11%	0.64%
Zhangrong Home ⁽²²⁾	-	447,782	-	-	-	447,782	0.462%	0.65%	0.37%
Tianyuan Home ⁽²³⁾	-	621,949	-	-	-	621,949	0.642%	0.90%	0.51%
Sunjie Home ⁽²⁴⁾	-	1,358,761	-	-	-	1,358,761	1.404%	1.97%	1.12%
Rising Capital ⁽²⁵⁾	-	1,171,184	-	-	-	1,171,184	1.210%	1.69%	0.97%
Public Shareholders	-	-	-	-	-	-	-	-	20.00%
Total	-	41,510,851	32,730,531	21,434,013	1,134,014	96,809,409	100%	100%	100%

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Notes:

- (1) Class A Ordinary Shares, none issued as of the Latest Practicable Date, are authorised and reserved for the Pre-IPO Share Option Scheme. All the Class A Ordinary Shares will be redesignated into Shares upon Listing.
- (2) Each Class B Ordinary Share allows two votes per share on an as-converted basis at our general meetings, which we expect to terminate immediately prior to the completion of the Global Offering. All the Class B Ordinary Shares will be redesignated into Shares upon Listing, and will carry one vote per Share.
- (3) All the Preferred Shares carry one vote per Preferred Share. Pursuant to the Articles, all the Preferred Shares will automatically convert into Class A Ordinary Shares on a one-for-one basis upon Listing and will be redesignated into Shares.
- (4) “% of voting power” refers to the number of votes to which a particular shareholder is entitled, divided by the total number of votes to which all shareholders of the Company are entitled. In particular, as of the date of this prospectus, (a) the holder of each Class A Ordinary Share issued and outstanding shall have one vote in respect of each Class A Ordinary Share held; (b) the holder of each Preferred Share shall be entitled to such number of votes as equals the whole number of Class A Ordinary Shares into which such holder’s collective Preferred Shares are convertible immediately after the close of business on the record date of the determination of the Company’s Shareholders entitled to vote or, if no such record date is established, at the date such vote is taken or any written consent of the Company’s Shareholders is first solicited; and (c) the holder of each Class B Ordinary Share issued and outstanding shall have two votes in respect of each Class B Ordinary Share held.
- (5) Calculated after taking into account the Shares to be issued pursuant to the Capitalization Issue and the Global Offering (assuming no exercise of the Over-allotment Option and no exercise of any options granted under the Pre-IPO Share Option Scheme).
- (6) Qeeka Holding is one of our Controlling Shareholders before the Listing. Upon the Listing, Qeeka Holding and Mr. Deng will cease to be our Controlling Shareholders and will remain as our single largest shareholder.
- (7) Baidu HK is an investment holding company wholly-owned by Baidu Holdings Limited (BVI), which is wholly-owned by Baidu Inc., a listed company on the NASDAQ (NASDAQ: BIDU). Baidu HK was an Independent Third Party before it became our Pre-IPO Investor. The designated onshore holding vehicle of Baidu HK is Beijing Baidu Netcom Science Technology Co., Ltd (北京百度網訊科技有限公司).
- (8) Cowin is a company incorporated under the laws of the Cayman Islands, and is a wholly-owned subsidiary of Cowin Jinq. Cowin is an Independent Third Party before it became our Pre-IPO Investor. Cowin is principally engaged in venture capital investment. The designated onshore holding vehicle of Cowin is Cowin Jinq.
- (9) Hua Yuan International is wholly-owned by China-Singapore Suzhou Industrial Park Ventures Co., Ltd., which is wholly-owned by Suzhou Oriza Holdings Co., Ltd, which is owned as to 70% by Suzhou Industrial Park Economic Development Co., Ltd. and as to 30% by Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd., both of which are wholly-owned by Suzhou Industrial Zone Management Committee. Hua Yuan International was an Independent Third Party before it became our Pre-IPO Investor. Hua Yuan International is a Hong Kong company principally engaged in equity investment. The designated onshore holding vehicle of Hua Yuan International is Cowin Venture Capital Co., Ltd. (凱風創業投資有限公司).
- (10) Guangfa Xinde Capital is a wholly-owned subsidiary of GF Investments (Hong Kong) Company Limited, which is ultimately wholly owned by GF Securities Co., Ltd. (Stock Code: 1776). Guangfa Xinde Capital is an Independent Third Party before it became our Pre-IPO Investor. Guangfa Xinde Capital is a company incorporated under the laws of the BVI, and is principally engaged in equity investment. The designated onshore holding vehicle of Guangfa Xinde Capital is GF Xinde Investment Management Co., Ltd.
- (11) Qianrong Capital is a wholly-owned subsidiary of Suzhou Dingrong Investment Management Co., Ltd. (蘇州鼎融投資管理有限公司). Qianrong Capital is an Independent Third Party before it became our Pre-IPO Investor. Qianrong Capital is a company incorporated under the laws of the Cayman Islands, and is principally engaged in equity investment. The designated onshore holding vehicle of Qianrong Capital is Suzhou Kunrong Venture Capital Co., Ltd.

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- (12) 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.. The general partner of OAVI Holdings, L.P. is wholly-owned by Lam Lai Ming, an independent individual. Orchid Asia is an Independent Third Party before it became our Pre-IPO Investor. Orchid Asia is a company incorporated under the laws of the Cayman Islands and is principally engaged in equity investment.
- (13) Jianxin Capital is a wholly-owned subsidiary of Hangzhou Jianxin Chengheng Venture Capital L.P. (杭州建信誠恒創業投資合夥企業). Jianxin Capital is an Independent Third Party before it became our Pre-IPO Investor. Jianxin Capital is a company incorporated under the laws of the Cayman Islands, and is principally engaged in equity investment.
- (14) Seagull is wholly-owned by Guangzhou Seagull. Seagull is an Independent Third Party before it became our Pre-IPO Investor. Seagull is a company incorporated under the laws of Hong Kong, and is principally engaged in equity investment.
- (15) 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 Ye. Suzhou Oriza Holdings Co., Ltd. is owned as to 70% by Suzhou Industrial Park Economic Development Co., Ltd. and as to 30% by Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd., both of which are wholly-owned by Suzhou Industrial Zone Management Committee. SIP Oriza is an Independent Third Party before it became our Pre-IPO Investor. SIP Oriza is a company incorporated under the laws of the PRC, and is principally engaged in equity investment.
- (16) Cachet Special is a segregate portfolio under Cachet Multi Strategy Fund SPC. The investment manager of Cachet Special is Cachet Asset Management Ltd., which is ultimately wholly owned by Chin Yui Angela, Chow. Cachet Special is an Independent Third Party before it became our Pre-IPO Investor. Cachet Special is a hedge fund incorporated under the laws of the Cayman Islands, and is a multi-strategy investment fund which invests in a variety of assets.
- (17) Josephine Holding, a company incorporated in BVI, which is wholly-owned by GAO Wei.
- (18) Stevenwater Holding, a company incorporated in BVI, which is wholly-owned by LOU Qing.
- (19) Zhenyi Home, a company incorporated in BVI, which is wholly-owned by QIU Zhenyi.
- (20) Tangliang Home, a company incorporated in BVI, which is wholly-owned by TANG Liang.
- (21) Yuyang Home, a company incorporated in BVI, which is wholly-owned by YU Yang.
- (22) Zhangrong Home, a company incorporated in BVI, which is wholly-owned by ZHANG Rong.
- (23) Tianyuan Home, a company incorporated in BVI, which is wholly-owned by TIAN Yuan.
- (24) Sunjie Home, a company incorporated in BVI, which is wholly-owned by Ms Sun. Ms. Sun is the wife of Mr. Deng.
- (25) Rising Capital, a company incorporated in BVI, which is wholly-owned by YANG Zhenyu.

HISTORY AND CORPORATE STRUCTURE

2. Principal terms of the Pre-IPO Investments and Pre-IPO Investors' rights

The principal terms of the Pre-IPO Investments and the rights granted to the Pre-IPO Investors, each of which shall automatically terminate upon Listing when the Preferred Shares are converted into Shares, are set out below:

Investor	Date of investment	Settlement date of consideration	Price per Share calculated based on investment consideration	Total consideration paid (million) ⁽¹⁾	Number of Shares immediately after the Capitalization Issue	Discount/ (premium) to Offer Price ⁽²⁾
Series A Investors						
Hua Yuan International	April 2015 ⁽³⁾	February 2008	RMB0.01	RMB1.5	101,912,750	99.85%
Cowin	April 2015 ⁽³⁾	February 2010	RMB0.74	RMB12.5	16,985,600	88.53%
Guangfa Xinde Capital	April 2015 ⁽³⁾	February 2010	RMB0.74	RMB22.5	30,573,220	88.53%
Qianrong Capital	April 2015 ⁽³⁾	September 2010	RMB1.30	RMB10.0	7,699,910	79.85%
Baidu HK	April 2015 ⁽³⁾	December 2010	RMB1.36	RMB190.0	139,333,330	78.92%
Cachet Special	March 2018	March 2018	US\$0.40	US\$12.3	30,800,500	60.28%
Series B Investors						
Jianxin Capital	April 2015	April 2015	US\$0.60	US\$5.0	8,333,330	40.41%
Orchid Asia	April 2015	April 2015	US\$0.60	US\$60.0	100,000,000	40.41%
SIP Oriza	December 2015	May 2015 ⁽⁴⁾	US\$0.60	US\$50.0	83,333,330	40.41%
Seagull	December 2015	December 2015	US\$0.60	US\$13.6	22,673,470	40.41%
Series C Investor						
Cachet Special	March 2018	March 2018	US\$0.88	US\$10.0	11,340,140	12.61%

Notes:

- (1) This represents the total consideration paid for the Preferred Shares.
- (2) The discount/(premium) of the price paid per Preference Share to the Offer Price is calculated based on the assumption that the Offer Price is HK\$7.90 per Share, being the midpoint of the indicative Offer Price range of HK\$6.80 to HK\$9.00, and is adjusted for the effect of the Capitalization Issue.
- (3) This represents the date on which the Series A Investors became our Company's shareholders. The Series A Investors initially invested in Shanghai Qijia, between January to December 2010.
- (4) A consideration equaling US\$50 million was settled for the Series B Preferred Shares on May 28, 2015.

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Lock-Up	All of our Pre-IPO Investors other than Cachet Special and Jianxin Capital, will be subject to a 6-month lock-up after the date of the prospectus. Only 50% of the Shares of Seagull will be subject to such lock-up.
Use of proceeds from the Pre-IPO Investments	We utilized the proceeds for the development and operation of our business, including but not limited to, personnel recruitment, business and product operation and development, technology infrastructure, office utilities and marketing. As of the Latest Practicable Date, 87.93% of the proceeds from the Pre-IPO Investments had been utilized.
Strategic benefits of the Pre-IPO Investors brought to our Company	At the time of the Pre-IPO Investments, our Directors were of the view that we could benefit from the additional capital that would be provided by the Pre-IPO Investors investments and take advantage of their knowledge and experience.
Conversion rights	<p><u>Optional conversion</u></p> <p>At the option of the Preferred Shareholders, a Preferred Share may be converted into fully-paid and non-assessable Class A Ordinary Shares based on the then-effective applicable conversion price.</p> <p><u>Automatic conversion</u></p> <p>Each Preferred Share shall automatically be converted into Class A Ordinary Shares at the then-effective applicable conversion price, upon the earlier of: (i) the consummation of a qualified IPO or (ii) with respect to the Series A Preferred Shares, the date specified by written consent or agreement of a majority of the voting power of the outstanding Series A Preferred Shares; or (iii) with respect to the Series B Preferred Shares, the date specified by written consent or agreement of majority of the Series B Investors.</p>

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Anti-dilution protection

The conversion ratio, which shall initially be determined based on the issue price of the Preferred Shares, shall be adjusted from time to time by customary events such as payment of share dividends, subdivisions, combinations, or consolidation of ordinary shares. The adjustment to the conversion ratio of the Preferred Shares is not linked to the Offer Price or the market capitalization of our Company upon Listing and is in line with the principles and requirements promulgated by the Stock Exchange.

The parties to the Shareholders' Agreement have agreed that the Global Offering is a qualified IPO and all Preferred Shares will be automatically converted into Shares upon Listing.

Dividend rights	The Preferred Shareholders are entitled to receive dividends when and if declared by the Board on a preferential basis.
Redemption rights	The Series B Preferred Shareholders have the right to have their Preferred Shares redeemed by our Company after the fifth anniversary of the series B issue date and the Series C Preferred Shareholders have the right to have their Preferred Shares redeemed by our Company after December 31, 2018, if a qualified IPO has not occurred by such date.
Liquidation rights	<p>In the event of any liquidation, dissolution or winding-up of our Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to the shareholders of the Company as follows:</p> <ol style="list-style-type: none">(1) First the Series C Investor and then the Series B Investors, shall be entitled to receive for each Preferred Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of the Ordinary Shares and the prior series of Preferred Shares by reason of their ownership of such shares, the amount equal to 100% of the applicable issue price, plus all accrued but unpaid dividends on such Preferred Share (collectively, the "Preference Amount").

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- (2) If there are any assets or funds remaining after the aggregate Preference Amount has been distributed or paid in full to the applicable Investors, then the Series A Investors shall be entitled to receive for each Series A Preferred Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of the Ordinary Shares by reason of their ownership of such shares, the amount equal to 100% of the issue price of the Series A Preferred Shares, plus all accrued but unpaid dividends on such Series A Preferred Share.
- Right to elect Director and participation in Board and Board committee
- Baidu HK is exclusively entitled to designate, appoint, remove, replace and reappoint at any time or from time to time one (1) director if it holds the most Series A Preferred Shares. Orchid Asia is exclusively entitled to designate, appoint, remove, replace and reappoint at any time or from time to time one (1) director if it holds the most Series B Preferred Shares. SIP Oriza and Cowin are jointly and exclusively entitled to designate, appoint, remove, replace and reappoint at any time or from time to time one (1) director if they together hold at least the third most Preferred Shares.
- Pre-emptive right
- Each Preferred Shareholder shall have the pre-emptive right to purchase its pro rata share of any new securities that we propose to issue.
- Right of first refusal
- If any Shareholder proposes to transfer any shares, the Preferred Shareholders shall have a right of first refusal with respect to such transfer.
- Tag-along rights
- In the case of a transfer of the Ordinary Shares, to the extent the Company and the non-selling Shareholders do not exercise their respective rights of first refusal as to all of the offered shares which are Ordinary Shares (the “**Offered Ordinary Shares**”) proposed to be sold by the selling Shareholder which is a holder of any Ordinary Shares (the “**Ordinary Transferor**”) to the third party transferee, each Series B and C Investor not exercising any right of first refusal as mentioned above shall have the right to participate in such sale, to the third party transferee, of the remaining Offered Ordinary Shares not purchased, on the same terms and conditions but in no event less favorable to the Ordinary Transferor.

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Veto rights

No member of our Group shall approve various matters, including the following matters, without the affirmative written approval by the majority of holders of Preferred Shares and the majority of the Series B Investor:

- (1) any adverse amendment or change of the rights, preferences, privileges, powers, limitations or restrictions of or concerning, or the limitations or restrictions provided for the benefit of the Preferred Shares in issue;
- (2) any action that authorizes, creates or issues any class or series of equity securities at an effective issue price per Ordinary Share equal to or less than the Series B issue price;
- (3) any action that reclassifies any outstanding shares into shares having rights, preferences, privileges, powers, limitations or restrictions senior to or on a parity with the Series B Preferred Shares in issue, whether as to liquidation, conversion, dividend, voting or redemption unless the effective issue price per reclassified share is greater than the Series B issue price; provided that any action that reclassifies any outstanding shares (other than Series B Preferred Shares) into new shares having rights, preferences, privileges, powers, limitations or restrictions senior to or on a parity with the Series A Preferred Shares in issue, whether as to liquidation, conversion, dividend, voting or redemption shall be subject to the approval of the holders holding a majority of the Series A Preferred Shares issued at an issue price of the Series A Preferred Shares higher than the issue price of such new shares;
- (4) any repurchase, redemption or retirements of any equity security of any of the Company, the Qijia Network Technology, Shanghai Qijia, Shanghai Qiyi, Shanghai Jinjie, Qijia Wallet Financial Information Service (the “**Material Group Company**”) other than (a) the purchase, repurchase or redemption of the Preferred Shares (including in connection with the conversion of such Preferred Shares into Class A Ordinary Shares), (b) the payment of dividends to the Preferred Shareholders and (c) the repurchase of the Preferred Shares by the Company (the “**Exempted Distributions**”);

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- (5) any amendment or modification to or waiver under any of the charter documents of any Material Group Company, in a manner that would adversely alter or change the rights, preferences or privileges of the Preferred Shares or the rights of the Preferred Shareholders under the Pre-IPO Investment Agreements other than amendments to resolve any conflict or inconsistency with the Shareholders' Agreement;
- (6) any declaration, set aside or payment of a dividend or other distribution by any member of our Group, or the adoption of, or any change to, the dividend policy of any member of our Group, excluding declaration or payment of any dividend or other distribution to the Preferred Shareholders and the Ordinary Shares;
- (7) the merger, amalgamation or consolidation of the Company or its subsidiaries with any person, or the purchase or other acquisition by any member of our Group (whether individually or in combination with the Company or its subsidiaries) of all or substantially all of the assets, equity or business of another person, which is tantamount or equivalent to or has the same effect as a Deemed Liquidation Event (as defined below);
- (8) any Deemed Liquidation Event (as defined below) or any Share Sale (as defined below);
- (9) undertaking any public offering of any equity securities of any member of our Group other than a qualified IPO; provided that such item shall not be subject to the approval of SIP Oriza or Orchid Asia if any such investor holds less than twelve percent of the voting power of the outstanding Preferred Shares; and
- (10) any action by a member of our Group to authorize, approve or enter into any agreement or obligation with respect to any of the actions listed above.

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“Deemed Liquidation Event” means (1) any consolidation, amalgamation, scheme of arrangement or merger of any member of our Group with or into any other person or other reorganization in which the shareholders of such member of our Group immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than fifty percent (50%) of the voting power of such member of our Group in the aggregate immediately after such consolidation, merger, amalgamation, scheme of arrangement or reorganization, or any transaction or series of related transactions to which such member of our Group is a party in which in excess of fifty percent (50%) of the voting power of such member of our Group is transferred; (2) a sale, transfer, lease or other disposition of all or substantially all of the assets of any member of our Group (or any series of related transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets of such member of our Group); (3) the exclusive licensing of all or substantially all of the intellectual property of any member of our Group to a third party; and (4) the termination or material amendment of the agreements under the Contractual Arrangements which would reasonably be expected to result in the dissolution of the Contractual Arrangements unless Shanghai Qijia is no longer an operating company of the Group or Shanghai Qijia will be otherwise controlled by the Company, directly or indirectly.

“Share Sale” means a transaction or series of related transactions in which a person, or a group of related persons, acquires any equity securities of the Company such that, immediately after such transaction or series of related transactions, such person or group of related persons holds equity securities of the Company representing more than fifty percent of the outstanding voting power of the Company.

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PUBLIC FLOAT

Upon the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme are not exercised), Mr. Deng (including holding of Qeeka Holding) and Baidu HK will each control or hold in excess of 10% of the issued Shares, while the remaining Pre-IPO Investors will each hold less than 10% of the issued Shares. Therefore, save for the Shares held by Mr. Deng (and Qeeka Holding), Ms. Sun and Baidu HK, the Shares held by the remaining Pre-IPO Investors will be counted towards the public float.

COMPLIANCE WITH INTERIM GUIDANCE AND GUIDANCE LETTERS

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 28 clear days before the date of the first submission of the listing application form, to the Stock Exchange in relation to the Listing and (ii) the special rights granted to the Pre-IPO Investors will terminate prior to the Listing, the Joint Sponsors confirm that the investments by the Pre-IPO Investors is in compliance with the Guidance Letter HKEx-GL29-12 issued in January 2012 and updated in March 2017 by the Stock Exchange, Guidance Letter HKEx-GL43-12 issued in October 2012 and updated in July 2013 and March 2017 by the Stock Exchange and Guidance Letter HKEx-GL44-12 issued in October 2012 and updated in March 2017 by the Stock Exchange.

PRC REGULATORY REQUIREMENTS

According to the Regulations for Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) jointly issued by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies. Our PRC Legal Advisors are of the opinion that prior CSRC approval for this offering is not required because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to the M&A Rules; (ii) our wholly-owned PRC subsidiaries were not established through mergers or acquisitions of domestic companies

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owned by PRC companies or individuals as defined under the M&A Rules that are the beneficial owners of our Company, and (iii) that no provision in the M&A Rules clearly classified contractual arrangements as a type of transaction subject to the M&A Rules. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented and we cannot assure you that relevant PRC government agencies, including the CSRC, would reach the same conclusion as our PRC counsel. If the CSRC or other relevant PRC government authorities subsequently determine that prior CSRC approval is required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies.

SAFE REGISTRATION IN THE PRC

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外融資及返程投資外匯管理有關問題的通知》) (“**SAFE Circular 37**”), promulgated by SAFE and became effective on July 14, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholders), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

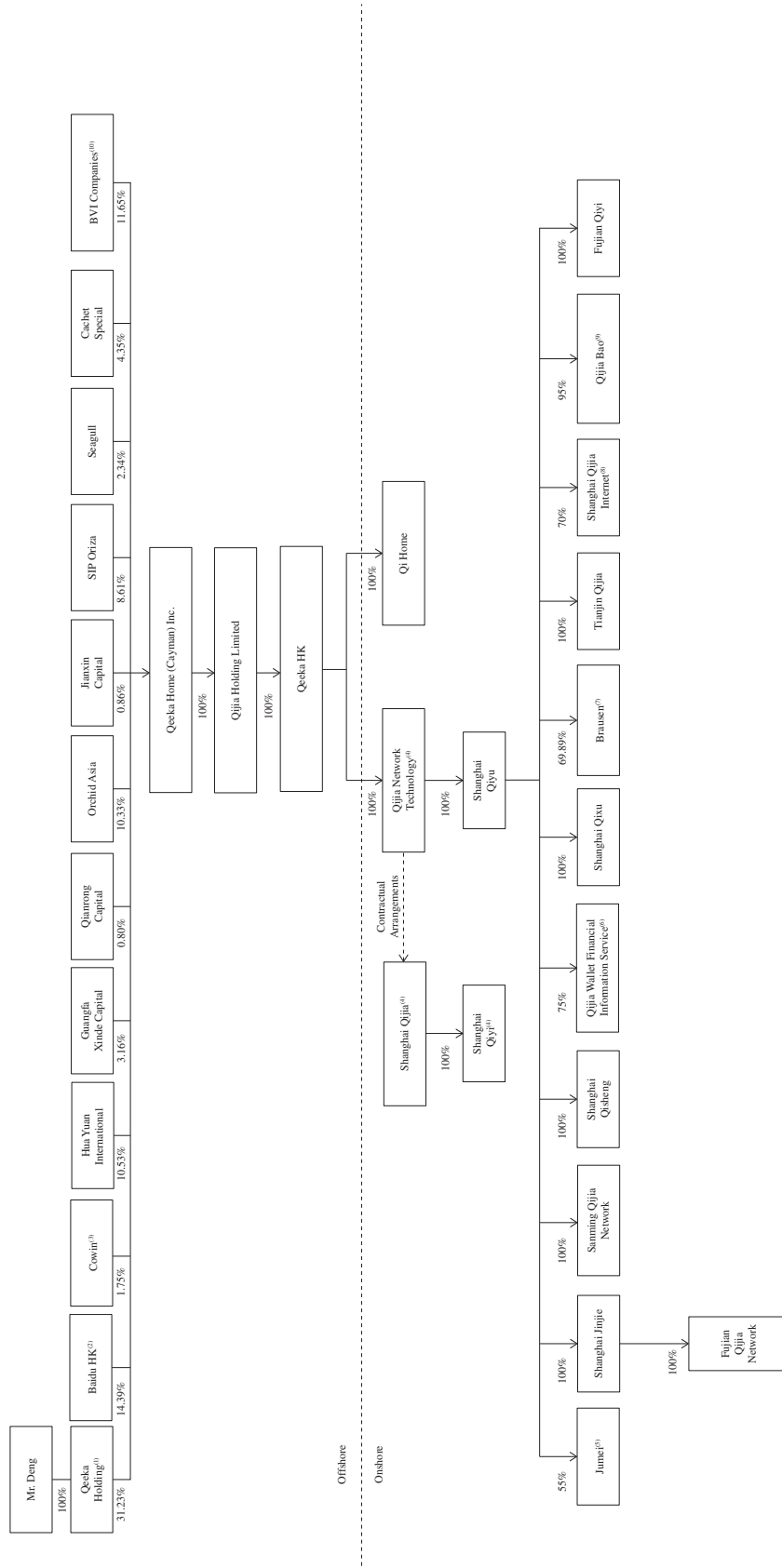
Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Circular 13**”), promulgated by SAFE and became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Advisor, Mr. Deng and the Nine Individual Shanghai Qijia Shareholders (except for Yang Zhenyu who is not a PRC resident) have completed the registration under the SAFE Circular 37 in March 2018.

HISTORY AND CORPORATE STRUCTURE

OUR STRUCTURE IMMEDIATELY PRIOR TO THE CAPITALIZATION ISSUE AND THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Group immediately prior to the completion of the Capitalization Issue and the Global Offering:



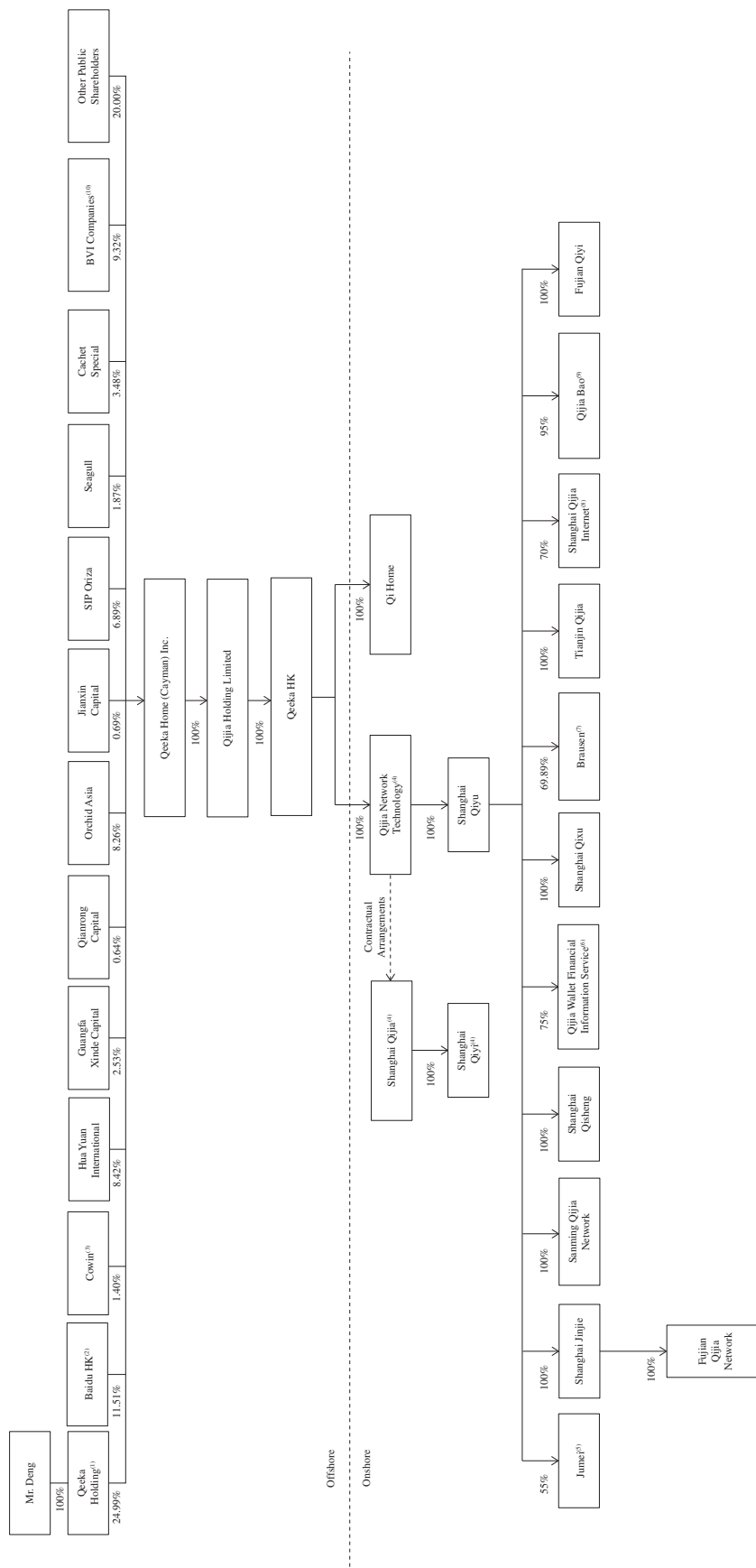
HISTORY AND CORPORATE STRUCTURE

Notes:

- (1) Qeeka Holding is wholly owned by Mr. Deng, our founder and Controlling Shareholder before the Listing. Immediately upon the Listing, Mr. Deng will no longer be our Controlling Shareholder, but will remain as our single largest Shareholder.
- (2) Baidu HK is an investment holding company and a wholly-owned subsidiary of Baidu Holdings Limited (BVI), which is wholly-owned by Baidu, Inc., a listed company on the NASDAQ (NASDAQ: BIDU).
- (3) Cowin, a company incorporated under the laws of the Cayman Islands, is wholly owned by Cowin Jinqu.
- (4) We control Shanghai Qijia and its wholly-owned subsidiary Shanghai Qiyi through the Contractual Arrangements. For details, see “Contractual Arrangements”.
- (5) The remaining interest is owned by Suzhou Jiangmen Enterprise Management Consulting Center (LLP) 蘇州將門企業管理諮詢中心(有限合夥), Zhou Jianfeng and Yang Weihai, each as to 15% and each an Independent Third Party. Jumei has three wholly-owned subsidiaries, namely, Jiangsu Ningfei, Suzhou Xuchang and Suzhou Jumei Supply Chain, and one non-wholly-owned subsidiary, Henan Jumei, of which the remaining interest is by owned by an Independent Third Party.
- (6) The remaining interest is owned by Shanghai Fujie Information Technology Co. Ltd., an Independent Third Party.
- (7) The remaining interest is owned by Zuo Hanrong as to 20.03% and Chen Yangui as to 10.08%, each an Independent Third Party. Brausen has six wholly-owned subsidiaries, namely, Brausen Info, Shanghai Brausen, Fuzhou Qimeiju, Beijing Brausen, Xiamen Zhuozhuang and Fuzhou Qijia. Brausen has 15 non-wholly owned subsidiaries, namely, Nanping Brausen, Zhangzhou Brausen, Quanzhou Brausen, Luoyan Brausen, Sanming Brausen, Putian Brausen, Xiamen Brausen, Gutian Brausen, Pingtan Brausen, Yunnan Brausen, Xiapu Brausen, Ningde Brausen, Ninghua Brausen, Changle Brausen and Fuzhou Shihao. The remaining interest in all such 15 non-wholly owned subsidiaries are held by Independent Third Parties.
- (8) The remaining interest is owned by Zhongrongjin (Beijing) Technology Co., Ltd., an Independent Third Party.
- (9) The remaining interest is owned by Beijing Taifeng Chuanglong Investment Management Co., Ltd. (北京泰豐創隆投資管理有限公司), an Independent Third Party.
- (10) Nine BVI Companies refers to Josephine Holding, Stevenwater Holding, Zhenyi Home, Tangliang Home, Yuyang Home, Zhangrong Home, Tianyuan Home, Sunjie Home and Rising Capital, all of which are incorporated in the BVI. Josephine Holding is wholly-owned by GAO Wei. Zhenyi Home is wholly-owned by QIU Zhenyi. Tangliang Home is wholly-owned by TANG Liang. Tianyuan Home is wholly-owned by TIAN Yuan. Yuyang Home is wholly-owned by YU Yang. Zhangrong Home is wholly-owned by ZHANG Rong. Stevenwater Holding is wholly-owned by LOU Qing. Sunjie Home is wholly-owned by Ms. Sun. Rising Capital is wholly-owned by YANG Zhenyu.

OUR STRUCTURE IMMEDIATELY FOLLOWING THE CAPITALIZATION ISSUE AND THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Group immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised, the options granted under the Pre-IPO Share Option Scheme are not exercised):



HISTORY AND CORPORATE STRUCTURE

Notes:

- (1) Qeeka Holding is wholly owned by Mr. Deng, our founder and Controlling Shareholder before the Listing. Immediately upon the Listing, Mr. Deng will no longer be our Controlling Shareholder, but will remain as our single largest Shareholder.
- (2) Baidu HK is an investment holding company and a wholly-owned subsidiary of Baidu Holdings Limited (BVI), which is wholly-owned by Baidu Inc., a listed company on the NASDAQ (NASDAQ: BIDU).
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- (7) The remaining interest is owned by Zuo Hanrong as to 20.03% and Chen Yangui as to 10.08%. Each of Zuo Hanrong and Chen Yangui is an Independent Third Party. Brausen has six wholly-owned subsidiaries, namely, Brausen Info, Shanghai Brausen, Fuzhou Qimeiju, Beijing Brausen, Xiamen Zhuozhuang and Fuzhou Qijia. Brausen has 15 non-wholly owned subsidiaries, namely, Nanping Brausen, Zhangzhou Brausen, Quanzhou Brausen, Luoyan Brausen, Sanming Brausen, Putian Brausen, Xiamen Brausen, Gutian Brausen, Pingtan Brausen, Yunnan Brausen, Xiapu Brausen, Ningde Brausen, Ninghua Brausen, Changle Brausen and Fuzhou Shihao. The remaining interest in all such 15 non-wholly owned subsidiaries are held by Independent Third Parties.
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OVERVIEW

We are the largest interior design and construction online platform in China, according to Frost & Sullivan, with a market share of 25.7% by GMV in 2017. We also ranked first in terms of brand awareness and are the top choice for customers seeking interior design and construction services online. Our online platform connects multiple players in the interior design and construction market and uses advanced technologies to match our users with service providers who fit their specific needs. As a one-stop solution provider for our users and partners, our mission is to make the interior design and construction process more efficient, convenient, and transparent than the traditional interior design and construction market.

Since our establishment in 2007, we have accumulated rich industry experience and large amounts of valuable user data. In recent years, with the coming of age of millennials, consumer preferences have evolved towards all-inclusive packaged interior design and construction services. We foresaw this change in consumer preference and adopted our strategy to become a one-stop solution provider for customers. This strategy has been the catalyst for our rapid development in recent years.

Our business mainly consists of operating of our interior design and construction platform and self-operated interior design and construction business. Leveraging our extensive experience and market-leading vision, we have built a thriving ecosystem consisting of over 7,502 interior design and construction service providers spanning over 290 cities across the PRC as of April 30, 2018 and 50.6 million MUVs in April 2018. As more service providers and users have gathered on our platform, our ecosystem continues to attract service providers, users and other relevant parties throughout the interior design and construction value chain. We have also expanded our self-operated interior design and construction business and licensee network, both of which have witnessed rapid growth, diversified our service offering and extended our geographic reach. As of the Latest Practicable Date, we have an established presence in 176 cities across China through our self-operated interior design and construction business and licensees.

We offer important value-added services to users and interior design and construction service providers through our platform, which is our core business. We attract users looking for interior design and construction services mainly through engaging home improvement content, our word-of-mouth reputation and our ability to match them with interior design and construction service providers whose offerings fit their specific needs. Based on users' browsing habits and key word searches, we generate a profile of the user's specific needs and recommend them several design and construction service providers which we believe are most likely to meet the needs of the users. Our platform is also an efficient and cost effective way for design and construction service providers to acquire new customers. In addition to connecting them with customers, we also help the design and construction service providers on our platform improve their ability to achieve greater customer satisfaction by standardizing and streamlining the interior design and construction process and the way they interact with customers.

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Recognizing the increasingly diverse consumer demands for high-quality interior design and construction service, we have also established two full-service interior design and construction businesses, namely, Brausen and Jumei, targeting different consumers. Brausen focuses on individual consumers, whereas Jumei focuses on interior design and construction services for residential real-estate developers and serviced apartments. In anticipation of the substantial growth potential for the online interior design and construction market in smaller, third or fourth-tier cities in China, we have established our Dianshang licensed brand specifically targeting these markets.

During the Track Record Period, our revenues from continuing operations increased from RMB141.4 million in 2015 to RMB479.1 million in 2017, representing a compound annual growth rate (CAGR) of 84.1%, while our gross profits from continuing operations grew from RMB87.7 million in 2015 to RMB239.8 million in 2017, representing a CAGR of 65.4%. Revenue from our platform business and self-operated interior design and construction business reached RMB189.6 million and RMB284.3 million in 2017, respectively. In 2017, the gross profits of our platform business and self-operated interior design and construction business were RMB169.5 million and RMB70.3 million, respectively.

Our Strengths

The largest and most reputable interior design and construction online platform in China

We are the market leader in China's online interior design and construction market. According to the Frost & Sullivan Report, we are the largest interior design and construction online platform in China, with a market share of 25.7% in terms of GMV. Our ecosystem had 7,502 interior design and construction service providers spanning over 290 cities across the PRC as of April 30, 2018 and 50.6 million MUVs in April 2018. The number of interior design and construction service providers on our platform increased from 3,555 as of December 31, 2015 to 4,692 as of December 31, 2016, and increased further to 6,680 as of December 31, 2017, and our MUVs grew from 24.2 million during 2015 to 37.8 million in 2017, representing CAGRs of 37.1% and 25.1%, respectively. As of the Latest Practicable Date, we have accumulated extensive user data and high-quality home improvement content, including over 1.2 million articles and posts, 3.0 million photos and 190,000 real-life case examples.

We also ranked number one in terms of brand recognition and are the first choice for customers with demands for interior design and construction services in 2017, according to the Frost & Sullivan Report.

We offer important value-added services to service providers and users in light of the industry's challenges

Traditional interior design and construction service providers often provide customers with opaque fee quotes, sub-par construction service, and unsecured payment mechanisms, resulting in poor customer experience. To address this, we offer our users high quality home improvement content, an online community to share their experiences, as well as an extensive range of services aimed towards enhancing user experience, including professional consultation, free third-party inspection services, and payment security.

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Interior design and construction service providers face a number of challenges, such as low brand awareness, high customer acquisition costs, non-standardized services, low efficiency, and high procurement costs. We seek to help them overcome these challenges by accurately matching interior design and construction service providers on our platform with customers, strengthening their brand image, helping them adopt standardized pricing strategies and construction procedures, and improving their operating efficiency.

As a result of our mutually beneficial relationship with the interior design and construction service providers on our platform. Approximately 77% of newly joined interior design and construction service providers on our platform in 2016 have remained active in 2017.

Best positioned to capture the explosive growth of the industry

China's interior design and construction market is large and highly fragmented. According to the Frost & Sullivan Report, China's interior design and construction market size had a GMV of RMB2.3 trillion in 2017, and continues to grow, in part driven by the strength of the second-hand housing and rental markets.

Fueled by changes in consumer behavior and the evolution of information technology, the market for online interior design and construction services has enormous growth potential. This growth will largely result from an increasing number of millennials requiring interior design and construction services as well as regulatory changes that make it more difficult to collect user data from offline sources. According to the Frost & Sullivan Report, the internet penetration rate of the online interior design and construction industry is expected to accelerate its growth increase from 5.5% to 38.1% from 2017 to 2022, and the GMV of the online interior design and construction market is expected to reach RMB1.3 trillion in 2022. As the market leader, we expect to benefit from this market expansion.

Because of the size of our platform, in terms of our large number of users, service providers as well as home improvement content, we believe that we are best positioned to take advantage of the coming growth. Leveraging the size and breadth of our platform, as we continue to provide more diversified content and value-added services in order to attract more users and service providers, it will create a virtuous cycle allowing us to grow our business and profitability.

Strong data analytics and technological capabilities

We have invested significant resources in developing our technology to provide our users with a cutting-edge, hassle-free and secure experience. We have established an artificial intelligence (“AI”) engine and automatic matching system that utilizes the powerful technologies of customer tracking with big data analytics to enhance our services to both users and service providers. By creating user profiles based on their browsing habits, search history, and other information we collect from their registration information and their interaction with our platform, we can compare their profiles with the profiles of our enormous data base of

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service providers to more accurately predict their interior design and construction needs and match them with local service providers that are most likely to meet those needs. Through our unique matching algorithm, interior design and construction service providers with different areas of expertise can promptly and accurately connect with users with different needs, thereby acquiring customers in a more cost-effective and efficient manner on our platform.

Using our advanced technology, we promote the standardization and streamlining of the interior design and construction process, in an effort to reform the traditional interior design and construction industry, improve the overall quality of interior design and construction services, and enhance customer experience in the whole process from the selection of service providers, to designing, to financing and payment, to construction and delivery. For example, our virtual reality software enables designers to quickly create a three-dimensional visualization of the design for users to view and share on their smartphones. Further, our construction enterprise resource planning (“ERP”) system offers construction service providers tools to better manage the overall construction process by breaking it down into several junctures, and streamlining the timing and deliverables from one juncture to the next.

We have also established a rigorous, data driven screening, training, evaluation, and elimination mechanism for interior design and construction service providers on our platform. Service providers that fail to meet our standards will be excluded, while service providers with strong performance will be provided with various value-added services that will enhance their operational efficiency to achieve greater user satisfaction.

Our self-operated interior design and construction business and license model enable us to enrich our service offerings and serve users with different demands

Our extensive user data uniquely positions us to accurately understand the needs of our users. Based on this understanding, we recognized the diverging demands of many of our users and developed two self-operated interior design and construction brands, Brausen and Jumei. We acquired Brausen in response to the desires of China’s younger population for design and construction solutions that are standardized, simple and hassle-free. We established Jumei to focus on individuals with mid-to-high end demands as well as residential real-estate developers with customized demands. We aim to standardize the interior design and construction process with the support of our technology in order to achieve higher operational efficiency and create a better user experience. During the Track Record Period, revenues from our self-operated interior design and construction business grew from RMB44.4 million to RMB284.3 million at a CAGR of 153.0%.

In order to expand our platform’s geographic coverage, assist local interior design and construction service providers efficiently acquire customers, and help local customers meet their needs for high quality services, we established the Dianshang licensed brand in 2016, mainly targeting third-tier and fourth-tier cities. The license model efficiently integrates our online and offline resources, strengthening our competitive advantage. Operating under the Dianshang brand, our licensees receive training from us and have access to our operational system, proprietary software, and supply chain resources, all of which enable them to better serve customers and achieve high customer satisfaction rate. As of the Latest Practical Date, we had licensees operating in 157 cities in China, evidencing our early-mover advantage.

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As we attract more interior design and construction service providers to our platform, we are better positioned to diversify our service and seize other growth opportunities.

Visionary and experienced management team with support from our shareholders

The foresight, executive capability and entrepreneurial spirit of our experienced management team is a key contributing factor to our leading position in the online interior design and construction industry. Our management team has responded effectively to industry changes and capitalized on emerging market opportunities, guiding us through continued growth and development.

Mr. Deng Huajin, our founder, chairman, and CEO, is a pioneer in China's online interior design and construction industry. Since our establishment in 2007, Mr. Deng has led us to achieve our market leading position through constant innovation, growth, and breakthrough in China's fast changing internet industry. Mr. Deng has received numerous awards for his leadership and contributions to the industry, including the "2016 Outstanding Contribution Award in Household E-commerce Industry," "Person of the Year of 2016-2017 in China's Home Improvement Industry," "Global Personal Outstanding Achievement Award of 2017." Other members of our management team also contribute complementary industry expertise and rich experience.

We also receive strong support from our strategic and private equity investors. Their support has contributed to our rapid growth.

Our strategies

Expand our user base

Our broad user base is the foundation of our business. In order to increase our user base, and target potential users with genuine home improvement needs, we plan to refine and increase our service offerings to meet the increasingly differentiating requirements of various customers. Driven by the development of China's economy and improvement in living standards, consumer demands have also become more diverse. Frequent, low-cost home improvement requests, such as renovation of a part of the apartment ("partial renovation") and rental apartment furnishing have emerged gradually. In view of this trend, we plan to expand our service offerings to include partial renovation and rental apartment renovation and increase user stickiness.

We also plan to expand our user base by continuing to enrich our home improvement content, and improve our data analytics and technological capabilities through additional investment in our information database, automatic order distribution system, and the training of related personnel in order to more accurately match users with tailored content and suitable service providers. At the same time, we plan to strengthen our brand awareness through targeted marketing promotion, thereby attracting additional users and interior design and construction service providers to our platform.

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Attract additional high quality service providers to our platform

In order to meet the growing demand for interior design and construction services through our platform, we plan to attract additional high quality service providers to our platform. We plan to do this by increasing our marketing efforts towards service providers in markets where we currently do not have sufficient coverage and by enhancing and expanding our service offerings to service providers on our platform, which we believe strengthens their operational efficiency to achieve greater customer satisfaction and increase their stickiness to us. We aim to make interior design and construction service providers available to our users in more than 1,500 cities and counties across China within the next few years.

We will expand the scope of services we offer to interior design and construction service providers on our platform in relation to various aspects of their operations. For example, we plan to provide service providers with Software-as-a-Service, commonly known as SaaS, services based on our customer relationship management (“CRM”) system, VR design software, construction management ERP system, as well as supply chain management software. These services can effectively lower the operating costs of the service providers by allowing them to closely track new orders, inventory status, and the progress of ongoing projects as well as achieve lower material procurement costs through the economy of scale of our platform.

We aim to strengthen our data analytics and technological capabilities, predict user behavior through more accurate analysis of user data, and help service providers on our platform to better serve the increasingly diverse user demands. We also plan to continuously provide training to service providers on our platform, especially the top performers, and improve their operational management capability.

Actively explore other monetization methods on our platform

We plan to continue to enhance the multi-channel monetization capabilities of our platform, including advertising services, loan referral services and supply chain management services. As the market leader in the online interior design and construction industry, our unparalleled access to user traffic indicates significant growth potential for future advertisement revenue. We are also exploring opportunities to offer our users direct access to external financing from our finance partners. We believe the financing needs of many customers looking for interior design and construction services are currently underserved, presenting great growth potential for this line of business. We intend to further increase the monetization rate of our supply chain management services through more efforts to promote this service to the service providers on our platform as well as requiring our licensees to purchase certain construction materials exclusively from us. As our licensee network expands and the number of service providers on our platform increases, we expect to be able leverage economies of scale and obtain lower prices from material manufacturers, thereby achieving greater monetization potential. We will also explore the option to introduce a bidding mechanism among service providers, firstly in Beijing, Shanghai and Tier A cities, if and when the supply of high quality service providers in those markets exceeds demand, or in respect to certain interior design and construction projects with high unit prices, such as mansions or

villas. We believe such a competitive bidding mechanism driven by market forces among high quality service providers will subsequently allow us to increase our average fee per user recommendation. In addition, we plan to charge interior design and construction service providers on our platform for using certain software owned by or licensed to us, such as the Qijia ERP software and a self-developed design software Diandian New Home (“點點新家”) in the near future. These monetization channels will help diversify our revenue streams and enable us to generate more revenue by leveraging our extensive user base.

Further develop our self-operated interior design and construction business and license model

We will continue developing the services offered by our self-operated interior design and construction business in order to meet emerging consumer demand. For example, as furnished apartments begin to account for an increasing percentage of first-hand apartment transactions, we will continue to work closely with real estate developers and expand our customized and refined interior design and construction services to them.

Further, in light of the PRC government’s recent policies encouraging the development of a scalable, professionally-managed apartment market, long-term rental apartments have gained greater market attention. We plan to cooperate with real estate developers and local governments to provide interior design and construction services targeting developers and owners of long-term rental apartment.

We will also continue expanding our licensing business with a focus on third-tier and fourth-tier cities. We aim to further improve our licensees’ service capabilities so they can better serve the interior design and construction needs of local customers. In addition, we plan to explore additional monetization opportunities under our license model, including sale of SaaS services.

Seeking opportunities for strategic alliance, investment, mergers and acquisitions

We will selectively seek for opportunities for strategic alliances, investments, mergers and acquisitions while simultaneously developing our business through organic growth. Our external investment strategy is to select complementary businesses that (1) increase our user base, (2) expand our service categories, (3) extend our geographic coverage, (4) help us develop advanced data analytics and technology capabilities, or (5) possess relevant requisite licenses and permit. We believe that the combination of organic growth and strategic alliances, investments, mergers and acquisitions will allow us to maintain the flexibility needed in order to effectively adapt to the constantly changing market environment.

OUR ROLE IN THE VALUE CHAIN

We provide a one-stop solution for our users and partners. We have built a platform that helps our users navigate the complicated interior design and construction process by sharing home improvement knowledge and connecting them with quality service providers. Our platform is also an efficient and cost-effective means for interior design and construction service providers on our platform to acquire customers and promote their brand.

Parties**Our value*****Interior design and construction
service users***

We provide our users with the following free services:

- online interior design and construction and home improvement ideas, know-how and tools
- recommendations for quality design and construction service providers suited to their specific needs
- professional consulting services to guide their selection process for design and construction service providers
- access to financing for their home improvement projects
- our VR system to view virtual, tailored designs
- our construction ERP system to remotely monitor construction progress at key construction junctures
- access to the feedback and experience of other service users and the opportunity to share their own feedback and experience

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Parties

Our value

Interior design and construction service providers

We provide design and construction service providers on our platform with the following:

- efficient and cost-effective access to potential customers through our recommendations
- increased customer conversion and operational efficiency through our comprehensive operational support services (including CRM system, VR system, ERP system and supply chain management software)
- mechanisms to improve the quality of their service by implementing the standardized service procedures designed by us
- strengthened brand awareness through word-of-mouth rating on our platform
- strengthened reputation through our strict selection policy
- lowered materials procurement costs by accessing our localized networks of materials suppliers and manufacturers

Material suppliers

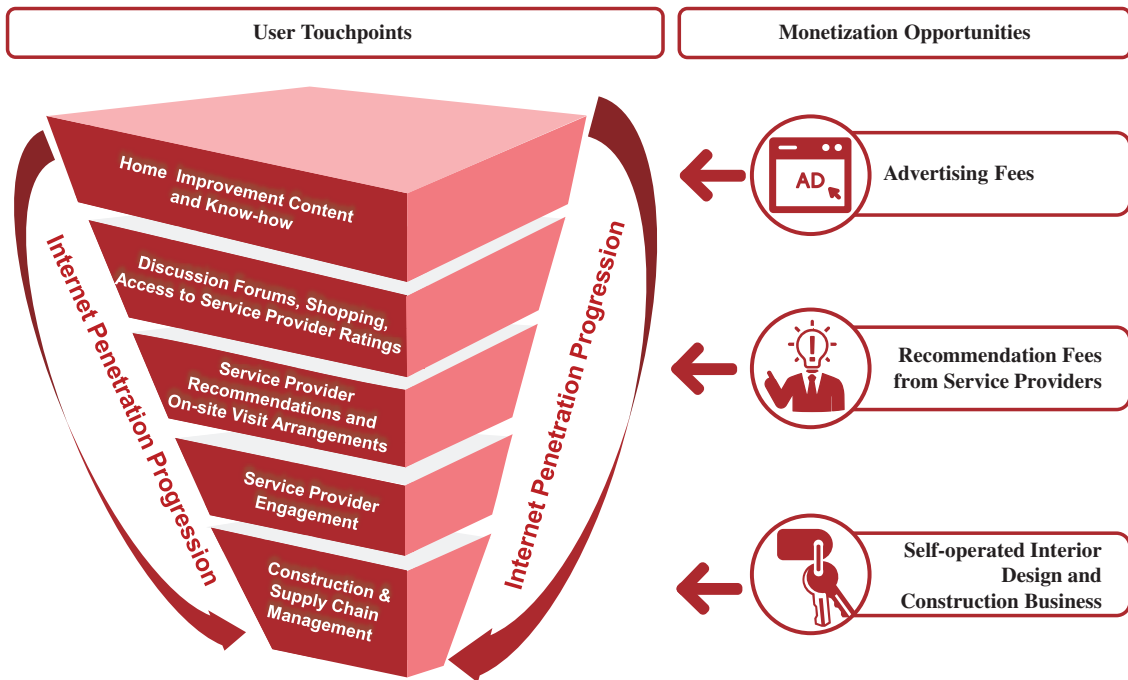
We provide material suppliers with access to our broad user base of design and construction service providers across China

Financial service providers

We offer financial service providers access to our network of users seeking financial assistance for home improvement services

OUR BUSINESS MODEL

We believe the internet is transforming the interior design and construction industry as it moves an increasing number of user touchpoints online, and our business model is designed to take advantage of this evolving trend. We attract customers to our platform by offering rich home improvement know-how and content online, an initial touchpoint which already has significant internet penetration. We have observed increasing demand for accurate service provider recommendations through online platforms, a service that Frost & Sullivan predicts will grow at a CAGR of 58.4% from 2017 to 2022 in terms of GMV, and which we already provide and are further refining. We also have a self-operated interior design and construction business, a touchpoint that we believe includes a number of aspects that will be increasingly brought online over the next few years.



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Our interior design and construction platform

We are the leading online destination for interior design and construction consumers in China. Over the past eleven years, we have developed the largest online community of interior design and construction consumers in China. During 2015, 2016, 2017, we had 24.2 million, 31.7 million and 37.8 million MUVs on our platform, respectively, and as of December 31, 2017 we hosted over 30 discussion forums. We believe our thriving ecosystem of home-improvement content and our one-stop solution for users seeking interior design and construction services will enable us to attract even more users to our platform in the future.

We do not consider monthly paying users (“MPUs”), monthly active users (“MAUs”), registered users or GMV as key operating metrics because these metrics are either inapplicable to our business model or not as directly related to the revenue of our platform business. As we generate revenue of our platform business mainly through recommendation fees from service providers, rather than charging users directly, MPUs is not applicable to our business model. The activeness of our existing users, which is represented by MAUs, is also not as relevant as the amount of visitors our platform has. In addition, because not all visitors to our platform who are willing to make a consultation appointment with us or service providers directly are also willing to provide additional information in order to become our registered users, the amount of registered users is also not as helpful as MUVs in evaluating our results of operations and future prospects. As the transaction amount between our users and service providers on our platform also has no direct impact on our revenue, we also do not deem GMV to be a relevant operating metric. The table below sets forth our MUVs, the number of users to whom we made recommendations, the number of user recommendations made, and average revenue from platform services per recommendation during the periods indicated.

	For the year ended December 31,			For the four months ended April 30, 2017	For the four months ended April 30, 2018
	2015	2016	2017		
MUVs (in millions)	24.2	31.7	37.8	29.5	43.8
Number of recommended users	87,826	128,763	228,999	68,551	98,483
Number of recommendations made	216,111	252,316	496,116	144,462	212,967
Average revenue from platform services per recommendation (RMB)	425	357	359	290	400

Design and construction service

We provide a one-stop solution for users seeking interior design and construction services, most of whom are not experienced with interior design and construction projects and need professional guidance to help them navigate the complicated process. The following flowchart illustrates a typical transaction of an individual user on our platform:



Step 1. Access our platform or mobile apps

We attract and acquire potential users that are interested in interior design and construction services to our platform mainly through our comprehensive home-improvement content, word-of-mouth reputation, and other marketing channels. We believe a large part of our potential users come to know about our service offerings through browsing our content and word of mouth recommendations from other users.

Users interested in interior design and construction services will typically start by accessing and browsing home improvement content for inspiration. We attract and acquire potential users through our abundant collection of home-improvement content which is freely accessible through our website, our mobile website, our various mobile apps, or through third party platforms. Our mobile website is our most popular channel of access to our services for users. We believe our comprehensive content is essential for attracting more users to our platform and to engage our services. Our comprehensive home improvement content provides viewers with practical knowledge throughout the interior design and construction process, allowing us to gain potential users' trust in our expertise and helpfulness. Utilizing our big data analytics capability and Intelligent Information Push-Pull ("IIPP") technology, we are able to push content tailored to different users based on their specific interests, thereby increasing the likelihood that they will make an appointment with us. We have also customized how our content is presented on a webpage or app interface so that potential users can easily find where to submit their contact information to make an appointment. For more details about our content, see "-- Our Business Model -- Our Content Ecosystem." For more details about our mobile apps, see "-- Technology -- Mobile app."

Users can also learn about our services and gain access to our content and platform through various third-party websites and mobile apps such as WeChat, Baidu, and *yidianzixun.com* (一點資訊), through in-app links and links to our websites. For WeChat in particular, we and the design and construction service providers on our platform collectively had over 80 Qijia public accounts on WeChat (齊家微信公眾號) as of the Latest Practicable Date. Those who choose to follow us on WeChat receive free daily updates of our home-improvement content, including curated articles and real-life case examples.

Step 2. Appointment and consultation with our professional service consultants

Potential users interested in our services can make an appointment with our large and supportive team of professional service consultants by leaving their details, such as their contact number, city of location, and the type of interior design and construction service they are looking for on our website or mobile apps. Moreover, users can leave their details with us by using any one of our online tools, such as our “10-second fee quote” (10秒估算裝修報價), “learn interior design and construction in one minute” (一分鐘學裝修), “free measurement services” (免費上門量房) and “free 3D design proposal” (3D家裝免費方案) tools. For example, as most users seeking interior design and construction services enjoy the convenience of receiving an immediate initial estimate of the costs of their home-improvement project, our “10-second fee quote” is very popular among users. Within seconds of entering their contact information, location, and the size of their home, we provide users with a timely free estimate.

After an appointment is confirmed, one of our professional service consultants will promptly reach out to the user by phone and consult with the user individually about their specific interior design and construction needs, including design style, size of their home and their estimated budget, as well as answer any initial questions the user may have. We believe our telephone consultation service provides great value to our users, the majority of whom require guidance from professionals at the outset of the home-interior design and construction process. As a key step in converting visitors to users, personalized consultation also allows us to identify potential users’ individual needs so we can recommend to them service providers most suited to their needs.

Users also have the option to make an appointment with the interior design and construction service providers on our platform after browsing their profiles and ratings on our platform. If they choose to do so, our professional consultants will follow up to obtain feedback from the user and recommend additional interior design and construction service providers on our platform if needed.

Step 3. Connect with interior design and construction service providers

Following the telephone consultation, we undertake a multi-dimensional system analysis to generate a User Profile (as defined below) and identify quality design and construction service providers on our platform most suited to the user's specific needs. When conducting this analysis and formulating the list of recommendations, we take into account various factors, including the user's specific needs, personal preferences, estimated budget range, as well as the capability, capacity and area of specialization of the design and construction service providers.

User Profile (人物畫像). We record and analyze the browsing habits and key word searches of our users to create a profile of the user's specific needs for interior design and construction services (the "**User Profile**"). Based on our users' basic information, browsing habits, their key word searches on our website or mobile apps, our AI engine automatically assigns labels to users, creating a preliminary User Profile. These labels include, among other things, the users' location, home size, estimated budget range, preferred style for interior design and construction service, and the category of design or services most searched or viewed by the user. For example, a user may spend a lot of time browsing a certain category, such as designs for smaller homes, European style designs, or designs suitable to the elderly. Our effort to create an accurate user profile is further assisted by our algorithm-powered matching system.

Service Provider Database (裝修公司數據庫). With approximately 7,502 interior design and construction service providers on our platform as of April 30, 2018, all of which have undergone our strict selection process, we have accumulated extensive data on the service quality and capability of interior design and construction service providers on our platform, all of which is stored in our business intelligence ("**BI**") system. Our AI engine is designed to automatically synthesize a tremendous amount of information on these service providers. Based on this information, our automatic matching system attaches various labels to the service providers to evaluate the quality of their design and construction service as well as their strengths and weaknesses compared with other service providers on our platform. Through our close collaboration with the service providers on our platform, our system keeps close track of the service providers' changing capacity and evolving capabilities.

Based on the results of the above analysis, our matching system automatically generates a list of several interior design and construction service providers that we believe are most likely to meet the needs of our users, using our algorithm. We believe our multi-dimensional system analysis allows us to significantly increase our success rate in matching users to interior design and construction service providers. Since we have already identified the user's specific needs and have ample information on the service providers on our platform, we can more accurately connect them with service providers with the right capacity and capability to handle those specific needs.

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From this list of service providers that our matching system generates, the size of which may vary depending on the needs of our users and the availability of appropriate service providers, we select service providers to recommend to our users based on a number of criteria, including, among others, users' budget, users' specific design or construction requests, the service providers' real-time capacity, proximity to the user, and experience in any particular area of design. We typically recommend to each user up to three but not more than six interior design and construction service providers and may make additional recommendations only if the user further requests. We limit the number of recommendations we provide to each user as we are only recommending the most compatible and highest quality service providers to them. This also helps ensure our service providers receive sufficient value for the user recommendation fees they pay to us.

Connecting our users with a quality service provider that is able to meet their construction and budgetary needs is our number-one objective in making recommendations to our users. We also strive to ensure that third party service providers feel they receive sufficient value for the services that they pay us for, which are largely in the form of user recommendation fees. We are therefore incentivized to treat our self-operated interior design and construction business and other service providers on our platform equally when making user recommendations. In March 2017, we implemented an automatic order distribution system using algorithms designed to improve the matching of users with service providers and reduce the amount of human discretion in the recommendation process. As of December 31, 2017, automatic order distribution was available in nearly 230 cities out of over 250 cities we service and we plan to fully switch to automatic order distribution in all cities by the end of 2018.

Following this, we recommend several design and construction service providers to our users through the following process.

- We send the User Profile to several interior design and construction service providers through their CRM system on our platform, which is incorporated in our desktop and mobile applications for service providers and also in WeChat mini apps (小程序).
- Interior design and construction service providers can review and accept the User Profile from us.
- We made over 960,000 user recommendations to interior design and construction service providers on our platform during the Track Record Period and approximately 213,000 user recommendations during the four months ended April 30, 2018.
- Interior design and construction service providers who have accepted the User Profile can make initial contact with our users by using a virtual phone number generated by our system. When a service provider dials a virtual phone number, our system automatically alerts us and records the call, allowing us to monitor the communication.

Step 4. Select a service provider

We offer value-added services to assist our users in selecting a service provider as part of our efforts to enhance our user conversion rate, that is, converting browsing users to users who will accept service provider recommendations from us:

- We require each service provider on our platform to provide our users free onsite inspection and measurement services, free tailored design proposal and a free fee quote, as part of our standardized service procedures.
- We offer designers on our platform access to our VR system to help them quickly create a customized 360-degrees virtual design proposal for our users, after completing onsite visit and measurement services. Virtual designs created through our VR system can be viewed and shared instantly by the user on their smartphone. We believe our VR system is a breakthrough from the traditional approach under which it could take designers weeks to produce a design proposal in the form of two-dimensional sketches, which is less appealing and meaningful to users.
- We provide users with access to useful information about the interior design and construction service providers on our platform, including their word-of-mouth rating, reviews from other users, former designs and case examples, as well as photos of their ongoing construction projects. Providing users with useful information about and potential access to quality service providers on our platform is a key strategy to enhance our user conversion rate. We have a word-of-mouth rating on our platform which is accessible to all users. Our word-of-mouth rating is a comprehensive list of all the interior design and construction service providers on our platform ranked based on a service provider's range of services provided, customer satisfaction rating, as well as their professionalism. Our word-of-mouth rating is updated on daily basis. For new service providers on our platform, we will upload information such as their former designs, case examples and construction projects as soon as they sign a service agreement with us. We will also update our word-of-mouth ranking for new service providers over a period of time, on case by case basis, according to their performance. For further details, see “– Our Business Model – Interior design and construction service providers on our platform.”
- In an effort to further enhance our conversion rate, we often call back people who had the initial consultation with us to check their experience with the service providers we recommended. If our user is not satisfied with any of the interior design and construction service providers we recommended, our professional consultant will gather feedback from the user and recommend other interior design and construction service providers accordingly, until our user is satisfied.

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Our service is a convenient solution for users seeking interior design and construction services. Our platform connects each user with quality service providers in their area with expertise in the types of services they need, all from the convenience of their desktop or smartphone. We believe that compared to the traditional approach of physically visiting numerous stores or showrooms, we offer a service that is valuable to both our users and service providers. We also believe our technology enables us to identify service providers most suited to our users' specific needs, compared to the traditional "trial and error" approach. Users also have more choices available by browsing our large selection of over 7,000 quality service providers on our platform, whereas traditionally, their choice was limited by the stores they could physically visit. Our monetization strategy is focused on generating more user recommendations fees from service providers while maintaining the quality of our user recommendations. In order to enhance the monetization of our user base, we plan to further increase the amount and diversity of service providers on our platform in order to meet our users' increasingly divergent needs. In addition, through the above-mentioned value-added services, we seek to enhance our users' experience on our platform, thereby creating additional monetization opportunities through repeat consumption and word-of-mouth referrals.

If our user is satisfied with one of our service provider recommendations, they can enter into a contract with the selected design and construction service provider directly or enter into a tri-party agreement with the selected design and construction service provider and us through our Qijia Bao Service (the "**Qijia Bao Service Agreement**"). As of December 31, 2015, 2016 and 2017, revenue derived from our Qijia Bao service was RMB5.3 million, RMB5.6 million and RMB7.8 million, respectively. Under the Qijia Bao service agreement, we offer our users escrow service for their payment to service providers on our platform and third-party inspection services for their home improvement projects. We derive our revenue from inspection service fees normally ranging from RMB400 to RMB750 per project, depending on the location of the project, from service providers who use our Qijia Bao service. Since our users typically prefer to have the additional safeguard provided by the Qijia Bao service, many service providers are willing to bear the cost in order to acquire customers. Therefore, we charge the inspection service fee to the interior design and construction service providers, rather than the users, which is consistent with our business model of not charging our platform users any fee directly. For further details of our Qijia Bao Service, see "– Our Business Model – Design and construction service – Step 5. Financing and payment" and "– Our Business Model – Design and construction service – Step 6. Interior Construction."

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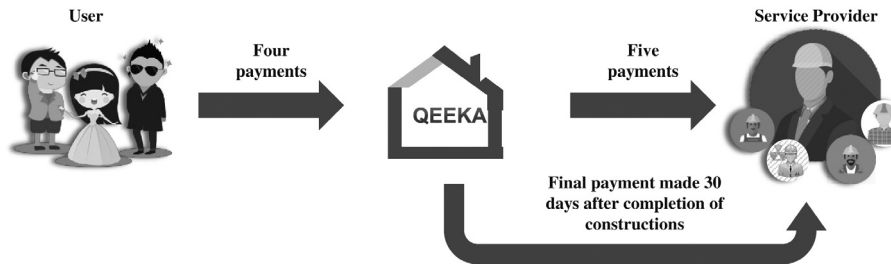
Step 5. Financing and payment

We offer our users attractive value-added services, including direct access to external financing from our finance partners under our Home Improvement Loan Referral program and our Escrow Payment Service.

- *Home Improvement Loan Referral (專享貸)*. We work with a number of financial institutions across China to provide our users loans to help finance the design and construction services engaged through our platform. Our Home Improvement Loan Referral program is available to registered users located in 16 cities in China. We do not take any credit risks for the loans made available through our Home Improvement Loan Referral program, and we only recently began exploring monetization opportunities for this service. As advised by our PRC Legal Advisor, our loan referral service is not subject to any special regulatory or licensing requirements and we have complied with applicable laws, regulations and licensing requirements in relation to our loan referral business.
- *Escrow Payment Service*. As part of our Qijia Bao Service, we offer our users an escrow payment service, which provides additional protection to our users. Under this arrangement, the user transfers to us the total amount of consideration payable to the construction services provider in four separate payments via traditional non-internet based channels. We then pay the construction services provider through five separate payments upon the completion of certain milestones. Below is a brief description of the payment process under our escrow payment service.
 - Our user makes the first payment, i.e., 40% of the total consideration due to the construction services provider, to us up front via traditional non-internet based channels. Upon our receipt of the first payment, we will pay half of it to the construction service provider, and retain the other half, i.e., 20% of the total consideration, as a security deposit.
 - Within three days of sign-off by the third-party inspector at each of three subsequent junctures of construction, namely, (i) water and electricity inspection; (ii) tiling and cement work inspection; and (iii) paint inspection, our user would pay us 20%, 30% and 10% of the total consideration, respectively, which we will then pay to the services provider. If the third-party inspector does not sign off at a particular juncture, the construction service provider is obligated to rectify the issues identified before any payment is made.
 - We will not release the security deposit until we receive confirmation from our user that they are satisfied with the construction results, or, absent notice from the user to withhold the security deposit, until 30 days after completion of project.

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- In case of dispute between our user and the service provider, we have the right to act as a mediator between the user and service provider and are obligated to use our best efforts to address our user's claims. Users and service providers who are parties to the Qijia Bao Service Agreement undertake not to engage in any conduct or make any remark that may impair our interests or reputation.



As advised by our PRC Legal Advisor, as of the Latest Practicable Date, the escrow payment service is not viewed by the relevant PRC regulator as a highly regulated internet-based business. Rather, it is regulated by generally applicable civil laws such as General Principles of Civil Law and Contract Law. However, there is no assurance that the PRC regulatory environment will not change or tighten.

Payment Timing	Percentage Paid by User	Percentage Paid to Service Provider
Contract Signing	40%	20%
Water and Electricity Inspection	20%	20%
Tiling and Concrete Work Inspection	30%	30%
Paint Inspection	10%	10%
30 Days after Project Completion		20%

Historically, in limited circumstances, we also transacted escrow payment services involving an immaterial amount of funds via licensed internet-based payment service providers. We no longer provide this internet-based service and will continue to provide our escrow payment services via traditional non-internet based channels to enhance our customer's experience. As advised by our PRC Legal Advisor, the Group had complied with the regulatory and licensing requirements relating to the provision of escrow payment service during the Track Record Period and up to the Latest Practicable Date in all material respects.

Step 6. Interior Construction

Once the service provider receives the initial down-payment, which is typically 20% of the total consideration due, the project will begin. Given that most of our users are not familiar with the interior design and construction process, we offer the below additional quality control and protection measures to our users during the construction stage:

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- *Third Party Inspection Service.* As part of our Qijia Bao Service, we engage professional third-party inspectors to give instructions at the outset of construction and provide onsite inspection services at key junctures of the construction process in order to ensure the completion of each phase meets our high standards. The inspectors we engage are authorized under the Qijia Bao Service Agreement to require the service provider to rectify any issues that they identify during inspection.

In order to maintain the service standards of the third-party inspectors, we have established a rating system to assess their performance, which is based on factors such as the quality of their inspection service, their reviews from users, and whether there is any delay in construction. We designate inspectors with strong performance and reward them with bonuses, and believe this mechanism incentivizes third party inspectors to deliver quality service.

- *Construction ERP System.* Interior design and construction service providers on our platform have the option to use our proprietary Construction ERP System to better manage the construction process. For more details of our proprietary Construction ERP System, see “– Our Business Model – Our value and services – Our systems and software” and “– Our Business Model – Our self-operated interior design and construction business – Brausen.” Service providers may also upload photos of the construction results at each of the above-mentioned key junctions by using our Qijia Construction Management (齊家施工管理) app. Separately, as part of our Qijia Bao Service, third-party inspectors upload photos of the construction progress at each of the key junctures, using our Qijia Construction Management (齊家施工管理) app.
- *Remote Monitoring.* Our users can view the uploaded photos by logging into their account on our Qijia Construction Assistant (齊家裝修助手) app. By contrast, traditionally, service recipients had to physically visit the construction site to see the construction progress and could only rely on the construction service provider’s confirmation as to the quality of construction. We also believe this function allows us to identify interior design and construction service providers with stronger performance.
- *Insurance.* As part of our platform services, we offer each of our user free comprehensive insurance coverage of up to RMB300,000 for third party personal injury or loss or damage to the property as a result of fire, explosion, water or electricity damage during construction.
- *315 expedited hotline.* As part of our platform services, we also offer our users an expedited hotline which allows them to quickly voice complaints concerning any issue they encounter. For issues concerning construction, we will notify the service provider within three hours of receiving the call from the user. The service provider is required to propose a preliminary solution within one day and a final resolution within five days. Users can also check the status of any complaints they made on our Qijia Construction Assistant (齊家裝修助手) app.

Step 7. Inspection and completion

At the end of construction, as part of our Qijia Bao Service, the third party inspector will conduct onsite quality control inspection. Any issues or faults identified must be remedied by the interior design and construction service provider to the satisfaction of the third-party inspector, our user and us. As mentioned above, we will not release the security deposit to the construction services provider until the user confirms they are satisfied with the construction results, or until 30 days after completion of construction unless we have received notice from the user to withhold the security deposit.

Step 8. User feedback

Users who have hired interior design and construction service providers through our platform can share their home improvement experiences, including ratings of service providers on our online forum. This provides valuable feedback on the quality of service providers on our platform and supplements our online content ecosystem of completed home-improvement projects, which gives other users ideas and inspiration as they consider their own interior design and construction projects.

We also offer a variety of customer support tools including our online customer service assistant, and our instant messaging service whereby our users can chat live with our professional service consultants on topics such as home designs, interior design and construction generally and provide complaints and feedback.

Our Content Ecosystem

We have created an ecosystem of online home-improvement content that is constantly expanding and evolving, due to our abundant source of content contributors, consisting of user-generated content (“UGC”) and professionally-generated content (“PGC”). As of the Latest Practicable Date, we have accumulated extensive user data and high-quality home improvement content, including over 1.2 million articles and posts, 3.0 million photos and 190,000 real-life home-improvement cases. We utilize IIPP technology to push filtered and customized home-improvement content to each user based on his or her browsing history and key words searches. We believe the ample selection of content available on our platform demonstrates our value proposition to our users, and is essential for attracting more users to our platform without substantial cost. For example, during April 2018 we had 50.6 million MUVs.

UGC. Our UGC consists of mainly four types, which are accessible through our website and Finest Interior Designs (最美裝修) mobile app.

- *User discussion forums.* We have over 30 of user discussion forums as of December 31, 2017. Our discussion forums are organized by the type of users and topics and provide our users an easy and intuitive way to access information and advice on various topics of interest.
- *User reviews.* Our active users provide reviews and comments on the interior design and construction services they received on our platform.

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- *User journals (裝修日記)*. Users can share their day-to-day personalized interior design and construction experience in the form of journal entries on our platform with other users.
- *User's home displays (晒家)*. Users can instantly share their interior design and construction process and results by posting photos on our platform, which are freely accessible by other users on our platform.

PGC. Our PGC consists of curated articles, graphics and home-improvement case examples created both internally by our in-house editorial team, and externally by third parties, as detailed below:

- *In-house contributors*. Our editorial team, based at our Shanghai headquarters and in sales offices located in 13 different cities throughout China, work closely with design and construction service providers and other industry participants to create articles, case examples, and online lectures relating to interior design and construction.
- *External contributors*. Interior design and construction service providers and third-party inspectors can share real-life home improvement cases, construction processes and their experience through photos, displays and articles on our platform. Designers who used our VR system to create 3D virtual design proposals for users can share their designs on our platform. Material manufacturers and distributors can also post articles to share their home improvement know-how with our users. In addition, third party inspectors using our construction ERP system can contribute content to our platform by uploading images of the real-life construction process at each of the above-mentioned junctures. As of the Latest Practicable Date, we collected over 940,000 real-life images from over 40,000 construction sites. We also obtain input from various industry experts and key opinion leaders for our curated articles and online lectures on topics related to interior design and construction.

Interior design and construction service providers on our platform

Acquisition. We attract and convert service providers to our platform mainly through extensive user base with genuine home improvement needs. According to Frost & Sullivan, we ranked first among interior design and construction online platforms in China in terms of recognition and are the top choice for customers seeking interior design and construction services online. Our business development team located at our headquarters in Shanghai and certain cities across China also reach out to quality interior design and construction companies who are not familiar with our platform to inform them of our services. In addition, for third and fourth-tier cities where we plan to expand our platform business, we engage certain local agents familiar with the market to help us scout interior design and construction service providers who are likely to thrive on our platform.

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Selection. We have a strict selection criteria for choosing interior design and construction service providers on our platform. We consider factors such as their range of services, capacity, and their design and service capability. Our strict selection policy ensures that service providers on our platform are of high-quality and can deliver satisfactory services to our users.

Quality guarantee pledge. We require all interior design and service providers on our platform to provide a quality guarantee pledge as an additional protection measure for our users and our reputation. In the event a service provider fails to follow certain codes of conduct on our platform when performing their services, we have the right to penalize them by withholding their quality guarantee pledge.

Ranking. Service providers on our platform are ranked according to the quality and professionalism of their service as well as the feedback on their services, and are divided into three categories, namely, category A, B and C. A service provider ranked as category B or C can move up the ranks based on the abovementioned criteria as well as users' feedback. If a service provider fails to perform to the standard we expect, they will eventually be removed from our platform. Through this method, we motivate the interior design and construction service providers on our platform to strive to deliver the highest level of service and quality.

Our value and services

We serve the interior design and construction service providers on our platform mainly as follows:

- *Efficient and cost-effective customer access.* We provide interior design and construction service providers on our platform access to potential customers with strong intent to purchase interior design and construction services, as indicated by their willingness to provide contact information to us and confirmed by our professional service consultants' consultation with them. Our multi-dimensional system analysis backed by big data and our proprietary algorithm also enables us to form a unique understanding of the service providers' comparative advantages and disadvantages and to make the most suitable user recommendations to them accordingly. As a result, interior design and service providers are generally able to reach more target customers and realize higher customer conversion rates through our services. Compared to the traditional way in which service providers acquire customers through advertising and physical storefronts, our user recommendation service is a considerably more efficient and cost-effective method customer access for them. We made over 960,000 user recommendations during the Track Record Period and approximately 213,000 user recommendations during the four months ended April 30, 2018. We believe the interior design and construction service providers on our platform can realize great value from our service.

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- *Brand building and promotion.* We believe we are a preferred platform for design and construction service providers to promote their brand awareness for the below reasons:
 - *Broad user reach.* Our large and engaged user base provides the interior design and construction service providers on our platform broad reach to potential consumers. For example, during April 2018, we had 50.6 million MUVs. According to the Frost & Sullivan Report, we ranked number one in terms of daily visits among all the interior design and construction platforms in China.
 - *Targeted solutions.* Our advanced technologies allow us to segment our user base into numerous dimensions and categories, including by geographical location, by home-size, by design style preferences, and by specific interior design and construction interests.
 - *Word-of-mouth rating system.* We have a word-of-mouth rating system for the interior design and construction service providers on our platform, which helps to enhance their brand and reputation among our users and potential users. Our word-of-mouth rating takes into account a service provider's range of services, customer satisfaction rating, as well as its professionalism.
 - *Localized connections.* Interior design and service providers can upload their most up-to-date home-improvement case examples and promotional events for our users' viewing by establishing a subscription account (訂閱號) on WeChat. Information posted by the service provider to the account will appear on the daily feed of local WeChat users who follow the subscription account. Service providers can also participate in discussion forums with users located the same local city to discuss trendy home improvement topics.
- *Our systems and software.*
 - *VR system.* Our VR system enables designers to quickly create a 3D visualization of the ultimate customized design for our users. Users can easily view and share the virtual design with friends and family through their smartphones.
 - *Construction ERP system.* Our construction ERP system offers interior design and construction service providers on our platform tools to better manage the overall construction process by breaking down the process into several key junctures and streamlining the timing and deliverables from one juncture to the next.
 - *Materials supply chain management software.* Our supply chain management software links to our construction ERP system and allows interior design and construction service providers to manage their own materials supply at certain junctures of the construction process.

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- *Our standardized service procedures.* We recommend all the interior design and construction service providers on our platform to use our standardized service procedures, such as providing free onsite measurement services to users, providing free design proposals to users of their site visit, and prompt response to customer inquiries, in order to enhance their overall services to our users.
- *Our materials supply chain resources.* Interior design and construction service providers on our platform can purchase a wide range of quality construction materials, accessories and furnishings from us by placing orders on our platform. Materials manufacturers in our supply chain network consists of internationally and nationally renowned brands as well as value-for-money local brands. We have a strict selection policy for manufacturers, which considers such factors as their ability to process orders, arrange delivery and warehouse space. We continue to assess their performance periodically through an internal ranking system to ensure quality. Materials manufacturers will typically enter into a framework agreement and subsequent purchase agreements with us. To ensure we get the best price available in the industry, we require a minimum price guarantee from materials manufacturers in our framework agreement.

By leveraging economies of scale and utilizing the F2C (factory to consumer) model, we help interior design and construction service providers on our platform lower their materials procurement costs. The bulk of the materials are delivered directly by the manufacturer to the construction site. A select number of materials such as bathroom materials are stored in our warehouse in Shanghai, which is managed by a third party. We also plan to develop the ability of our licensees with strong local ties to manage warehouses and support delivery of materials in their local cities in the future.

Our licensees

To fulfill our strategy of nation-wide coverage and control, we have built a license network of interior design and construction service providers in smaller cities throughout China. As of December 31, 2015, 2016 and 2017, we had 15, 21 and 144 active licensees, respectively, and 25, 51 and 152 total licensees, respectively. As of the Latest Practicable Date, our licensees were spread across 157 cities across China. Most of our licensees are established interior design and construction service providers in China's third or fourth-tier cities and operate under the Dianshang brand, which focuses on providing simple, stylish and classic designs, and targets customers with small-layout residences. Local interior design and construction service providers who pass our extensive background and reference check and meet our strict selection criteria can become our licensees after entering into a license agreement with us, under which they will have the right to use our brand for their interior design and construction services during the license term, which is typically two years. During the year ended December 31, 2017, we generated RMB14.2 million in revenue from license fees from our licensees.

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Our licensees pay us a fixed annual license fee, which varies depending on the city in which the licensee is located. Licensees under our Dianshang brand have access to the basic version of our VR system, construction ERP system and localized supply chain resources, may use certain of our marketing materials, and have the right to receive operational support services from us, including operational training, showroom planning, and brand image consulting. In order to manage our reputation and operational risks, all our licensees are obliged under the license agreement to, among others, (i) begin operations only upon our approval; (ii) operate strictly within the scope and geographic limit of the license agreement; (iii) implement our service standards and construction protocols, use our standard contract, and meet our specific requirements for showrooms and construction sites; (iv) use our ERP system in their daily operations and upload various operating data for supervision purposes; (v) report their results of operation to us every month; (vi) participate in our Qijia Bao program; and (vii) attend comprehensive trainings at our headquarters.

Through our license model, we are able to raise the service standard of local design and construction service providers in smaller cities in China up to our high standard. We believe the current lack of quality service providers in smaller cities in China against the increasing consumer demands for high quality interior design and construction services in such cities, is a significant market opportunity that we can grasp through our licensing model. As such, we plan to continue to increase our licensees in the future.

In light of our large and growing licensee network and the associated reputation and operation risks, we are actively involved in and engage in the close supervision of the daily operations of our licensees. We rank the performance of our licensees every month and categorize our licensees into four grades based on their rating. We provide different levels of operational support for licensees of each grade and are entitled under the license agreement to require licensees who fail to meet our standards to undertake certain rectification measures. Should the licensee fail to follow such instructions or violate any other term of the license agreement, we may impose fines on the licensee pursuant to the license agreement, or terminate the licensee agreement for breach, in which we will be entitled to damages. We have also undertaken various security measures, such as role-based access control and physical isolation of servers, to limit our licensees' access to our operational system and proprietary software.

Our self-operated interior design and construction business

We operate two full-service interior design and construction businesses, namely, Brausen and Jumei, both of which are present on our online interior design and construction platform along with third-party service providers and our licensees. These two brands target different consumers and provide customers with high-quality, one-stop home improvement services. Brausen focuses on individual consumers, whereas Jumei focuses on interior design and construction services for residential real-estate developers and serviced apartments. During most of the Track Record Period, we also operated our Qiyu brand, though we ceased our operations under this brand in August 2017. As of December 31, 2017, our self-operated interior design and construction business was located in 20 cities across China, marking considerable growth from the 12 and 4 cities it was available in as of December 31, 2016 and 2015, respectively. Property owners have access to both our Brausen and Jumei brands through our online interior design and construction platform.

We believe there is significant synergy between our online platform business and self-operated interior design and construction business. In addition to expanding our geographic reach and strengthening our brand awareness, our self-operated interior design and construction business helps us achieve our mission of making the interior design and construction process more efficient, convenient, and transparent by providing customers with high-quality home improvement services and incentivizing third party service providers on our platform to maintain a high level of service quality.

Moreover, we have accumulated industry knowledge and expertise through our hands-on experience in our self-operated interior design and construction business, which has given us valuable insight into the needs, demands and expectations of property owners, as well as knowledge over the entire interior design and construction process. We are able to create more value to our platform users by applying such industry knowledge and expertise to our online platform business.

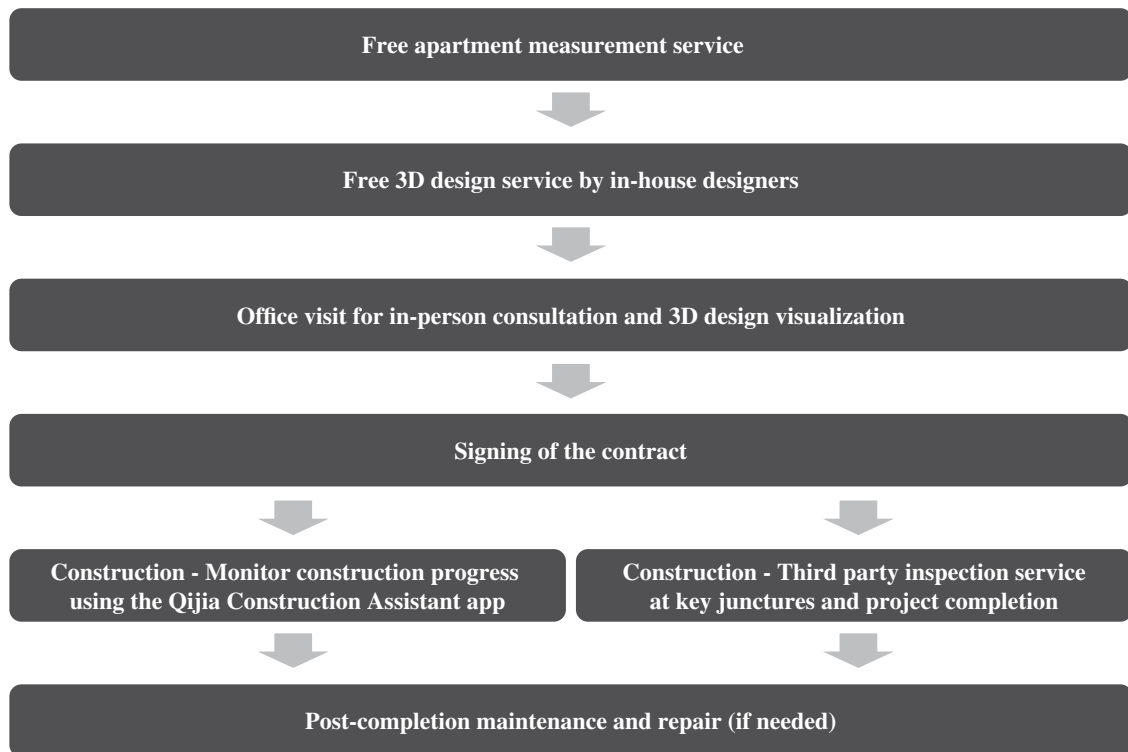
We have an extensive user base, and make user recommendations based on our users' specific and diverse needs, neutrally and objectively, without preference to our self-operated interior design and construction business or third party service providers on our platform. The mutual presence of our self-operated interior design and construction business and third party service providers on our platform provides additional reassurance to our platform users as to the quality of services they can expect. We believe fair competition is important for us to attract and maintain quality third party service providers on our platform, which in turn creates more positive experience and trust from our users, and contributes to the further growth of our platform business.

BUSINESS

Business model

(i) Transaction of an individual customer

The following flowchart illustrates a typical transaction of an individual customer of our self-operated interior design and construction business.



(ii) Materials procurement, construction and our competitive strengths

We procure some of the construction materials used in our self-operated interior design and construction projects through our extensive supply chain resources, one of our competitive strengths. By leveraging economies of scale and utilizing the F2C (factory to consumer) model, we are able to reduce procurement costs and ensure timely delivery of construction materials. For customers with highly specialized needs, our extensive supply chain resources allow us to find the exact type of materials they need, thereby significantly enhancing their home improvement experience. Our self-operated interior design and construction business also distinguishes itself from other market players with respect to our focus on using eco-friendly construction materials. For example, while many market players prefer to use average plywood, which looks largely the same as high-quality ones, the plywood we use in our projects are all procured from top-ranked brands and meet the highest national standard for formaldehyde emission.

BUSINESS

Through our acquisition of Brausen, we developed the “480-step standard construction procedures” and established one of the first ERP systems in the industry, according to Frost & Sullivan. Our Construction ERP System allows us to break down the entire construction process into up to 480 steps, and streamlines the timing from one step to the next. This helps us meet deliverable timelines and avoid delays in the construction process. Property owners can monitor the entire construction process through the Qijia Construction Assistant app. We believe our Construction ERP system and our Qijia Construction Assistant app are examples of our competitive strengths.

We maintain a team of in-house construction project managers and work together with contracted project managers, construction workers and inspectors to ensure the quality and timely completion of our projects.

After a project is completed, we follow-up with customers to learn more about their experience with us, and we will address any issues identified for which we are responsible.

Self-operated interior design and construction brands

The following table sets forth a breakdown of the revenue from our self-operated interior design and construction services by brand for the periods indicated.

RMB (in millions)	For the year ended December 31,		
	2015	2016	2017
Brausen	17.0	75.2	156.7
Jumei	–	2.3	25.9
Qiyu	27.4	118.5	101.7
Total	44.4	196.0	284.3

Brausen

We acquired Brausen and its subsidiaries in August 2015. See “History and Corporate Structure – Our Corporate History and Development” in this prospectus for details about the Brausen acquisition. As of the Latest Practicable Date, our Brausen brand established presence in 17 cities across China.

Brausen sells standardized service packages in order to offer our customers a one-stop interior design and construction solution that is cost-saving and efficient. Brausen’s construction quality is generally regarded as one of the highest in the industry according to Frost & Sullivan. Potential customers can go to our website to select the Brausen full-service package, enter their contact number and city of location and confirm an appointment with us.

BUSINESS

Jumei

We established Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd. in August 2016. Jumei offers customized service for real estate developers and packaged services for individual customers. Jumei's business model focuses on more refined and customized designs, smart home design, and standardized interior construction process. Jumei's target market is largely comprised of upper middle-class individual customers as well as developers of residential real-estate and serviced apartments. As of the Latest Practicable Date, our Jumei brand, along with its licensees, has an established presence in 13 cities across China. We expect substantial growth in our cooperation with real estate developers in the near future.

Qiyu

As a first step into the interior design and construction market, we established the Qiyu brand in September 2015, to address salient issues our users faced in the segmented interior design and construction market, such as poor service quality and inaccurate fee quotes. Leveraging our extensive user base, we managed to attract a large number of designers and project managers to work as our contractors and provide interior design and construction services to our users under our supervision. However, as our Qiyu brand grew and expanded its geographical reach, managing these third-party designers and project managers, especially remotely, became increasingly challenging. At the same time, we began to explore other options for building a self-operated interior design and construction business, such as acquiring and investing in established local interior design and construction service providers, such as Brausen, which already had established operations for over nine years in Fujian province at the time of its acquisition, and had accumulated extensive experience and personnel to manage its construction projects. This localized approach allowed us to effectively utilize the advantages of our platform business and proved to be a more efficient way of delivering high-quality interior design and construction services to our users and customers. In light of the above, we ceased using the Qiyu brand in August 2017 and allocated resources associated with the Qiyu brand to Brausen.

For the year ended December 31, 2015, 2016 and 2017, gross profit attributable to the Qiyu brand was RMB1.6 million, RMB22.2 million, and RMB17.6 million, respectively. As advised by our PRC Legal Advisor, prior to the cessation of our use of the Qiyu brand, Qiyu was not involved in any litigation, non-compliance or complaints in any material respect. We do not believe the cessation of the Qiyu brand would materially affect our results and operations.

Customers and suppliers

Customers of our self-operated interior design and construction business consist of individuals and various organizations, including residential real-estate developers, and co-working spaces. Customers of our self-operated interior design and construction business are sourced through a variety of methods, including, among others, referrals on our platform, online marketing, and offline promotional activities.

BUSINESS

Suppliers of our self-operated interior design and construction business mainly consist of manufacturers and distributors of construction and decoration materials, contracted project managers, construction workers and inspectors, and third-party marketing channels.

Projects

The table below sets forth the number of projects of our self-operated interior design and construction business by type during the Track Record Period.

	2015		2016		2017	
	Completed Projects	Ongoing Projects	Completed Projects	Ongoing Projects	Completed Projects	Ongoing Projects
Brausen	103	189	430	633	894	1,344
Jumei-Individual						
Customer	–	–	–	30	100	192
Jumei-Organization						
Customer	–	–	–	2	8	7
Qiyu	–	26	1,757	514	2,519	506 ⁽¹⁾
Total	<u>–</u>	<u>215</u>	<u>2,187</u>	<u>1,179</u>	<u>3,521</u>	<u>2,049</u>

Note:

- (1) We will complete all our ongoing projects, but we no longer accept any new projects under our Qiyu brand from August 2017 onwards.

Licensing and compliance

Most of our subsidiaries providing interior design and construction services that are required to hold a service license hold a valid service license, except one Brausen subsidiary based in Beijing. As advised by our PRC Legal Advisor, there is uncertainty regarding the interpretation and implementation of PRC laws and regulations as to whether companies providing home interior design and construction services must be licensed. A judgment issued by the Supreme People's Court of China mentioned that, the Construction Law of the PRC does not require all service providers to possess a license to provide these services. This view was also confirmed through a verbal consultation that our PRC Legal Advisor conducted with the competent regulatory authority in Fujian province, where Brausen is based, as well as Shanghai, Kunming and Zhengzhou. We are advised by our PRC Legal Advisor that the likelihood of us being subject to any administrative penalty due to the lack of a license by our Beijing subsidiary is low. Nonetheless, we are currently in the process of obtaining the relevant license for it, which we expect to complete in June 2018.

BUSINESS

Our Discontinued Business

During most of the Track Record Period, we also operated our Shopping Mall Management and Leasing Business. In December 2017, the Board approved the disposal of this business and we will no longer engage in this business going forward. For further details of the disposal, see “History and Corporate Structure – Other Major Historical Development of Our Group.”

OUR CUSTOMERS

Five largest customers

The customers for our online platform business are interior design and construction service companies and the customers for our self-operated interior design and construction business consist of individuals and various organizations. For each of the years ended December 31, 2015, 2016 and 2017, our five largest customers accounted for 7.6%, 3.0% and 3.0% of our revenues from continuing operations respectively with our largest customer in 2017 accounting for 0.8% of our revenue from continuing operations. We regard our business relationships with our largest service provider customers throughout the Track Record Period as stable, having maintained our business relationships with them for five to six years on average.

During the Track Record Period, none of our Directors, their close associates or any shareholders of our Company (who or which to the knowledge of the Directors owned more than 5% of our Company’s issued share capital) had any interest in any of our top five customers.

Salient terms of contract with our customers

Platform business

We typically enter into service agreements with third-party design and construction service providers on our platform for varying terms. Contracted service providers must prepay user recommendation fees, and each time we provide a user profile to the service provider, we will deduct our user recommendation fees from the prepaid amount. Once the prepaid amount has been completely used, service providers must make additional prepayments before we will make new recommendations to them.

For our licensees under our Dianshang brand, we typically enter into an operational license agreement, under which our licensee is authorized to operate under our Dianshang brand in the location specified in the contract. We require our licensees to pay us an annual license fee upon signing the agreement.

BUSINESS

Self-operated businesses

We typically enter into service agreements with customers. Project terms under our Brausen brand are generally about 90 working days, and we provide 24 months warranty for construction works. Our customers will pay us by installments at different stages of the project, and the first installment of up to 40% of the total consideration, payable upon signing and the last installment payable within 7 business days of project completion.

OUR SUPPLIERS

Our suppliers primarily consist of third-party marketing channels, including television networks and advertising agencies. We select suppliers based on their industry experience and reputation. We regard our business relationships with our five largest platform suppliers throughout the Track Record Period as stable, having maintained our business relationships with them for approximately two years on average.

We are dedicated to working closely with our top suppliers to strengthen our relationships with them. Purchases from our five largest suppliers for the years ended December 31, 2015, 2016 and 2017 accounted for 38.4%, 27.1% and 34.6% of our total purchase amount (including cost of inventories sold and advertising and promotion expense of group) during those periods, respectively. Our largest supplier for the years ended December 31, 2015, 2016 and 2017 accounted for approximately 19.4%, 17.6% and 19.2% of our total purchase amount during those periods, respectively. We typically pay our suppliers within a month upon receipt of invoice.

During the Track Record Period, none of our Directors, their close associates or any shareholders of our Company (who or which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had any interest in any of our five largest suppliers.

Salient terms of contract with our suppliers

During the Track Record Period, we entered a few advertisement agreements with mainstream TV networks and their affiliated companies, under which we acquired the naming rights of certain TV shows and purchased the related advertisement display slots in exchange for a fee dependent on the ratings of the shows. For example, in December 2015 we entered into an advertisement agreement with Beijing Jing TV Satellite Media Co., Ltd. and Beijing TV. Under the agreement, we acquired the exclusive naming rights for two seasons of the TV show *Sweet New Home* (暖暖的新家) and related advertisement slots.

For cooperation with advertising agencies, we typically enter into a promotion agreement with a term of approximately one year, under which the advertising agency provides us with services, including advertisement design and creation, media strategies, advertisement placement, and advertisement effect monitoring. For example, on March 13, 2017, we entered into an online advertising agreement with MediaV Advertising Co., Ltd. (Shanghai) (“**MediaV Shanghai**”), pursuant to which MediaV Shanghai provides us with online promotional and advertising services.

TECHNOLOGY

Our technologies and infrastructure are critical to our success. We follow a user-centric strategy for our system architecture and have developed robust and scalable technology platforms with sufficient flexibility to support our rapid growth. Our network infrastructure is comprised of internet data centers (“IDC”), cloud servers Baidu Cloud and UCloud, as well as content delivery network (“CDN”) provided by ChinaNetCenter and ChinaCache.

Generating, integrating and distributing high-quality home improvement content is essential for our operation. Our content management system can automatically label and line up content, and generate content recommendations specific to users’ interests. We distribute our content to numerous network nodes close to our users by utilizing a third-party content delivery network, allowing most of our user communications to bypass internet congestion. With our technological expertise, we manage third-party and in-house content delivery networks to enhance our website responsiveness and improve user experience.

We have also invested heavily in mobile technologies and were among the earliest in our industry in China to introduce a mobile version of our websites and both Apple iOS-and Android-based applications to allow our users to easily access our content. Mobile internet applications, including Wap/H5 Web app or microprograms, Apple iOS-and Android-based applications, and WeChat Mini Apps are key tools for accessing and serving our users and the service providers on our platform. We plan to continue to leverage our mobile technology to develop more mobile applications, focusing on convenient, interactive and location-based services.

A key component of our user-centric strategy is our user data intelligence engine, which allows us to rapidly gather user intelligence by analyzing large amounts of data from many sources and connecting users to content and services suited to their needs. Towards this goal, we have built (i) an AI engine that is able to analyze the basic information provided by users and their online browsing and searching activities and generate a User Profile based on its estimate of the users’ home improvement needs and preferences, (ii) a CRM system that allows our professional consultants to effectively keep track of their interactions with our users and manage additional user information they collect, both of which help provide a detailed and accurate understanding of the users’ needs; and (iii) a matching system that, based on the user information it receives from our AI engine and CRM system, as well as the tremendous amount of information we have on the interior design and construction service providers on our platform, automatically generates a list of three service providers that are most suitable for the specific user. In addition, we have also established a BI system that keeps track of all the actions on our platform, including, among other things, information related to our users, the service providers on our platform, and our interactions with them. The BI system generates reports periodically based on the information it processes, which are used by our management to evaluate our operation and the performance of our employees.






BUSINESS

Our core operational systems and software were mostly developed by our own teams and can be categorized as follows:

- *User-oriented products:* Our user-oriented products can be divided into three types: (i) H5-Web app or microprograms aimed to enhance the quality of interior design and construction services our users receive from our platform, such as our 3D VR system; (ii) content-oriented products, such as our website, our Qijia app, and Finest Interior Designs app, etc.; and (iii) interactive products, such as Q&A (問答) tools, online communities and the Qijia WeChat public account;
- *Merchant-oriented products:* CRM system, order dispatch applications, back-end management system for interior design and construction service providers, and the supply chain management software;
- *Operation management-oriented products:* platform operational system, construction ERP system, and various management tools, which allow us to manage the construction process and optimize user experience;
- *Content-centered products:* back-end management system for self-media and key opinion leaders;
- *Technological products:* the big data platform Pangu (盤古) system; service development platform QOPEN, and IT operation and maintenance System Dadi (大地).

In addition to the above, we have also purchased the right to use the Grandsys CRM system and Keedee EAS from third-parties. We have further customized these products to integrate them with our CRM system and internal control system.

Mobile apps

	App Name	Features/Target User
	<i>Qijia</i> (齊家)	Our main app where users can view our service offerings
	<i>Finest Interior Designs</i> (最美裝修)	Our home-improvement content app
	<i>Qijia Construction Assistant</i> (齊家裝修助手)	Users can view photos of construction progress
	<i>Qijia Designer</i> (齊家設計師)	Primarily for designers to upload design proposals
	<i>Qijia Construction Manager</i> (齊家施工管理)	Primarily for service providers and third party supervisors to upload photos of construction progress

RESEARCH AND DEVELOPMENT

As of December 31, 2017, we have a dedicated team of 147 highly-skilled research and development personnel whose expertise spans a wide range of areas. Our R&D department consists of three divisions: (i) product development division, which is responsible for the development of our website, operational platforms and mobile apps; (ii) system support division, which is responsible for the operation and maintenance of our IT system and front-end development; and (iii) testing division, which provides services related to our data framework and big-data platform. We plan to continue to expand our R&D team by recruiting additional talents. During 2015, 2016 and 2017, we incurred RMB42.1 million, RMB47.0 million, and RMB37.5 million of research and development expenses, respectively. Research expenditure is recognized as an expense is incurred.

R&D for our mobile apps

Our mobile app development process is continually driven by user demands. We closely monitor user behavior and user preferences and respond to changes or shifts by developing new apps or by adding new or optimized features in existing apps. To remain innovative, we encourage our employees to maintain close communications with our users to understand their needs, and provide our development teams with autonomy and freedom to explore new concepts in updating existing mobile apps or creating new mobile apps.

Qijia Research Institute

We established Qijia Research Institute in 2015, which aims to analyze customer behavior and demands based on our extensive database, and devise new product designs to serve our users' constantly changing demands.

SALES AND MARKETING

Our marketing strategy can be divided into two types, namely, precision marketing (精準類廣告) and large-scale media marketing (泛媒體的投放). Precision marketing targets potential users with home improvement needs in the near-term, i.e. within one to three months, whereas large scale media marketing is focused on dispersing our brand and our services in the market in general. For the years ended December 31, 2015, 2016 and 2017, our advertising and promotion expenses amounted to RMB111.6 million, RMB82.8 million and RMB106.8 million, respectively.

The table below sets forth a break-down of our advertising and promotional expenses during the Track Record Period.

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	For the year ended December 31,		
	2015	2016	2017
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands)</i>		
Large-scale media marketing			
Media Fee ⁽¹⁾	61,836	52,516	45,509
Precision marketing			
Online Promotion Fee ⁽²⁾	41,504	21,702	59,747
Offline Promotion Fee ⁽³⁾	8,233	8,612	1,517
Subtotal	49,737	30,314	61,264
Total	111,573	82,830	106,773

Notes:

- (1) Media fee mainly arises from engagement of our brand ambassador, actor Mr. Huang Xiaoming (黃曉明) and our participation in the popular Chinese home-improvement reality TV show, Sweet New Home (暖暖的新家).
- (2) Online promotion fee mainly relates to advertisement distribution on search engines and other third-party marketing channels.
- (3) Offline promotion fee mainly relates to the placement of physical advertisements and organization of offline promotion activities.

During the Track Record Period, our precision marketing initiatives mainly consisted of promoting our services through strategically placed advertising, icons and in-app links on third party promotional platforms, such as Baidu and WeChat. Our large scale media marketing initiatives mainly consisted of the engagement of our brand ambassador, actor Mr. Huang Xiaoming (黃曉明), whom we believe is held in high regard by the Chinese public, as well as our participation and promotion of our brand and services through the popular Chinese home-improvement reality TV show, *Sweet New Home* (暖暖的新家).

We have also relied on word-of-mouth referrals among our loyal users to help us promote our services in China. We have built a large base of loyal users with relatively low acquisition cost, primarily through our online channels such as our Qijia app and Finest Interior Designs app, and through third-party online channels that cooperate with us, such as Baidu and WeChat. In particular, in relation to marketing activities conducted on or via Baidu platform, we transacted with authorized distributors of Baidu. During the Track Record Period, the marketing expenses incurred in regard to such transactions of our continuing operations amounted to RMB39.8 million, RMB25.5 million and RMB22.8 million, respectively. We do not expect such expenses as a percentage to our revenue to increase significantly in 2018. Our ecosystem of home-improvement content which is freely available through our online channels and third-party online channels, draws in over hundreds of thousands of potential users each month.

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COMPETITION

China's online interior design and construction industry is fairly competitive, with 500 to 800 competitors, and a market size of RMB126.7 billion in 2017, according to Frost & Sullivan. In 2017, we were ranked first in the industry with a market share of 25.7%, followed by our main competitor, whose market share was 22.3%, according to Frost & Sullivan. We and our main competitor, being the top two players in the industry, together accounted for nearly half of the market in terms of GMV in 2017, while the top five players in the industry accounted for 62.1% of the market.

We compete against other interior design and construction online platforms that connect consumers with various players across the industry value chain, to facilitate transactions related to interior design and construction. We also compete with online information sharing platforms that provide home improvement related contents and offer advertising and subscription services. Moreover, we face competition from offline, traditional interior design and construction companies.

We believe the key factors for our success in the industry primarily include our existing dominant position and influence in the market, our ability to attract users and efficiently match supply and demand. As competition in China's online interior design and construction market intensifies, we believe that we are well positioned to take advantage of the opportunities in this growing industry. For additional details regarding the competitive landscape in which we operate, see "Industry Overview – Competitive Landscape Analysis."

INTELLECTUAL PROPERTY

We seek to protect our intellectual property rights through a combination of copyright, trademark and patent protection laws in China.

As of December 31, 2017, we owned 10 registered domain names. Applications for the renewal of our domain names are usually made 12 months prior to their expiration. Under normal circumstances, the domain name registrations take effect immediately after the payment of renewal fees. As of December 31, 2017, all of our registered domain names are in effect. If any of our domain name registrations cannot be renewed for any reason, the domain name registrar may deregister the relevant domain name.

As of December 31, 2017, we held 84 software copyrights registered with the State Copyright Bureau of China.

As of December 31, 2017, we owned 36 trademarks in various categories and registered with the China Trademark Office. In addition, we had 30 trademark applications, each in various categories, pending with China Trademark Office as of December 31, 2017.

As of December 31, 2017, we had 1 patent registered with the State Intellectual Property Office of China.

BUSINESS

We did not have any material disputes or any other material pending legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

See “Appendix IV – Statutory and General Information – C. Intellectual Property Rights of our Group” for details of our material intellectual property rights.

EMPLOYEES

As of December 31, 2017, we had 1,265 full-time employees, the majority of whom were based at our headquarters in Shanghai, with the rest based in Beijing, Fujian, Suzhou and various other cities in China. The table below sets forth the numbers of our employees categorized by function as of December 31, 2017.

Function	Number of Employees	% of Total
Sales and marketing	87	7%
Operations – platform business	284	22%
Operations – self-operated business	601	48%
Research and Development	147	12%
General administration	146	11%
Total	1,265	100%

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives.

We primarily recruit our employees through on-campus job fairs, employee referrals, industry referrals and online channels including our corporate website and social networking platforms. We undertake a strict interview process for recruitment purposes. We provide internal operational, technological and other training to our employees regularly.

As required by PRC laws and regulations, except in the non-compliance incident described in the section headed “– Legal Proceedings and Compliance” below, we participate in housing fund and various employee social security plans that are organized by applicable municipal and provincial government authorities, including housing, pension, medical, work-related injury and unemployment benefit plans, under which we make contributions at specified percentages of the salaries of our employees.

Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have adopted and plan to grant share-based incentive awards to our eligible employees in the future to incentivize their contributions to our growth and development.

BUSINESS

We believe that we maintain a good working relationship with our employees and we did not experience any significant labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period.

INSURANCE

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws or relevant foreign laws. We do not maintain keyman life insurance, insurance policies covering damages to our network infrastructures or information technology systems or any insurance policies for our properties. We also do not maintain insurance policies against risks relating to the Contractual Arrangements.

During the Track Record Period, we did not make any material insurance claims in relation to our business. See “Risk Factors – Risks Relating to Our Business – Our insurance policies may not be sufficient to cover liabilities arising from claims and litigation and the insurance premium payable by us may be increased” for details.

PROPERTIES

Our headquarters are located at 3131 Jinshajiang Road, Shanghai, the PRC. As at the Latest Practicable Date, we operated our businesses through 46 leased properties in Shanghai, Sanming, Fuzhou and various other cities in China.

Our leased properties in China are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are principally used as office premises, offline stores and storage units for our business operations. We believe that there is sufficient supply of properties in China, and thus we do not rely on existing leases for our business operations.

As of the Latest Practicable Date, our leased properties have a total gross floor area of approximately 48,463.8 square meters. The relevant lease agreements have lease expiration dates ranging from 2018 to 2025, some of which have renewal options. We are in the process of renewing the lease agreements that are expected to expire soon.

As of the Latest Practicable Date, landlords of some of our leased properties in China have not provided us with valid title certificates or relevant authorization documents evidencing their rights to lease the properties to us. Consequently, these leases may not be valid, and there are risks that we may not be able to continue to use such properties. For discussions of risks relating to property interest defects, see “Risk Factors – Certain of our leased property interests may be defective and we may be forced to relocate operations affected by such defects.”

Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban Development of the PRC. The registration of such leases will require the cooperation of our lessors. We will take all practicable and reasonable steps to ensure that such leases are registered. Our PRC Legal

BUSINESS

Advisor has advised us that the lack of registration of the lease contracts will not affect the validity of the lease agreements under PRC law, and has also advised us that a maximum penalty of RMB10,000 may be imposed for non-registration of each lease. The estimated total maximum penalty is RMB500,000.

As of December 31, 2017, each of our property interests had a carrying amount less than 15% of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all our Group's interests in land or buildings.

OCCUPATIONAL HEALTH, WORK SAFETY AND ENVIRONMENTAL PROTECTION

We base our health and safety rules on government regulations and require all employees to follow these rules. Our self-operated businesses have established work safety policies pursuant to the *2014 Manufacturing Safety Law of the PRC* 《中華人民共和國安全生產法》. We have also taken the following measures to ensure our compliance with occupational health, work safety and environmental protection laws and regulations: (i) periodical safety training for all our employees and contractors; (ii) implementation of a work safety oversight module; (iii) purchase of mandatory accident insurance for our contractors.

During the Track Record Period and up to the Latest Practicable Date, there has not been any material incident concerning occupational health or safety, and we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings, including any bankruptcy or receivership proceedings, that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation. There are no material legal, arbitral or administrative proceedings before any court current or pending against, or involving the properties, or the businesses of our Company or to which any of the properties or members of our Company is subject. However, we may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of business.

During the Track Record Period and up to the Latest Practicable Date, we also did not have any non-compliance with the laws or regulations which, in the opinion of our management, is likely to have a material adverse effect on our business, financial condition or results of operations. Our PRC Legal Advisor is of the opinion that, other than the non-compliance disclosed below, we have complied with all relevant PRC laws and regulations in all material respects during the Track Record Period and the subsequent period up to the Latest Practicable Date.

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Set forth below is a summary of our non-compliance matters during the Track Record Period, as well as rectification actions and preventive measures that we have taken in respect of such matters:

Matters of non-compliance and reasons	Legal consequences, potential maximum penalties and other financial losses	Rectification actions, current status and measures to prevent future breach and ensure ongoing compliance
Failure to fully pay social insurance and housing provident funds.		
Certain companies in our Group failed to make mandatory contributions to social insurance and housing provident funds for certain of our employees, which amounted to RMB5.5 million, RMB15.0 million and RMB29.9 million, respectively, during the years ended December 31, 2015, 2016 and 2017. Over the same period, certain employees declined to participate in the social insurance and housing provident funds programs and as a result, did not make payments to such programs in accordance with the applicable laws and regulations.	<p>According to the relevant PRC laws and regulations:</p> <ul style="list-style-type: none"><li data-bbox="627 619 983 985">(i) with respect to social insurance, the relevant authorities may order us to pay the outstanding amounts within the prescribed time period with a late charge at the daily rate of 0.05% on the outstanding amounts, and they may impose a maximum fine or penalty equivalent to three times the outstanding amounts if such payment is not made within the prescribed time period.<li data-bbox="627 1012 983 1434">(ii) with respect to housing provident funds, the relevant authorities may order us to pay the outstanding amounts of the housing provident funds within the prescribed time period. If we fail to do so, the relevant authorities may apply to a competent court for enforcement of the unpaid amounts. Other than the outstanding amounts, no additional late charges are provided for in the relevant regulations. <p>Based on (i) our provision in respect of our associated liability on our financial statements, (ii) the fact that no administrative penalty has been imposed on our Company, and (iii) our Company's undertaking to rectify such non-compliance if so and as instructed by relevant authorities, our PRC Legal Advisor is of the view that such non-compliance will not have any material impact on the business operations of our Group.</p>	<p>We have not historically received any notification from the relevant local social insurance and housing provident fund authorities alleging that we had not make full contributions to social insurance and/or housing provident funds, nor have we received any request for payment of any outstanding amounts by a stipulated deadline. We have made a full provision to reflect the relevant outstanding amounts for social insurance and housing provident funds. We expect to settle the outstanding amount in the event that local regulatory authorities permit such contribution, and in any case are actively liaising with the local regulatory authorities to fully settle such outstanding amount.</p> <p>We have duly made mandatory contributions to social insurance and housing provident funds for all our new employees since April 1, 2018.</p>

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We have engaged an independent internal control consultant to review our internal control measures and make recommendations. Among other things, our internal control consultant reviewed our license application procedures. Based on the recommendations of our internal control consultant, we have implemented enhanced procedures, including proper documentation and more efficient internal approval process for license applications, updates and renewals. In addition, our Directors believe that we have established adequate internal control measures to ensure that we will be able to obtain and maintain all the material government filings, approval and permits required for our business operation. Such measures include:

- establishing an Audit and Risk Management Committee comprising independent non-executive Directors to supervise our internal control systems;
- our legal department will continue to oversee our legal and regulatory compliance related matters, including closely monitoring any updates to applicable laws and regulations;
- we will retain external legal advisor(s) to advise on compliance matters when necessary; and
- developing additional measures, including implementation of internal policies and provision of training programs to the relevant personnel.

Views of our Directors and the Joint Sponsors on the Non-Compliance

Our Directors take the view that no non-compliance incidents had a material adverse effect on our business, financial condition or results of operations during the Track Record Period. We have adopted internal control measures to prevent future non-compliance. The Joint Sponsors concur with the Directors' view that no non-compliance incidents had a material adverse effect on our business, financial condition or results of operations during the Track Record Period, having considered the implementation of the enhanced internal policies and measures by us.

RISK MANAGEMENT AND INTERNAL CONTROL

We have engaged an internal control consultant (the “**Internal Control Consultant**”) to perform certain agreed-upon procedures in connection with the internal control of our Company and major operating subsidiaries and to report factual findings on the internal control of entity-level controls, compliance, finance and accounting process, cash management process, procurement and accounts payable process, inventory management process, sales and accounts receivable process, IT general controls, human resource management, taxation management, investment management and intangible asset management of these companies. The work performed by the Internal Control Consultant, which did not involve an assurance engagement in relation to the Company's internal control, was conducted in January 2018, and resulted in a number of findings and recommendations. We have taken corrective actions in

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response to the Internal Control Consultant's findings and recommendations. The Internal Control Consultant performed follow-up procedures on the Company's system of internal control with regard to those actions taken by the Company and reported further commentary in February 2018. We have adopted internal procedures to ensure regulatory compliance in our business operations. Under these procedures, our management staff work closely with our external legal counsel to monitor the regulatory environment and developments in PRC laws and regulations to support our business operation and expansion.

Risk Management

We are dedicated to the establishment and maintenance of a robust internal control system. We have adopted and implemented risk management policies and corporate governance measures in various aspects of our business operations such as financial reporting, information risk management, legal compliance and intellectual property rights management and human resources management.

Financial Reporting Risk Management

We have adopted comprehensive accounting policies in connection with our financial reporting risk management. We provide ongoing trainings to our finance staff to ensure that these policies are well-observed and effectively implemented.

As of December 31, 2017, our finance team consisted of 51 employees, and was headed by our chief financial officer, who is a certified public accountant in the PRC, and has extensive experience in public company financial reporting. Other senior members of our finance department are all experienced in finance and accounting.

Information Risk Management

Information we collect and store from our users and customers include, but is not limited to, personal information (such as name, location, mobile phone number, home layout and size), browsing history and key word searches on our platform, consultation record, and activity log. We also collect information related to interior design and construction service providers on our platform, such as their operational scale and the number of recommendations they have purchased and received through our platform. We have stored all these information in our database on our internet data center since our inception and maintain such information for an indefinite period of time unless deletion of such data is required by relevant laws and regulations, requested by the relevant users or pursuant to conditions as specified under our terms of service with our users.

We have adopted various measures to protect user data accumulated on our platform and prevent technical issues in our network infrastructure and information technology system. Such measures cover key areas such as network security, access control, vulnerability management, personnel management, third party management, and data center management. We have also implemented a set of specialized security solutions to safeguard network perimeters, including

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enterprise level firewall, anti-DDoS system, and web application firewall. We conduct vulnerability scans of our website and mobile applications on a regular basis, in order to timely identify and rectify any potential vulnerability issue. Our information technology department is responsible for protecting user data and ensuring the stability of our network infrastructure and information technology system. Our information technology team consists of 118 employees, and is led by our Chief Technology Officer, who has approximately 13 years of experience in information technology industry. Our business partners do not have access to user information independently collected by us. When making recommendations, we will only provide them with a virtual phone number generated by our system instead of the user's actual phone number.

We use various information management systems in our operations, including our data management system, CRM system, and back-end operation system, etc. To ensure information security, employee access to internal information is restricted and employees are not allowed to access certain internal information without authorization. We have adopted internal policies to ensure that authorization is tailored to employee seniority and department function so that certain information can only be obtained on an as-needed basis. We have also adopted various policies on database operation to prevent information leakage and loss of data. Key information in the database such as users' phone number and password are protected by robust encryption algorithms. Only authorized employees may access such information. We also keep records of all database operations and non-routine database operations are not permitted unless such operations are necessary and have been approved jointly by our BI department and senior vice president. We also use monitoring systems to track the log-in activities by our employees, monitor the data operating status of the server and alert relevant departments to abnormal situation. In addition, our daily maintenance, fire protection measures, access control system and other measures help maintain the physical condition of our network infrastructure. We also have a data back-up system through which our data is stored on servers of different locations on a weekly basis to reduce the risk of data loss. Our information technology department conducts backup recovery tests regularly to examine the status of this back-up system. Further, all of our employees are required to sign confidentiality agreements, pursuant to which they undertake to keep confidential any user data and operational, financial and product information of the Company that they obtain by virtue of their employment with the Company. Any violation of such confidentiality obligations will result in penalty and potential termination of employment.

Based on the foregoing, as advised by our PRC Legal Advisor, our data privacy policy and internal control measures are compliant with the applicable PRC laws, rules and regulations relating to the collection, use, disclosure or security of personal information in any material respect.

Operational Risk Management

Compliance with PRC laws and regulations, especially laws and regulations governing the Internet e-commerce industry as well as trade matters, and protection of our intellectual property rights are major focus areas of our operational risk management. We have a dedicated

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legal team that is responsible for monitoring any changes in PRC laws and regulations and ensuring the ongoing compliance of our operations with PRC laws and regulations. Our legal team also works with our outside legal counsel to ensure that we have obtained all the necessary permits and licenses required for our operations for launching new products or entering into new business segments. To prevent similar incidents of non-compliance as disclosed in the section headed “Business – Legal Proceedings and Compliance” in this prospectus from recurring, our management is committed to staying informed of the latest laws and regulations governing our business activities, and working with our legal team and outside legal advisors to take all necessary actions to ensure compliance with such laws and regulations. In situations where the relevant laws and regulations are not clear as to what action should or should not be taken, we take the conservative approach to avoid any potential compliance issues.

Human Resource Risk Management

We have established internal control policies covering various aspects of human resource management such as recruitment, training, work ethics and legal compliance. We adopt high standards in recruitment with strict procedures to ensure the quality of new hires. We provide specialized trainings tailored to the needs of our employees in different departments. Our employee handbook contains guidelines regarding best commercial practice, work ethics and prevention of fraud, negligence and corruption. Our employees are required to provide a written confirmation that he or she understands and is committed to observing the requirements set forth in our employee handbook. We have also made available an anonymous reporting channel through which potential violations of our internal policies or illegal acts at all levels of the Company can be timely reported to management and appropriate measures can be taken to minimize damage.

Corporate Governance Measures

We have established an Audit and Risk Management Committee on our Board, the primary duties of which are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities as assigned by our Board. The Audit and Risk Management Committee consists of three independent non-executive Directors and its chairman has appropriate professional qualifications.

To ensure our effective control of our consolidated PRC operating entity, Shanghai Qijia, we have implemented the following measures: (i) under the Exclusive Option Agreements entered into among Shanghai Qijia, the Relevant Shareholders and Qijia Network Technology, the Relevant Shareholders granted Qijia Network Technology an irrevocable and exclusive right to purchase, or designate one or more persons to purchase the equity interests in Shanghai Qijia; (ii) under the Powers of Attorney entered into among Shanghai Qijia, the Relevant Shareholders and Qijia Network Technology, each of the Relevant Shareholders irrevocably nominated and appointed Qijia Network Technology or any natural person designated by Qijia

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Network Technology as their attorney-in-fact to exercise on their behalf, and agreed and undertook not to exercise without consensus with such attorney-in-fact, any and all shareholder's rights that they have in Shanghai Qijia; and (iii) Mr. Deng's spouse has executed an irrevocable undertaking, expressly and irrevocably acknowledging that Mr. Deng's interests in Shanghai Qijia do not fall within the scope of their communal property, that she will not have any claim on such interests, and that she has not and will not participate in the management or operations of Shanghai Qijia. For further details, see "Contractual Arrangements."

Ongoing Measures to Monitor the Implementation of Risk Management Policies

Our Audit Committee and senior management monitor the implementation of our risk management policies across the Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our operations.

LICENSES AND PERMITS

Our PRC Legal Adviser has advised us that, during the Track Record Period and the subsequent period up to the Latest Practicable Date, except as otherwise disclosed, we had obtained all requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations in China and such licenses, approvals and permits remained in full effect, and no circumstances existed that would render their revocation or cancellation. Our PRC Legal Adviser also advised us that there is no legal impediment to renew such licenses, approvals and permits. The following table sets forth details of our material licenses and permits:

License/Permit	Holder	Grant Dates	Expiration Dates	Description of the License/Permit
Hu B2-20090108 (滬B2-20090108)	Shanghai Qijia	January 20, 2015	December 7, 2019	Value-Added Telecommunication Business Permit issued by the Shanghai Communication Administrative Bureau
GR201631001770	Shanghai Qijia	November 24, 2016	November 24, 2019	High-tech Enterprise Certificate issued by Shanghai Science and Technology Commission, Shanghai Municipal Finance Bureau, the State Taxation Bureau of Shanghai and the Local Taxation Bureau of Shanghai
Hu B2-20170342 (滬B2-20170342)	Shanghai Qiyi	November 13, 2017	November 13, 2022	Value-Added Telecommunication Business Permit issued by the Shanghai Communication Administrative Bureau

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License/Permit	Holder	Grant Dates	Expiration Dates	Description of the License/Permit
GR201631000195	Shanghai Qiyi	November 24, 2016	November 24, 2019	High-tech Enterprise Certificate issued by Shanghai Science and Technology Commission, Shanghai Municipal Finance Bureau, the State Taxation Bureau of Shanghai and the Local Taxation Bureau of Shanghai
D335097377	Brausen	March 1, 2018	January 11, 2023	Qualification Certificate of Construction Enterprises (Class B Contract for Building Decoration Engineering) issued by Fuzhou Commission of Urban-rural Development
C235002294	Brausen	September 16, 2014	September 15, 2019	Engineering Design and Construction Qualification Certificate issued by Fujian Province Commission of Housing and Urban-rural Development
(Min) JZ Anxuzhengzi [2018]FZ0037-1 (閩)JZ安許證字 [2018]FZ0037-1)	Brausen	January 16, 2018	January 15, 2021	Safety Production License (building construction) issued by Fuzhou Commission of Urban-rural Development
D232116696	Jumei	December 13, 2017	September 1, 2022	Qualification Certificate of Construction Enterprises (Class B Contract for Building Decoration Engineering) issued by Jiangsu Commission of Housing and Urban-rural Development
(Su) JZ Anxuzhengzi [2018]000862 (蘇)JZ安許證字 [2018]000862)	Jumei	March 26, 2018	March 25, 2021	Safety Production License (building construction) issued by Jiangsu Province Office of Housing and Urban-rural Development

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AWARDS AND RECOGNITION

During the Track Record Period, we have received various awards and recognitions regarding the quality and popularity of our products and services, including the following:

Award/Recognition	Award Date	Awarding Institution/Authority
“2015 Rising Star Software Companies” (上海市明星軟件企業 (2015年度))	October 2015	Shanghai Software Industry Association (上海市軟件行業協會)
“Top 100 High-tech Achievement Transformation Enterprises of Shanghai” (上海市高轉百佳企業)	November 2015	Shanghai High-tech Achievement Transformation Service Centre (上海市高新技術成果轉化服務中心)
“2015 Top 10 E-Commerce Companies of China” (2015中國電子商務百強)	November 2015	China Electronic Commerce Festival Organizing Committee (中國電子商務文化節組委會)
“2015 Leading Brand” in residential interior design and decorations e-commerce industry of China (2015中國家居家裝電商領導品牌)	December 2015	Association of Commerce for Furniture Decoration Industry of the National Federation of Industry and Commerce (全國工商聯家具裝飾業商會)
“Award of Contribution to Merging and Innovation in the Residential Interior Design Industry of China” (Deng Huajin) (中國家居融合創新行業貢獻大獎(鄧華金))	December 2015	Association of Commerce for Furniture Decoration Industry of the National Federation of Industry and Commerce (全國工商聯家具裝飾業商會)
“2015 Top 10 Brands” in internet residential decorations industry (2015十大互聯網家裝領導品牌)	December 2015	Conference of China Furniture Committee Industry Development (中國家具產業發展年會組委會)
Member unit of Shanghai BIM Technology Innovation Alliance (上海市BIM技術創新聯盟成員單位)	May 2016	Shanghai BIM Technology Innovation Alliance (上海市BIM技術創新聯盟)

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Award/Recognition	Award Date	Awarding Institution/Authority
上海市中小企業公共服務平台 “Outstanding Service Companies” (優秀服務企業)	June 2016	Shanghai public service platform for small and medium enterprises (上海市中小企業公共服務平 台)
2016 Top-10 Integrity Brand in residential interior design e-commerce of China (2016中國十 大誠信家居電商品牌)	July 2016	Association of Commerce for Furniture Decoration Industry of the National Federation of Industry and Commerce (全國 工商聯家具裝飾業商會)
Recognition certificate of high-tech achievements transformation with “technical services on the Qijia Network Residential Interior Design and Decoration O2O E-Commerce Platform” (“齊家網家裝O2O電商平 台技術服務”高新技術成果轉化證書)	August 2016	Shanghai High-tech Achievement Transformation Office (上海市 高新技術成果轉化辦公室)
Rated AAA level in contractual credit (合同信用等級AAA級)	August 2016	Shanghai Contract Credit Promotion Association (上海市 合同信用促進會)
“2016 Rising Star Software Enterprises of Shanghai” (2016年度 上海市明星軟件企業)	October 2016	Shanghai Software Industry Association (上海市軟件行業協 會)
“High-tech Enterprises” (高新技術企 業)	November 2016	Shanghai Science and Technology Committee (上海 市科學技術委員會)

CONTRACTUAL ARRANGEMENTS

BACKGROUND OF THE CONTRACTUAL ARRANGEMENTS

Our Company operates an online interior design and construction platform in China which connects multiple players in the interior design and construction market. The provision of Internet information services through website and mobile based-apps (the “**Relevant Businesses**”) are subject to foreign investment restrictions under PRC law.

Our Consolidated Affiliated Entity is Shanghai Qijia, which was established under the laws of the PRC on August 9, 2007 as a limited liability company and subsequently converted into a joint stock company on June 13, 2010. We do not directly own any equity interest in Shanghai Qijia, which 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 our Series A Investors in aggregate as to 34.0%. After the Reorganization, the main business of Shanghai Qijia is operation of our online interior design and construction platform and provision of Internet information services. For details of the Reorganization, see “History and Corporate Structure.” Shanghai Qiyi is the wholly-owned subsidiary of Shanghai Qijia. The main business of Shanghai Qiyi is the provision of Internet information services through website and mobile-based apps. Shanghai Qijia and Shanghai Qiyi each currently holds an ICP License.

In April 2015, we effected a series of transactions with a view to consolidating our interest in Shanghai Qijia and to attract further investments to support our growing business. On April 16, 2015, Qeeka HK established Qijia Network Technology, our wholly-owned subsidiary. In order to comply with PRC laws and regulations while availing ourselves of international capital markets and to maintain effective control over all of our operations, on April 30, 2015, Qijia Network Technology entered into the Old Contractual Arrangements. The effect of the Old Contractual Arrangements was to consolidate the operations and the financial results of Shanghai Qijia with those of our Group.

As outlined below, since the Relevant Businesses are classified as foreign investment restricted businesses under the applicable PRC laws, regulations or rules and there is no clear guidance or interpretation any applicable qualification requirements, we cannot hold any direct interest in Shanghai Qijia or Shanghai Qiyi, which currently holds and will hold certain licenses and permits required for the operation of the Relevant Businesses.

In order to comply with PRC laws and regulations and maintain effective control over all of our operations, and taking into account the proposed Listing and the Stock Exchange’s guidance on contractual arrangements in general, our Group entered into the Contractual Arrangements as part of the Reorganization, with Shanghai Qijia, the Relevant Shareholders and Qijia Network Technology on February 26, 2018, which superseded the Old Contractual Arrangements. Under the Contractual Arrangements, Qijia Network Technology has acquired effective control over the financial and operational management and results of Shanghai Qijia and has become entitled to all the economic benefits derived from the operations of Shanghai Qijia and its wholly-owned subsidiary, Shanghai Qiyi. We believe that the Contractual Arrangements are narrowly tailored as they are used to enable the Group to conduct businesses in industries that are subject to foreign investment restrictions in the PRC. Our Directors

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believe that the Contractual Arrangement are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into between Qijia Network Technology, Shanghai Qijia and the Relevant Shareholders, (ii) by entering into the Exclusive Technological Services Agreement with Qijia Network Technology (which is an indirect wholly-owned PRC subsidiary of our Company), Shanghai Qijia will enjoy better economic and technical support from us, as well as a better market reputation after the Listing, and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

We will unwind and terminate the Contractual Arrangements as soon as practicable in respect of the operation of our provision of Internet information services through website and mobile-based apps to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations if the relevant government authority grants ICP Licenses to sino-foreign equity joint ventures to be established by the Company.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN OWNERSHIP RESTRICTIONS

Restrictions on foreign ownership

Foreign investment activities in the PRC are mainly governed by the Catalog which was promulgated and is amended from time to time jointly by MOFCOM and the NDRC. The Catalog divides industries into four categories in terms of foreign investment, namely “encouraged,” “restricted” and “prohibited,” and all industries not listed under any of these categories are deemed to be “permitted.”

As advised by our PRC Legal Advisor, the provision of online interior design and construction services by our Company to users on our online interior design and construction platform, operated through our Company’s mobile apps, mobile sites and websites, falls within the scope of Internet information services. The provision of Internet information services falls within the scope of value-added telecommunications business which are “restricted” businesses under the Catalog, and foreign investors are restricted from holding more than 50% equity interests in companies providing such services. Therefore, on such basis, our PRC Legal Advisor is of the view that the online interior design and construction services provided by Shanghai Qiyi, which is the wholly-owned subsidiary of Shanghai Qijia, our Company’s Consolidated Affiliated Entity, are “restricted” businesses under the Catalog. We operate these businesses under the Contractual Arrangements and are of the view that the Contractual Arrangements are narrowly tailored and we have demonstrated genuine efforts to comply with applicable laws and regulations for the following reasons:

1. Shanghai Qijia and Shanghai Qiyi each possesses an ICP License needed to carry out the Relevant Businesses. Shanghai Qiyi is currently engaged in Internet information services.

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2. Although ICP Licenses have been granted to sino-foreign equity joint ventures in very limited circumstances in the past, according to our consultation on February 2, 2018 with Shanghai Municipal Communications Authority (the “SMCA”), which is the department in charge of accepting applications for the operation of Internet information services by a sino-foreign equity joint venture in Shanghai in accordance with PRC laws and regulations, applications for ICP Licenses by sino-foreign equity joint ventures established by our Company will not be approved if our Company does not meet the Qualification Requirements. According to PRC laws and regulations, foreign investors will need to demonstrate that they have a track record of good performance and operating experience of value-added telecommunications under the Qualification Requirements. The MIIT, as the ultimate authority to approve operation of Internet information services in the PRC by a sino-foreign equity joint venture and issue ICP Licenses to any such enterprise, has not released any document clarifying the specific requirements for the main foreign investor to fulfill the Qualification Requirements, which remains ultimately subject to substantive examination by the MIIT. Our PRC Legal Advisor is of the view that the SMCA is the competent authority to give the relevant confirmation. From the perspective of operating our existing business in a manner that is in compliance with applicable PRC laws and regulations, based on the current policy of the relevant PRC government authorities and as advised by our PRC Legal Advisor, we currently may not be able to establish a sino-foreign equity joint venture and obtain an ICP License, as obtaining such approval and ICP License by a sino-foreign equity joint venture is subject to substantial uncertainties as compared to domestic companies.

For further details of the limitations on foreign ownership in PRC companies conducting value-added telecommunications services and the licensing and approval requirements applicable to the Relevant Businesses under PRC laws and regulations, see “Regulatory Overview – Regulations on Value-added Telecommunications Services.”

Accordingly, we currently do not hold a direct controlling interest in Shanghai Qijia or Shanghai Qiyi, which holds the licenses and permits required for the operation of the Relevant Businesses.

QUALIFICATION REQUIREMENTS

In addition to restrictions on foreign ownership, there are also regulatory requirements on the experience and operations of a foreign investor who intends to operate a value-added telecommunications business in the PRC (the “**Qualification Requirements**”).

PRC law currently limits foreign ownership of companies that provide value-added telecommunications services (including Internet information services other than operating E-commerce business) in the PRC up to 50%. Moreover, for a foreign investor to acquire any equity interest in a value-added telecommunications business in China, it must satisfy a number of stringent performance and operational experience requirements, including demonstrating

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good track records and experience in operating value-added telecommunications business overseas. Foreign investors that meet these requirements must obtain approvals from the MIIT and MOFCOM or their authorized local counterparts, which retain considerable discretion in granting approvals. Pursuant to publicly available information, the PRC government has issued value-added telecommunications business operating licenses to only a limited number of foreign-invested companies. If Shanghai Qijia has a foreign investor as its shareholder, such foreign investor must fulfill the aforementioned requirements and Shanghai Qijia shall apply for a new ICP License from the MIIT. The MIIT will have discretion as to whether to grant the license. None of our Company or any of its offshore subsidiaries currently satisfies the Qualification Requirements to operate the value-added telecommunications businesses.

Plan to comply with the Qualification Requirements

Despite the lack of clear guidance or interpretation on the Qualification Requirements, we have been gradually building up our track record of overseas value-added telecommunications business operations for the purposes of being qualified, as early as possible, to acquire the entire equity interests in Shanghai Qijia when the relevant PRC laws allow foreign investors to invest and to hold a majority interest in value-added telecommunications enterprises in the PRC. We are in the process of expanding our overseas value-added telecommunications business through our overseas subsidiaries. We have taken the following measures to meet the Qualification Requirements:

1. Qeeka HK has been incorporated in Hong Kong since April 2015 for the purposes of establishing and expanding our operations overseas and is in the process of setting up an office in Hong Kong for such purpose. We plan to conduct business, if any, in Hong Kong under the trade name of Qeeka only;
2. We have applied for, and are in the process of registering trademarks outside the PRC for the promotion of our Relevant Businesses overseas;
3. our Company is in the process of constructing an overseas website which is expected to be completed before the Listing, primarily for introducing our Group's business to users and investor relations purpose. We plan to utilize this website to help overseas investors to better understand our products and services, and our website will have links to re-direct the users to our domestic website. Through this overseas website, we can capture and analyze overseas user data in order to provide helpful insights for our overseas expansion plans; and
4. our Company has commenced feasibility studies on the further development of marketing to overseas markets and potential investments or acquisitions in order to optimize our strategic plan for expanding our current businesses to overseas markets.

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Subject to the discretion of the competent authority on whether the Group has fulfilled the Qualification Requirements, our PRC Legal Advisor is of the view that the above steps taken by us are reasonable for gradually building up a track record to meet the Qualification Requirements, as our Company will have experience in providing value-added telecommunications services in overseas markets, which is in accordance with the FITE Regulations.

On February 2, 2018, the Joint Sponsors, our PRC Legal Advisor, and the Joint Sponsors' PRC legal advisor conducted a consultation with the SMCA, during which the SMCA confirmed that steps such as those taken by us above (e.g. establishing overseas offices, holding overseas domain names and conducting operation of websites and other businesses in relation to value-added telecommunication services) are generally deemed to be one of the factors to prove that the Qualification Requirements are fulfilled, subject to a substantive examination by the MIIT in accordance with the approval procedures under PRC laws and regulations. We will, as applicable and when necessary, disclose the progress of our overseas expansion plans and any updates to the Qualification Requirements in our annual and interim reports to inform Shareholders and other investors after the Listing. We will also make periodic inquiries to relevant PRC authorities to understand any new regulatory development and assess whether our level of overseas experience is sufficient to meet the Qualification Requirements.

Circumstances under which we will unwind the Contractual Arrangements

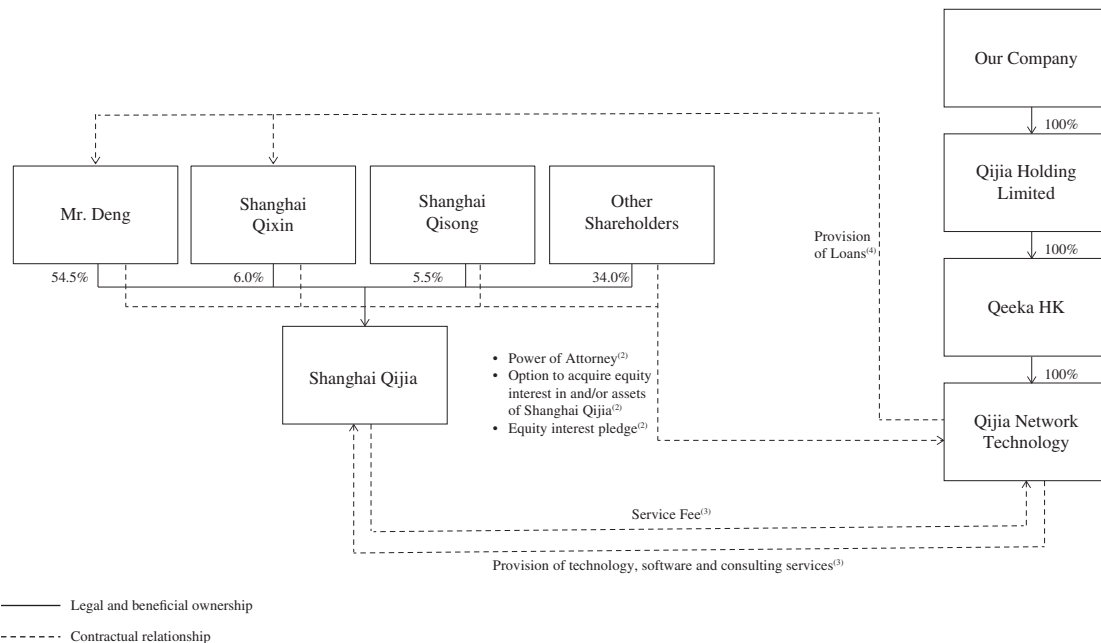
Our Group will unwind and terminate the Contractual Arrangements as soon as practicable in respect of the operation of our mobile apps, mobile sites, and websites to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations if the relevant government authority grants ICP Licenses to sino-foreign equity joint ventures to be established by the Company.

Since foreign investment in certain areas of the industry in which we currently operate is subject to restrictions under current PRC laws and regulations outlined above, after consultation with our PRC Legal Advisor, we determined that it was not viable for our Company to hold Shanghai Qijia directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions and qualification requirements, our Company would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by Shanghai Qijia through the Contractual Arrangements between Qijia Network Technology, the Company's wholly-owned subsidiary in the PRC, on the one hand, and Shanghai Qijia and the Relevant Shareholders, on the other hand. The Contractual Arrangements allow the results of operations and assets and liabilities of Shanghai Qijia and its subsidiary to be consolidated into our results of operations and assets and liabilities under IFRS as if they were wholly-owned subsidiaries of our Group.

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The following simplified diagram illustrates the flow of economic benefits from Shanghai Qijia to our Group stipulated under the Contractual Arrangements:



Notes:

- (1) The Other Shareholders are Beijing Baidu, Cowin Venture, GF Xinde Investment, Cowin Jinqu, and Suzhou Kunrong, each holding as to approximately 16.0%, 11.7%, 3.5%, 2.0% and 0.88% of the equity interests in Shanghai Qijia, respectively.
- (2) The Relevant Shareholders executed powers of attorney in favor of Qijia Network Technology, to exercise all shareholders' rights in Shanghai Qijia. See “– Summary of the material terms of the Contractual Arrangements – Powers of Attorney” below for further details.

The Relevant Shareholders granted exclusive options in favor of Qijia Network Technology, to acquire all or part of the equity interest in and/or assets of Shanghai Qijia. See “– Summary of the material terms of the Contractual Arrangements – Exclusive Option Agreement” below for further details.

The Relevant Shareholders granted first priority security interest in favor of Qijia Network Technology, over their entire equity interests in Shanghai Qijia. See “– Summary of the material terms of the Contractual Arrangements – Equity Interest Pledge Agreements” for further details.

- (3) Shanghai Qijia will pay services fees to Qijia Network Technology in exchange for technological, software and consulting services. See “– Summary of the material terms of the Contractual Arrangements – Exclusive Technological Services Agreement” for further details.
- (4) Mr. Deng and Shanghai Qixin have entered into the Loan Agreements with Qijia Network Technology. See “– Summary of the material terms of the Contractual Arrangements – Loan Agreements” below for details.

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Summary of the material terms of the Contractual Arrangements

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

Exclusive Technological Services Agreement

Our Consolidated Affiliated Entity, Shanghai Qijia, entered into an exclusive technological services agreement with Qijia Network Technology on February 26, 2018 (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.

In addition, without the prior written consent of Qijia Network Technology, during the term of the Exclusive Technological Services Agreement, Shanghai Qijia shall not directly or indirectly accept the same or similar services provided by any third party and shall not establish similar cooperation relationships with any third party. Qijia Network Technology may appoint other parties, who may enter into certain agreements with Shanghai Qijia, to provide services under the Exclusive Technological Services Agreement to Shanghai Qijia.

The Exclusive Technological Services Agreement also provides that Qijia Network Technology has the exclusive proprietary rights to all intellectual property rights developed or created by Shanghai Qijia during the performance of the Exclusive Technological Services Agreement. Qijia Network Technology or its designee can exercise its option to purchase all the assets and intellectual property of Shanghai Qijia for minimum price allowed under PRC law in accordance with the relevant procedures stipulated in the Exclusive Technological Services Agreement.

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.

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As of December 31, 2017, the accumulated losses of Shanghai Qijia amounted to RMB481.2 million. Qijia Network Technology enjoys all the economic benefits derived from the businesses of Shanghai Qijia and bears Shanghai Qijia's business risks. If Shanghai Qijia runs into financial deficit or suffers severe operation difficulties, Qijia Network Technology will provide financial support to Shanghai Qijia.

Exclusive Option Agreement

Shanghai Qijia and each of the Relevant Shareholders entered into an exclusive option agreement with Qijia Network Technology on February 26, 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, in which case, such Loan shall be deemed as the pre-paid purchase price. For details of the Loan Agreements, see “– Loan Agreements” below.

Shanghai Qijia and the Relevant Shareholders, among other things, have covenanted that:

- (i) without the prior written consent of Qijia Network Technology, they shall not in any manner supplement, change or amend the articles of association of Shanghai Qijia, increase or decrease its registered capital, or change the structure of its registered capital in other manner;

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- (ii) without the prior written consent of Qijia Network Technology, the Relevant Shareholders shall not, and shall procure its subsidiaries not to sell, transfer, mortgage or dispose of in any manner any assets, business, operation rights, legitimate interest in the income of Shanghai Qijia;
- (iii) without the prior written consent of Qijia Network Technology, Shanghai Qijia shall not, and the Relevant Shareholders shall procure Shanghai Qijia not to, incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business other than through loans;
- (iv) they shall always operate all of Shanghai Qijia's businesses during the ordinary course of business to maintain the asset value of Shanghai Qijia and refrain from any action/omission that may adversely affect Shanghai Qijia's operating status and asset value;
- (v) without the prior written consent of Qijia Network Technology, they shall not cause Shanghai Qijia to terminate any major contract or execute any other contracts that are in conflict with the major course of Qijia Network Technology.

Further, the Relevant Shareholders, among other things, have each also covenanted that:

- (i) without the prior written consent of Qijia Network Technology, the Relevant Shareholder shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Shanghai Qijia held by such shareholder, or allow the encumbrance thereon, except for the interest placed in accordance with the Contractual Arrangements;
- (ii) the Relevant Shareholders shall appoint any designee of Qijia Network Technology as the director and senior management of Shanghai Qijia, at the request of Qijia Network Technology;
- (iii) the Relevant Shareholder shall promptly donate any profit, interest, dividend or proceeds of liquidation to Qijia Network Technology or any other person designated by Qijia Network Technology to the extent permitted under applicable PRC laws.

The Exclusive Option Agreement shall remain effective unless terminated in the event that the entire equity interests held by the Relevant Shareholders in Shanghai Qijia has been transferred to Qijia Network Technology or its appointee(s), or in the event that Exclusive Option Agreements is terminated by Qijia Network Technology.

Our PRC Legal Advisor has advised us that the Exclusive Option Agreement is legal, valid and binding on the parties and is enforceable under applicable PRC laws and regulations, except for the provisions that (i) an arbitral body may grant injunctive relief or directly issue liquidation order against Shanghai Qijia, and (ii) interim remedies or enforcement order may be granted by overseas courts such as the courts of Hong Kong and the Cayman Islands, which may not be enforceable under PRC laws.

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Equity Interest Pledge Agreements

Qijia Network Technology and each of the Relevant Shareholders entered into equity pledge agreements on February 26, 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 Powers 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.

Upon the or discovery of the occurrence of any circumstances or event that may lead to an event of default (as defined in the Equity Interest Pledge Agreements), Qijia Network Technology shall immediately exercise the pledge and may exercise any remedial measure under applicable PRC laws, and the Contractual Arrangements, including but not limited to being paid in priority with the monetary valuation that the Relevant Shareholders’ equity interest is converted into or from the proceeds from auction or sale of the Relevant Shareholders’ equity interest. Qijia Network Technology is not be liable for any loss incurred by its due exercise of such rights and powers.

We completed registration of the equity pledge contemplated under the Equity Interest Pledge Agreements with the relevant PRC legal authority pursuant to PRC laws and regulations in May 2018.

Powers of Attorney

Shanghai Qijia, each of the Relevant Shareholders and Qijia Network Technology entered into a power of attorney on February 26, 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.

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Further, pursuant to the Powers of Attorney and to ensure the Powers of Attorney does not give rise to a conflict of interest, each of the Relevant Shareholders of Shanghai Qijia agrees and confirms that, where the Relevant Shareholders are directors or officers of Qijia Network Technology or the Company, the power of attorney shall be granted in favor of other unrelated directors or officers of Qijia Network Technology or the Company or other designee(s) of Qijia Network Technology.

Further, any Relevant Shareholder who is a natural person irrevocably undertakes that, in the event of a divorce, death or bankruptcy, the successor of the Relevant Shareholder will be bound by the Contractual Arrangements and the divorce agreement, the will and the debt arrangement of the Relevant Shareholder shall not be in violation of the Contractual Arrangements.

Further, the Powers of Attorney shall remain effective from the date of the signing of the Powers of Attorney during the period that the Relevant Shareholder is a shareholder of Shanghai Qijia, unless Qijia Network Technology has given written instructions to the contrary.

Loan Agreements

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.”

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 required to remit any fund for such exercise.

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Dispute Resolution

Each of the agreements under the Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute relating to the Contractual Arrangements, the parties shall first try to resolve the dispute through friendly negotiations. In the event the parties fail to reach an agreement on the resolution of such a dispute through negotiations, any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission (“CIETAC”) for arbitration, in accordance with the then effective arbitration rules and procedures. The arbitration shall be conducted in Shanghai. The arbitration ruling shall be final and binding on all parties. The dispute resolution provisions also provides that the arbitral tribunal may award remedies over the shares or assets of Shanghai Qijia or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of Shanghai Qijia; and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company), PRC and the places where the principal assets of Shanghai Qijia are located also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies against the shares held by shareholders in Shanghai Qijia or properties of Shanghai Qijia.

To the extent permitted by PRC laws and where appropriate, the arbitration tribunal may grant any remedies in accordance the relevant agreement and applicable PRC laws, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the equity interest or assets of Shanghai Qijia and awards directing Shanghai Qijia to conduct liquidation.

However, our PRC Legal Advisor has advised that (i) a tribunal normally would not grant such kind of injunctive relief or winding up order of Shanghai Qijia under PRC laws; (ii) interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; and (iii) even if the abovementioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Contractual Arrangements.

Since PRC arbitral tribunal cannot award legal remedies such as injunctive relief or winding up orders, Qijia Network Technology can only seek similar but not identical remedies from CIETAC under PRC law, such as cessation of infringements or return of property. Alternatively, Qijia Network Technology may seek remedies from a PRC court in accordance with PRC law, including interim injunctive relief over the assets or shares of Shanghai Qijia and a winding up order against Shanghai Qijia.

As a result of the above, in the event that Shanghai Qijia or the Relevant Shareholders breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over Shanghai Qijia and conduct our business could be materially and adversely affected. See “Risk Factors – Risks Relating to our Corporate Structure.”

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Succession

As advised by our PRC Legal Advisor, the provisions set out in the Contractual Arrangements are also binding on any successors of the Relevant Shareholders as if the successor was a signing party to the Contractual Arrangements. Although the Contractual Arrangements do not specify the identity of successors to such shareholders, under the succession law of the PRC, statutory successors of individual shareholders may include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents, and as such any breach by the successors would be deemed to be a breach of the Contractual Arrangements. In case of a breach, Qijia Network Technology can enforce its rights against the successors. Pursuant to the Contractual Arrangements, any successor of the Relevant Shareholders shall assume any and all rights and obligations of such shareholder under the Contractual Arrangements as if the successor was a signing party to such Contractual Arrangements.

In addition, Mr. Deng's spouse executed an irrevocable undertaking on February 26, 2018, whereby she expressly and irrevocably acknowledged and has undertaken that (i) any equity interests held by Mr. Deng in Shanghai Qijia do not fall within the scope of their communal properties; (ii) she will not have any claim on the interests of Shanghai Qijia obtained through the Contractual Arrangements; and (iii) she has never participated and will not participate in the operation or management of Shanghai Qijia.

Our PRC Legal Advisor is of the view that (i) the Contractual Arrangements provide protection to our Group even in the event of death or divorce of any individual shareholder of the Consolidated Affiliated Entity and (ii) the loss of capacity, death or divorce of such shareholder would not affect the validity of the Contractual Arrangements, and Qijia Network Technology can enforce its right under the Contractual Arrangements against the successors of such shareholder.

Conflicts of Interests

Each of the Relevant Shareholders has given their irrevocable undertakings in the Powers of Attorney which address potential conflicts of interests that may arise in connection with the Contractual Arrangements. For further details, see “– Summary of the Material Terms of the Contractual Arrangements – Powers of Attorney.”

Loss Sharing

Under the relevant PRC laws and regulations, none of our Company and Qijia Network Technology is legally required to share the losses of, or provide financial support to, Shanghai Qijia. Further, Shanghai Qijia is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by them. To ensure that Shanghai Qijia meets the requirement of cash flow in daily operation and/or to offset any losses incurred in the process of its operation, whether or not Shanghai Qijia actually suffers any such operational losses, Qijia Network Technology is under the obligation to provide Shanghai Qijia with

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financial support (only to the extent and in a manner permitted by PRC laws). In addition, given that our Group conducts a substantial portion of its business operations in the PRC through Shanghai Qijia, which holds the requisite PRC operational licenses and approvals, and that its financial position and results of operations are consolidated into our Group's financial statements under the applicable accounting principles, our Company's business, financial position and results of operations would be adversely affected if Shanghai Qijia suffer losses.

However, as provided in the Exclusive Option Agreement, without the prior written consent of Qijia Network Technology, Shanghai Qijia shall not, among others, (i) sell, transfer, pledge or dispose of in any manner any of its assets worth more than RMB200,000; (ii) execute any material contract with a value above RMB50,000, except those entered into in the ordinary course of business; (iii) provide any loan, credit or guarantees in any form to any third party, or allow any third party create any other security interest on its assets or equity; (iv) incur, inherit, guarantee or allow any debt that is not incurred in the ordinary course of business or not disclosed to and consented by Qijia Network Technology; (v) enter into any consolidation or merger with any third party, or being acquired by or invest in any third party; and increase or reduce its registered capital, or alter the structure of the registered capital in any other way. Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on Qijia Network Technology and our Company in the event of any loss suffered by Shanghai Qijia can be limited to a certain extent.

Liquidation

Pursuant to the Equity Interest Pledge Agreements, in the event of a mandatory liquidation required by the PRC laws, the Relevant Shareholders shall, upon the request of Qijia Network Technology deposit the proceeds into an account designate and supervised by Qijia Network Technology and used to secure the Shanghai Qijia's and the Relevant Shareholder's obligations under contractual arrangement prior and in preference to make any other payment, or (ii) give the proceeds they received from liquidation as a gift to Qijia Network Technology or its designee(s) to the extent permitted by the PRC laws.

Accordingly, in a winding up of Shanghai Qijia, Qijia Network Technology is entitled to liquidation proceeds of Shanghai Qijia based on the Contractual Arrangements for the benefit of our Company's creditors/shareholders.

Insurance

Our Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Our Confirmation

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through Shanghai Qijia under the Contractual Arrangements.

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Legality of the Contractual Arrangements

Based on the above, our PRC Legal Advisor is of the opinion that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations and that upon execution of the Contractual Arrangements:

- (a) each of Qijia Network Technology and Shanghai Qijia is a duly incorporated and validly existing company, and their respective establishment is valid, effective and complies with the relevant PRC laws; each of the Relevant Shareholders that is an individual is a natural person with full civil and legal capacity; and each of Qijia Network Technology, Shanghai Qijia and the Relevant Shareholders have obtained all necessary authorizations to execute and perform the Contractual Arrangements;
- (b) parties to each of the agreements are entitled to execute the agreements and perform their respective obligations thereunder. Each of the agreements is binding on the parties thereto and none of them would be deemed as “concealment of illegal intentions with a lawful form” and void under the PRC Contract Law;
- (c) none of the Contractual Arrangements violates any provisions of the articles of association of Shanghai Qijia or Qijia Network Technology;
- (d) each of the Contractual Arrangements is binding on the assignees or successors of the parties thereto;
- (e) the parties to each of the Contractual Arrangements are not required to obtain any approvals or authorizations from the PRC governmental authorities, except that (i) the pledge under the Equity Interest Pledge Agreements shall be registered with local administration bureau for industry and commerce, and (ii) the Exclusive Option Agreement is subject to approval and/or registration with MOFCOM or its branch, local administration bureau for industry and commerce, and MIIT or its branch upon the exercise by Qijia Network Technology or its designee of its rights under the Exclusive Option Agreements to acquire all or part of the equity interests in Shanghai Qijia. On August 8, 2006, six PRC governmental and regulatory agencies, including MOFCOM and the CSRC, promulgated the M&A Rules, a regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and revised on June 22, 2009. Pursuant to the M&A Rules, the acquisition of a PRC domestic enterprise by a Foreign Investor (as defined in the M&A Rules) is subject to approval by, and registration with the relevant PRC regulatory authorities. In the event that Qijia Network Technology exercises its rights under the Exclusive Option Agreement to acquire all or part of the equity interests in Shanghai Qijia, it may be required to obtain the approval of relevant PRC regulatory authorities pursuant to the M&A Rules;

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- (f) each of the Contractual Arrangements is valid, legal and binding under PRC laws, except for the dispute resolution provision that provides that any dispute shall be submitted to the CIETAC for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Shanghai. They also provide that the arbitrator may award interim remedies over the shares or assets of Shanghai Qijia or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of Shanghai Qijia; and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company) and the PRC (being the place of incorporation of Shanghai Qijia) also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies against the shares or properties of Shanghai Qijia. However, our PRC Legal Advisor has advised that the tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of Shanghai Qijia pursuant to the current PRC laws. In addition, interim remedies or enforcement order granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

Further, the Joint Sponsors, our PRC Legal Advisor, and the Joint Sponsors' PRC legal advisor conducted an interview with the SMCA on February 2, 2018. During the interview, the SMCA provided oral confirmation that the Contractual Arrangements would not be challenged or subject to penalty by the SMCA due to violation of any PRC laws or regulations concerning value-added telecommunications services.

We have been advised by our PRC Legal Advisor, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to the above opinion of our PRC Legal Advisor. We have been further advised by our PRC Legal Advisor that if the PRC government finds that the Contractual Arrangements do not comply with PRC government restrictions on foreign investment in the Relevant Businesses, we could be subject to severe penalties, which could include:

- (a) revoking the business and operating licenses of Qijia Network Technology and Shanghai Qijia;
- (b) restricting or prohibiting related party transactions between Qijia Network Technology and Shanghai Qijia;
- (c) imposing fines or other penalties with which we, Qijia Network Technology and Shanghai Qijia may find difficult or impossible to comply;
- (d) requiring us, Qijia Network Technology and Shanghai Qijia to restructure the relevant ownership structure or operations; and
- (e) restricting or prohibiting the use of any proceeds from the Global Offering to finance our business and operations in the PRC.

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The imposition of any of these penalties could have a material adverse effect on our ability to conduct our business. See “Risk Factors – Risks Relating to our Corporate Structure.”

The revenue of Shanghai Qijia and related operations that are expected to be held by Shanghai Qijia and its subsidiaries but excluding operations held by the Disposed Entity as of listing for the three years ended December 31, 2015, 2016 and 2017 was RMB97.9 million, RMB102.2 million and RMB165.9 million, respectively with intercompany transactions eliminated.

Development in the PRC Legislation on Foreign Investment

Draft new Foreign Investment Law

MOFCOM published a discussion draft of the proposed Foreign Investment Law (the “**Draft FIL**”) in January 2015 aiming to, upon its enactment, replace the major existing laws and regulations governing foreign investment in the PRC. MOFCOM has solicited comments on this draft and substantial uncertainties exist with respect to its final form interpretation and implementation. The Draft FIL, if enacted as proposed, may materially impact the entire legal framework regulating foreign investments in the PRC.

Among other things, the Draft FIL purports to introduce the principle of “actual control” in determining whether a company is considered a foreign invested enterprise, or an foreign invested entity (“**FIE**”). The Draft FIL specifically provides that entities established in the PRC but “controlled” by foreign investors will be treated as FIEs, whereas an entity organized in a foreign jurisdiction, but cleared by the authority in charge of foreign investment as “controlled” by PRC entities and/or citizens, would nonetheless be treated as a PRC domestic entity for investment in the “Catalog of Restrictions” on the “negative list” to be issued, subject to the examination of the relevant authority in charge of foreign investment.

As advised by Zhong Lun Law Firm, “Control” is defined under the Draft FIL as:

1. holding directly or indirectly 50% or more of the equity interest, assets, voting rights or other similar equity interest of the subject entity;
2. holding directly or indirectly less than 50% of the equity interest, assets, voting rights or other similar equity interest of the subject entity, but
 - (i) having the power to directly or indirectly appoint 50% or more of the members of the board of directors or other equivalent decision-making bodies of the subject entity;
 - (ii) having the power to secure its nominated persons to acquire 50% or more of the seats on the board of directors or other equivalent decision-making bodies of the subject entity; or

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- (iii) having the voting power to exert material influence over decision-making bodies, such as the shareholders' meeting or the board of directors of the subject entity; or
- 3. having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity's operations, financial, staffing and technology matters.

If an entity is determined to be an FIE, and its investment amount exceeds certain thresholds or its business operation falls within a "negative list" to be separately issued by the State Council in the future, market entry clearance by the authority in charge of foreign investment would be required.

The "variable interest entity" structure, or VIE structure, has been adopted by many PRC-based companies, including our controlling shareholder Qeeka Holding, and has been adopted by our Company in the form of the Contractual Arrangements, to establish control of Shanghai Qijia by Qijia Network Technology, through which we operate our Relevant Businesses in PRC. Under the Draft FIL, variable interest entities that are controlled via contractual arrangements would also be deemed as FIEs, if they are ultimately "controlled" by foreign investors. For companies with a VIE structure in an industry category that is in the "negative list" it is possible that the existing VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/are of PRC nationality (either PRC state-owned enterprises or agencies, or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as FIEs and any operation in the industry category on the "negative list" without market entry clearance may be considered as illegal.

Pursuant to the Draft FIL, as far as the new VIE structures are concerned, if a domestic enterprise under the VIE structure is controlled by Chinese nationals, such domestic enterprise may be treated as a Chinese investor and therefore the VIE structures may be regarded as legal if the domestic enterprise operates in a sector which is in the "restricted category" on the "negative list." On the contrary, if the domestic enterprise is controlled by foreign investors, such domestic enterprise may be treated as a foreign-investor or foreign-invested enterprise, and therefore the operation of such domestic enterprise through VIE structures may be regarded as illegal if the domestic enterprise operates in a sector which is on the "negative list" and the domestic enterprise does not apply for and obtain the necessary permission.

The Draft FIL stipulates restriction of foreign investment in certain industry sectors. The "negative list" sets out in the Draft FIL classified the relevant prohibited and restricted industries into the "Catalog of Prohibitions" and the "Catalog of Restrictions," respectively.

Foreign investors are not allowed to invest in any sector set out in the Catalog of Prohibitions. Where any foreign investor directly or indirectly holds shares, equities, properties or other interests or voting rights in any domestic enterprise, such domestic enterprise is not allowed to invest in any sector set out in the Catalog of Prohibitions, unless otherwise specified by the State Council.

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Foreign investors are allowed to invest in sectors set out in the Catalog of Restrictions, provided that the foreign investors are required to fulfill certain conditions and apply for permission before making such investment.

Notwithstanding that the accompanying explanatory notes to the Draft FIL (the “**Explanatory Notes**”) do not provide a clear direction in dealing with VIE structures existing before the Draft FIL becoming effective, which were still pending for further study as of the Latest Practicable Date, the Explanatory Notes contemplate three possible approaches in dealing with FIEs with existing VIE structures and conducting business in an industry falling in the “negative list”:

- (i) requiring them to make a declaration to the competent authority that the actual control is vested with Chinese investors, after which the VIE structures may be retained;
- (ii) requiring them to apply to the competent authority for certification that their actual control is vested with Chinese investors and, upon verification by the competent authority, the VIE structures may be retained; and
- (iii) requiring them to apply to the competent authority for permission to continue to use the VIE structure. The competent authority together with the relevant departments will then make a decision after taking into account the actual control of the FIE and other factors.

Where foreign investors and FIEs circumvent the provisions of the Draft FIL by entrusted holding, trust, multi-level re-investment, leasing, contracting, financing arrangements, protocol control, overseas transaction or otherwise, make investments in sectors specified in the Catalog of Prohibitions, make investments in sectors specified in the Catalog of Restrictions without permission or violate the information reporting obligations specified therein, the penalty shall be imposed in accordance with Article 144, Article 145, Article 147 or Article 148 of the Draft FIL, as the case may be. If foreign investors make investments in the sectors specified in the Catalog of Restrictions without approval or in the sector specified in the Catalog of Prohibitions, the competent authorities for foreign investment in the province, autonomous region and/or municipality where the investments are made shall order them to cease the implementation of the investments, dispose of any equity or other assets within a prescribed time limit, confiscate any illegal gains and impose a fine of not less than RMB100,000 but not more than RMB1 million or of not more than 10% of illegal investments. If foreign investors or FIEs are in violation of the provisions of the Draft FIL, including by way of failing to perform on schedule, or evading the performance of, the information reporting obligation, or concealing the truth or providing false or misleading information, the competent authorities for foreign investment in the province, autonomous region and/or municipality where the investments are made shall order them to make rectifications within a prescribed time limit; if they fail to make rectifications within the prescribed time limit, or the circumstances are serious, a fine of not less than RMB50,000 but not more than RMB500,000 or of not more than 5% of the investments shall be imposed.

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Measures to maintain control of Shanghai Qijia

Under the Draft FIL if an entity is organized in a foreign jurisdiction but cleared by the relevant PRC government authority in charge of foreign investment in the PRC as “controlled” by PRC investors, it would nonetheless be treated as a PRC domestic entity for investment in the “Catalog of Restrictions” on the “negative list” to be issued, subject to the examination of the relevant authority in charge of foreign investment. For these purposes, “control” is broadly defined in the Draft FIL to cover any of the following summarized categories:

- (i) holding directly or indirectly 50% or more of the equity interest, assets, voting rights or similar equity interest of the subject entity;
- (ii) holding directly or indirectly less than 50% of the equity interest, assets, voting rights or similar equity interest of the subject entity but (a) having the power to directly or indirectly appoint or otherwise secure at least 50% of the seats on the board or other equivalent decision making bodies, (b) having the power to secure its nominated person to acquire at least 50% of the seats on the board or other equivalent decision making bodies, or (c) having the voting power to exert material influence over decision-making bodies, such as the shareholders’ meeting or the board; or
- (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity’s operations, financial, staffing and technology matters.

“PRC Investor” (the “PRC Investor”) is defined under the Draft FIL as (a) a PRC national; (b) a PRC governmental entity; or (c) a PRC-incorporated entity that is “controlled” by PRC nationals and/or PRC governmental entities.

If the Draft FIL is promulgated in the current draft form, we are advised by our PRC Legal Advisor, that we can apply for recognition of the Contractual Arrangements as a domestic investment and will likely be viewed as being “controlled” by “PRC Investors” as such term is defined by the Draft FIL, relying on the second limb of the definition of “control”. We set out below the grounds on which PRC Investor(s) are regarded as having the power to secure its nominated persons to acquire at least 50% of the seats on the Board.

- (i) under the Memorandum and Articles which have been conditionally adopted by our Company and which shall become effective upon Listing, members of our nomination committee (the “Nomination Committee”) of the Board shall be elected by resolutions approved by a majority of the Directors of the Company;
- (ii) the Nomination Committee shall be responsible for making recommendations to the Board for the appointment or removal of Directors after the Listing. Under the Articles, a Director may only be appointed by (i) Shareholders of the Company by ordinary resolution upon the Board’s proposal; or (ii) in the case of appointment of any person as a Director either to fill a casual vacancy or as an addition to the Board,

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by a majority of the Board (any director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting), and a Director may only be removed by (i) the Shareholders by ordinary resolution upon the Board's proposal; or (ii) by a three-quarters majority of the Board. The Board is in turn restricted to appointing, or proposing to Shareholders persons for election as, Directors from candidates who have been recommended for appointment by the Nomination Committee, and may only remove, or propose to the Shareholders the removal of, Directors who have been recommended for removal by the Nomination Committee, in accordance with the Articles;

- (iii) the Articles and the terms of reference of the Nomination Committee (the "Terms of Reference") provide that the chairman of the Nomination Committee (the "NC Chairman") shall be a PRC Investor. Mr. Deng has been appointed as the Chairman. As advised by our PRC Legal Advisor, Mr. Deng, as our founder, Controlling Shareholder as of the date of this prospectus and our single largest shareholder upon the completion of the Global Offering, will be considered a PRC Investor of our Company under the Draft FIL as he is a PRC national. Our PRC Legal Advisor has further advised that there is no threshold on the shareholding in order for the PRC national to qualify as a PRC Investor under the Draft FIL;
- (iv) the Articles and the Terms of Reference further provide that (i) the Nomination Committee shall ensure that the majority of the Board will comprise PRC nationals at all times; (ii) the Nomination Committee will comprise three members; and (iii) the NC Chairman shall be a PRC Investor. The quorum of a meeting of the Nomination Committee shall be two (including the NC Chairman), and any resolution of the Nomination Committee to be passed at a meeting of the Nomination Committee shall be approved by a majority (including the affirmative vote of the NC Chairman) of the members of the Nomination Committee who attend and vote at such meeting. In the event of an equality of votes at any meeting of the Nomination Committee, the NC Chairman will have a casting vote in addition to any other vote he may have. Alternatively, a resolution of the Nomination Committee may be approved by way of a written resolution signed unanimously by every member of the Nomination Committee;
- (v) as advised by Maples and Calder (Hong Kong) LLP, our Cayman Islands legal advisor, our Shareholders would not have any right under Cayman Islands law to propose (a) any amendment to the Terms of Reference which has not been proposed by the Board, or (b) the appointment or removal of any persons as Directors who have not been proposed by the Board (pursuant to the recommendations of the Nomination Committee made in accordance with the Articles and the Terms of Reference). Any candidate proposed by any Shareholder for election at a general meeting of our Shareholders shall not be eligible for election (and shall not be proposed for election at such general meeting) unless, prior to such meeting, the appointment of such candidate has been approved by our Board upon the

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recommendation of the Nomination Committee. Members of the Nomination Committee and the Board will be subject to fiduciary duties as Directors of the Company in making such decision;

- (vi) any amendment to the Articles shall be approved by special resolution (which requires not less than three-fourths of the votes of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given). Each of Mr. Deng and Ms. Sun, wife of Mr. Deng and Mr. GAO Wei, who holds 24.26%, 1.09% and 2.30% of the share capital of our Company upon Listing (assuming full exercise of the Over-allotment Option), respectively, are collectively expected to control over 25% of the voting rights of the Shares upon the Listing (“Undertaking Shareholders”) and have each provided an Undertaking (the “Undertaking”) to the Company and the Stock Exchange that each of them will vote, or procure the companies through which it holds shares in the Company to vote, against any amendment (the “Amendments”) to the Articles (i) removing the requirement that the NC Chairman shall be a PRC Investor; (ii) affecting the NC Chairman’s power to secure his/her nominated persons to acquire at least 50% of the seats on the Board, such as removing the requirement of the affirmative vote of the NC Chairman in any resolution of the Nomination Committee; or (iii) removing the requirement that the Nomination Committee will ensure that the majority of the Board will comprise PRC nationals at all times.

In the event that any third party acquires any interest from the Undertaking Shareholders so that the Undertaking Shareholders’ Control over the voting rights in the Company would fall below 25%, the Undertaking Shareholders would (a) procure the third party to provide an undertaking on substantially the same terms and conditions as the Undertaking; and (b) demonstrate to the reasonable satisfaction of the Company and the Stock Exchange that the Contractual Arrangements will continue to be viewed as a domestic investment under the Draft FIL or the final PRC Foreign Investment Law as enacted (the “Final Law”), as the case may be, to the extent the then current PRC laws, regulations and policies are consistent with the Draft Law. In addition: (i) the Undertaking will become effective from the Listing and will remain effective until the earlier of the occurrence of the following events:

- the Undertaking Shareholders ceasing to hold any voting rights in the Company;
- compliance with the relevant requirements under the Final Law or applicable foreign investment laws of the PRC (together with, if any, all subsequent amendments or updates, as promulgated) as finally enacted is not required and the Stock Exchange has consented to this;

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- compliance with the Undertaking is no longer required, as advised by the Stock Exchange; or
- the Stock Exchange and any applicable PRC regulatory authority have consented to such termination.

To the extent that only part of the Undertaking above is no longer required as a result of the above, the preceding sentence occurring, only such part of the Undertaking that is no longer required shall cease to be effective. To the extent that the Undertaking (or any part thereof) is no longer effective, the Company will issue an announcement as soon as practicable;

- (vii) the Undertaking will only cease to become effective for the reasons outlined above. Furthermore, the Undertaking will be a matter of public record and any party considering acquiring direct or indirect interest in the Company from any of the Undertaking Shareholders will know that they are bound by the Undertaking, that the Undertaking was given in connection with the Company's application for the Listing, and that failure to abide by the Undertaking may give rise to adverse regulatory consequences to the Listing status of the Company;
- (viii) the Company intends to follow paragraph A.4.2 of the Corporate Governance Code, Appendix 14 to the Listing Rules (the "Code"), pursuant to which every Director, including those appointed for a specific term, will be subject to retirement by rotation at least once every three years. The Board has the power, from time to time and at any time, to appoint any person as an additional director to the Board, subject to the requirement that any director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election. If the shareholders of the Company did not vote to re-elect any director nominated or appointed by the Board, it is in any event within the power of the Board to appoint one or more additional directors, subject to the requirement that such directors being subject to re-election at the next annual general meeting; and
- (ix) based on the above, we are advised by our Cayman legal advisor that, by virtue of and in accordance with the terms of the Articles and the Terms of Reference, (i) the NC Chairman will be a PRC Investor at all times, (ii) all decisions and resolutions of the Nomination Committee shall require the affirmative vote or consent of the NC Chairman, and accordingly no decision or resolution of the Nomination Committee may be made without the approval or consent of the NC Chairman, (iii) no Director may be appointed or removed by either the Board or the Shareholders unless such appointment or removal has been recommended by the Nomination Committee, and accordingly has been approved or consented to by the NC Chairman, and (iv) therefore, the NC Chairman has the power to ensure that the majority of the Board shall be PRC nationals at all times. We are further advised that if the Undertaking Shareholders comply with their Undertakings to vote against an Amendment (as defined above), any special resolution to approve such Amendment shall not be

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passed and such Amendment shall not become effective (assuming that such Undertaking Shareholders continue to hold or control over 25% of the voting rights of the issued share capital of our Company at the time of the vote). On this basis, our PRC Legal Advisor is of the view that the Company as well as its core operating subsidiaries and the Consolidated Affiliate Entity and its subsidiaries, will likely be considered Controlled by PRC Investors under the Draft FIL.

Based on the reasons set out above, and taking into consideration the advice of our PRC Legal Advisor, we are of the view that we are likely to be deemed as ultimately controlled by PRC Investors under the Draft FIL.

Our Company's Cayman Islands legal adviser, Maples and Calder (Hong Kong) LLP, has confirmed that the aforementioned provisions in the Articles and the Terms of Reference, including the restrictions relating to the appointment and removal of Directors and the provisions set out therein for the purposes of ensuring that a majority of the Directors are PRC nationals, do not contravene any law, public rule or regulation applicable to the Company currently in force in the Cayman Islands. Our PRC Legal Advisor has also confirmed that such provisions in the Articles and the Terms of Reference do not contravene the applicable laws in the PRC. We would also be able to ensure board diversity under the Corporate Governance Code. Our principal business includes the provision of interior design and construction online platform and related services in China, which requires deep local knowledge and experience. Therefore, it is in line with our business model and specific needs to require that a majority of the Directors be PRC nationals. The Directors believe that Directors who are PRC nationals will be more familiar with the industry in China and have more in-depth knowledge of, and connection within, the local interior design and construction online services market, which are in line with our development strategies. Furthermore, the Directors believe that there will be sufficient candidates who are PRC nationals of different gender, age, educational background and professional experience to ensure that we will have a Board with diversified perspectives.

Potential impact on our company of the Contractual Arrangements are not treated as domestic investment

If the operation of the Restricted Businesses is on the "negative list" and the Draft FIL as finally enacted is refined or deviates from the current draft, depending on the treatment of existing VIE structures, the Contractual Arrangements may be regarded as invalid and illegal. As a result, we may not be able to operate the Restricted Businesses through the Contractual Arrangements and would lose our rights to receive the economic benefits of our PRC Operating Entities. As a result, the financial results of Shanghai Qijia would no longer be consolidated into our Group's financial results and we would have to derecognize their assets and liabilities according to the relevant accounting standards. An investment loss would be recognized as a result of such derecognition.

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Nevertheless, considering that a number of existing entities engaged in the internet industry and other related industries, some of which have obtained listing status abroad, are operating under contractual arrangements, our Directors are of the view that it is unlikely, if the Draft FIL is promulgated, that the relevant authorities will take retrospective effect to require the relevant enterprises to remove the contractual arrangements. Our PRC Legal Advisor believes that the PRC government is likely to take a relatively cautious attitude towards the supervision of foreign investments and the enactment of laws and regulations impacting them, and make decisions according to different situations in practice. According to the State Council Legislative Work Plan for 2018 issued on March 2, 2018, the draft FIL will be submitted to National People's Congress Standing Committee for deliberation. According to National People's Congress Standing Committee Legislative Work Plan for 2018 amended on April 17, 2018, the draft FIL will be deliberated for the first time in December, 2018. The draft FIL is currently in draft form only, and does not have any binding force.

However, there are uncertainties as to the definition of control that may be adopted in the Draft FIL as finally enacted and interpretation of the definition of control even if it is the same as adopted in the Draft FIL, and the relevant government authorities will have a broad discretion in interpreting the law and may ultimately take a view that is inconsistent with our PRC Legal Advisor's understanding. See "Risk Factors – Risks Relating to our Corporate Structure" for further details of the risks we face relating to our Contractual Arrangements. In any event, our Company will take reasonable steps in good faith to seek compliance with the enacted version of the Foreign Investment Law, and will, as soon as possible, disclose any updates of changes to the enacted Foreign Investment Law that will materially and adversely affect our Company as and when they occur, if and when the Foreign Investment Law comes into force.

If the operation of the Restricted Businesses is no longer on the "negative list" and we can legally operate them under PRC Laws, Qijia Network Technology will exercise the call option under the Exclusive Option Agreement to acquire the equity interest of Shanghai Qijia and unwind the Contractual Arrangements subject to approvals by the relevant authorities. Further, our Group will unwind and terminate the Contractual Arrangements as soon as practicable in respect of the operation of our mobile apps, mobile sites and websites to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations if the relevant government authority grants ICP Licenses to sino-foreign equity joint ventures to be established by the Company.

Decision on Amending Four Inbound Investment Laws

On September 3, 2016, the Standing Committee of the National People's Congress of the PRC (全國人大常務委員會) published the Decision of the Standing Committee of the National People's Congress on Revising Four Laws Including the "Law of the People's Republic of China on Wholly Foreign-Owned Enterprises" (《全國人大常委會關於修改〈中華人民共和國外資企業法〉等四部法律的決定》, the "Decision") which came into effect on October 1, 2016 and seeks to revise the current foreign investment legal regime.

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Compliance with the Contractual Arrangements

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

1. major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
2. our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
3. our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports;
4. our Directors undertake to provide periodic updates in our annual reports regarding the qualification requirement as stipulated under the paragraph headed “– Background of the Contractual Arrangements” in this section and the latest development of the Draft FIL as disclosed under the paragraph headed “– Development in the PRC Legislation on Foreign Investment” in this section, including the latest relevant regulatory development as well as our plan and progress in acquiring the relevant experience to meet the qualification requirement; and
5. our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of Qijia Network Technology and Shanghai Qijia to deal with specific issues or matters arising from the Contractual Arrangements.

In addition, we believe that our Directors are able to perform their roles in our Group independently and we are capable of managing our business independently after the Listing under the following measures:

1. the decision-making mechanism of the Board as set out in the Articles includes provisions to avoid conflict of interest by providing, amongst other things, that in the event of conflict of interest in such contract or arrangement which is material, a Director shall declare the nature of his or her interest at the earliest meeting of the Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;
2. each of our Directors is aware of his or her fiduciary duties as a Director which requires, among other things, that he or she acts for the benefits and in the best interests of our Company;

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3. we have appointed three independent non-executive Directors, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of our Company and our Shareholders as a whole; and
4. we will disclose in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by the Board (including independent non-executive Directors) relating to any business or interest of each Director and his or her associates that competes or may compete with the business of our Group and any other conflicts of interest which any such person has or may have with our Group.

Accounting Aspects of the Contractual Arrangements

Under the Exclusive Technological Services Agreement, it was agreed that, in consideration of the services provided by Qijia Network Technology, Shanghai Qijia will pay service fees to Qijia Network Technology. The annual service fees consists of a management fee and a services fee. The amount and payment deadline will be determined by Qijia Network Technology and Shanghai Qijia through negotiations after considering (i) the complexity of the services provided by Qijia Network Technology, (ii) the seniority of and time consumed by employees of Qijia Network Technology providing the services, (iii) the content and value of the services provided by Qijia Network Technology, (iv) the market price of the same type of services, (v) the operating conditions of Shanghai Qijia, and (vi) the essential cost, expenses, taxes and statutory reserve or retaining funds. Accordingly, Qijia Network Technology has the ability, at its sole discretion, to extract substantially all of the economic benefit of Shanghai Qijia through the Exclusive Technological Services Agreement.

In addition, under the Exclusive Technological Services Agreement, Qijia Network Technology has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of Shanghai Qijia as Qijia Network Technology's prior written consent is required before any distribution can be made. In the event that the Registered Shareholders receive any profit distribution or dividend from Shanghai Qijia, the Registered Shareholders must immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to Qijia Network Technology.

As a result of these Contractual Arrangements, our Company has obtained control of Shanghai Qijia through Qijia Network Technology and, at our Company's sole discretion, can receive substantially all of the economic interest returns generated by Shanghai Qijia. Accordingly, Shanghai Qijia's results of operations, assets and liabilities, and cash flows are consolidated into the Company's financial statements.

In this regard, our Directors consider that our Company can consolidate the financial results of Shanghai Qijia into our Group's financial information as if they were our Company's subsidiaries. The basis of consolidating the results of Shanghai Qijia is disclosed in Note 2.2.1 to the Accountant's Report set out in Appendix I.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As of the date of this prospectus, Mr. Deng through his 100% equity interest in Qeeka Holding, holds 30,234,953 Shares, representing 31.23% of our issued share capital. As such, Mr. Deng and Qeeka Holding are our Controlling Shareholders. Mr. Deng, is also our founder, one of our executive Directors and the chairman of the Board. For further background of Mr. Deng, see “Directors and Senior Management.”

Immediately after the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme are not exercised), Mr. Deng through his 100% equity interest in Qeeka Holding will hold 302,349,500 Shares, representing 24.99% of our issued share capital, and Mr. Deng and Qeeka Holding will cease to be our Controlling Shareholders and will remain as our single largest Shareholders. Mr. Deng will also remain as the Chairman of the Board and an executive Director upon Listing. In such roles, Mr. Deng will continue to lead our Company’s overall business development, strategic planning and remain influential in all major decisions of the Board. Mr. Deng will also continue to be supported by our executive Directors, Mr. Tian and Mr. Gao, whom have assisted him since our Group was founded in 2007. Mr. Deng will also be supported by our non-executive Directors, Mr. Sheng, Mr. Wu and Mr. Li, whom were appointed by Hua Yuan International, Baidu HK and Orchid Asia, respectively. However, we are subject to risks associated with the fact that Mr. Deng will cease to be our Controlling Shareholder upon Listing. See “Risk Factors – Substantial Shareholders may change or influence the composition of our Board and senior management team, as we will have no Controlling Shareholders following completion of the Global Offering.”

Controlling Shareholders’ and Directors’ interests in other businesses

Our Controlling Shareholders and our Directors confirm that as at the Latest Practicable Date, they do not have any interest in any business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Shopping mall management and leasing business

As at the Latest Practicable Date, apart from our Company, Mr. Deng had interests in the Shopping Mall Management and Leasing Business, which was disposed from our Group to be controlled by Mr. Deng, in March 2018. For further details on the disposal, see “History and Corporate Structure – Other Major Historical Development of Our Group.”

We are primarily dedicated to providing online and offline home interior design and construction services. To a lesser degree, we acquire construction materials from materials manufacturers through our materials supply chain operations, and on-sell such construction materials to design and construction service providers. Whereas, the Shopping Mall Management and Leasing Business principally involves the management and operation of large-scale shopping mall complexes in the PRC, and the sub-lease of stores in these shopping mall complexes to construction materials suppliers and merchants. As such, we consider the Shopping Mall Management and Leasing Business to be distinct in nature from the business of

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our Group. Our Directors believe that there is delineation between the Shopping Mall Management and Leasing Business and the business of our Group, and thus are of the view that the Shopping Mall Management and Leasing Business owned by Mr. Deng is not in competition with our business.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are able to carry on our business independently from Mr. Deng after the Listing.

Management Independence

Our business is managed and conducted by our Board. Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors.

Even though Mr. Deng is an executive Director, none of the other Directors who form the majority of the Board, is a Controlling Shareholder, an associate of a Controlling Shareholder or a party acting in concert with our Controlling Shareholders. None of our Directors and members of our senior management team holds any board or other executive position in, or are employed by, any entity controlled by the Controlling Shareholders outside the Group.

Our daily management and operations are carried out by our senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make operating decisions that are in the best interests of our Group.

Our Board acts collectively and makes decisions in accordance with the Articles of Association and applicable laws and regulations, so no single Director or shareholder is able to make any decisive decisions unless so authorized by the Board. Each Director is aware of his fiduciary duties, which require, among other things, that he acts for the benefit and in the interest of our Company and does not allow any conflict between his duties as a Director and his personal interests. We have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for their review.

Based on the above, our Directors believe that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

Our Group is not operationally dependent on our Controlling Shareholders. We have established our own organizational structure, and each department is assigned to specific areas of responsibilities. Our Company (through Shanghai Qijia, Shanghai Qiyi or our subsidiaries) holds all relevant licenses and owns all relevant intellectual properties and facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and an independent management team to operate our business.

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In addition, pursuant to the Contractual Arrangements, our Directors are authorized to exercise all of the rights of the shareholders of Shanghai Qijia. Our Group is entitled to enjoy all the economic benefits of Shanghai Qijia and Shanghai Qiyi, and to exercise management control over the operations of Shanghai Qijia and Shanghai Qiyi. Pursuant to the Exclusive Option Agreement, Qijia Network Technology (or any of its subsidiaries) has been granted an irrevocable and exclusive right to purchase from the respective shareholders of Shanghai Qijia, all or any part of their equity interests in Shanghai Qijia for a nominal price, unless the relevant government authorities request that another amount be used as the purchase price, in which case the purchase price shall be such amount. Our Directors are of the view that through the Contractual Arrangements, our Group has obtained financial and operational control of Shanghai Qijia and Shanghai Qiyi.

Based on the above, our Directors believe that there is no operational dependence by us on our Controlling Shareholders.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We have independent internal control and accounting system and also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders. There are no outstanding loans or guarantees provided by our Controlling Shareholders or their respective associates.

Based on the above, our Directors are of the view that our Directors and senior management are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders after the Listing.

CONNECTED TRANSACTIONS

OVERVIEW

We have entered into agreements with our connected persons in our ordinary and usual course of business as set out below. Upon the Listing, these transactions will constitute continuing connected transactions of our Group under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

The table below sets forth parties who will become our connected persons upon Listing and the nature of their connection with us:

Name	Connected relationship
Mr. Deng	a Controlling Shareholder before the Listing, and a substantial Shareholder after the Listing; and an executive Director.
The Disposed Entity	the Disposed Entity is ultimately controlled by Mr. Deng, and therefore is an associate of Mr. Deng.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Applicable Listing Rule	Waiver sought	Proposed annual cap for the years ending December 31, (RMB)		
			2018	2019	2020
<i>A Fully-exempt continuing connected transactions</i>					
1 Celebrity Endorsement Licensing Agreement between the Disposed Entity and us	Rule 14A.76(1)	N/A	250,000	125,000	N/A
2 Trademark Licensing Agreement between the Disposed Entity and us	Rule 14A.76(1)	N/A	600,000	600,000	600,000
3 Property Lease Agreements between the Disposed Entity and us	Rule 14A.76(1)	N/A	1,920,000	1,920,000	1,920,000
4 Referral Services Agreement between the Disposed Entity and us	Rule 14A.76(1)	N/A	230,000	460,000	570,000

CONNECTED TRANSACTIONS

Transaction	Applicable Listing Rule	Waiver sought	Proposed annual cap for the years ending December 31, (RMB)		
			2018	2019	2020
5 Advertisement Services Agreement between the Disposed Entity and us	Rule 14A.76(1)	N/A	1,200,000	1,200,000	1,200,000
<i>B Non-exempt continuing connected transactions</i>					
1 Contractual Arrangements	Rule 14A.35 Rule 14A.36 Rule 14A.105	Announcement and independent shareholders' approval, annual cap, limiting the term to three years	N/A	N/A	N/A

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions of our Group which are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Celebrity Endorsement Licensing Agreement between the Disposed Entity and us

Qijia Network Technology, our wholly-owned foreign entity, has entered into a celebrity endorsement licensing agreement (the “**Celebrity Endorsement Licensing Agreement**”) with the Disposed Entity on June 29, 2017, pursuant to which Qijia Network Technology has granted a sub-license to the Disposed Entity to use video and print advertisements endorsed by a celebrity pursuant to an existing agreement between Qijia Network Technology and an Independent Third Party (representing the celebrity), for the provision of celebrity endorsement services. The Celebrity Endorsement Licensing Agreement has a term of two years commencing from June 29, 2017.

The above-mentioned transaction is conducted in the ordinary and usual course of our business on normal commercial terms or on terms more favourable to our Group, and our Directors currently expect that each of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will not exceed 0.1%. Pursuant to Rule 14A.76(1) of the Listing Rules, the transaction will be fully exempt from all disclosure, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

2. Trademark Licensing Agreement with the Disposed Entity

On January 1, 2018, Shanghai Qiyu, our subsidiary, entered into a trademark licensing agreement (the “**Trademark Licensing Agreement**”) with the Disposed Entity, pursuant to which Shanghai Qiyu agreed to grant a non-exclusive license to the Disposed Entity to use its trademark “**齐家**” in connection with its business operations for a term of three years commencing from January 1, 2018.

The above-mentioned transaction is conducted in the ordinary and usual course of business on normal commercial terms or on terms more favorable to our Group, and our Directors currently expect that each of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will not exceed 0.1%. Pursuant to Rule 14A.76(1) of the Listing Rules, the transaction will be fully exempt from all disclosure, annual review and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

3. Property Lease Agreements with the Disposed Entity

Each of our subsidiaries, Beijing Brausen and Shanghai Brausen, entered into a property lease agreements with the Disposed Entity (together the “**Property Lease Agreements**”), on August 30, 2017, pursuant to which, the Disposed Entity and/or its subsidiaries leased two properties to our Group with a total area of 2,227.4 square meters. The term of Property Lease Agreements is three years commencing from September 1, 2017.

The above-mentioned transaction is conducted in the ordinary and usual course of business on normal commercial terms or on terms more favourable to our Group, and our Directors currently expect that each of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will not exceed 5%, and the total consideration for the Property Lease Agreements is less than HK\$3 million. Pursuant to Rule 14A.76(1) of the Listing Rules, the transactions will be fully exempt from all disclosure, annual review and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

4. Referral Services Agreement with the Disposed Entity

Shanghai Qiyi, one of our PRC Operating Entities, has entered into a referral services agreement with the Disposed Entity (the “**Referral Services Agreement**”) on April 1, 2018, pursuant to which, the Disposed Entity will work with certain construction materials and household products suppliers, to sell customized construction materials and furniture packages to end-clients of designers and construction service providers introduced by Shanghai Qiyi. In return for the referral services provided by Shanghai Qiyi, the Disposed Entity will pay commissions to Shanghai Qiyi. The Referral Services Agreement has a term of two years commencing from April 1, 2018.

CONNECTED TRANSACTIONS

The above-mentioned transaction is conducted in the ordinary and usual course of business on normal commercial terms or on terms more favourable to our Group, and our Directors currently expect that each of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will not exceed 5%, and the total consideration is less than HK\$3 million. Pursuant to Rule 14A.76(1) of the Listing Rules, these transactions will be fully exempt from all disclosure, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. Advertisement Services Agreement with the Disposed Entity

Shanghai Qiyi, one of our PRC Operating Entities, entered into an advertisement services agreement (the "**Advertisement Services Agreement**") with the Disposed Entity on December 20, 2017, pursuant to which Shanghai Qiyi will provide design services and online marketing materials for the Disposed Entity, and publish such advertising materials on our online and mobile app platforms. The term of the Advertisement Services Agreement is three years, commencing from January 1, 2018 to December 31, 2020.

The above-mentioned transaction is conducted in the ordinary and usual course of business on normal commercial terms or on terms more favorable to our Group, and our Directors currently expect that each of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will not exceed 5%, and the total consideration is less than HK\$3 million. Pursuant to Rule 14A.76(1) of the Listing Rules, the transaction will be fully exempt from all disclosure, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

We set out below a summary of the continuing connected transaction of our Group which is subject to reporting, annual review, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Contractual Arrangements

Background

As disclosed in the section headed "Contractual Arrangements," due to regulatory restrictions on foreign ownership in the PRC, we conduct a substantial portion of our business through Shanghai Qijia, our Consolidated Affiliated Entity, in China. Shanghai Qijia is currently held by Mr. Deng as to 54.5% and other shareholders in aggregate as to 45.5%.

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 substantially all of their economic benefits, and expect to continue to do so. The Contractual Arrangements among Qijia Network Technology, Shanghai Qijia and shareholders of Shanghai Qijia enable us to (i) receive substantially all of the economic benefits from

CONNECTED TRANSACTIONS

Shanghai Qijia in consideration for the services provided by Qijia Network Technology; (ii) exercise effective control over Shanghai Qijia; and (iii) hold an exclusive option to purchase all or part of the equity interests in Shanghai Qijia when and to the extent permitted by PRC laws.

The Contractual Arrangements comprise the Exclusive Technological Services Agreement, Powers of Attorney, Exclusive Option Agreements, Equity Interest Pledge Agreements and the Loan Agreements. See the section headed “Contractual Arrangements” for details of these agreements.

For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of “connected person,” Shanghai Qijia will be treated as the Company’s wholly-owned subsidiary, and its directors, chief executives or substantial shareholders (as defined in the Listing Rules) and their respective associates will be treated as the Company’s “connected persons.”

Listing Rules implications

The transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Company. The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Reasons for the Waiver Application

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our legal structure and business operations, that such transactions have been and will be entered into in our ordinary and usual course of business, are on normal commercial terms or better and the terms are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

Our Directors also believe that our structure, whereby the financial results of Shanghai Qijia are consolidated into our financial statements as if it were our Company’s wholly-owned subsidiary, and all the economic benefits of its business flows to our Group, places our Group in a special position in relation to the connected transactions rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and approval of independent Shareholders.

CONNECTED TRANSACTIONS

In addition, given the Contractual Arrangements were entered into prior to the Listing and are disclosed in this prospectus, and potential investors of our Company will participate in the Global Offering on the basis of such disclosure, our Directors consider that compliance with the announcement and the independent Shareholders' approval requirements in respect thereof immediately after Listing would add unnecessary administrative costs to our Company.

To ensure sound and effective operation of our Group after the adoption of the Contractual Arrangements, the management of our Group plans to take the following measures:

- (a) as part of the internal control measures, major issues arising from implementation and performance of the Contractual Arrangements will be reviewed by the Board on a regular basis which will be no less frequent than on a quarterly basis. Our Board will determine, as part of its periodic review process, whether legal advisors and/or other professionals will need to be retained to assist the Group to deal with specific issues arising from the Contractual Arrangements;
- (b) matters relating to compliance and regulatory enquiries from governmental authorities, if any, will be discussed by the Board on a regular basis which will be no less frequent than on a quarterly basis;
- (c) the relevant business units and operation divisions of our Group will report regularly, which will be no less frequent than on a monthly basis, to the senior management of our Company on the compliance and performance conditions under the Contractual Arrangements and other related matters; and
- (d) our Company shall comply with the conditions prescribed under the waiver granted by the Stock Exchange in connection with the continuing connected transactions contemplated under the Contractual Arrangements.

Conditions of Waiver

In view of the Contractual Arrangements, we have 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 our Shares are listed on the Stock Exchange subject however to the following conditions:

No change without independent non-executive Directors' approval

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

CONNECTED TRANSACTIONS

No change without independent Shareholders' approval

Save as described below, no change to the agreements governing the Contractual Arrangements will be made without the approval of our independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders, except for those described above, will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company will however continue to be applicable.

Economic benefits flexibility

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entity through (i) our Group's options (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the Consolidated Affiliated Entity at the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by the Consolidated Affiliated Entity is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to the Qijia Network Technology by the Consolidated Affiliated Entity under the Exclusive Technological Services Agreement, and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entity.

Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and the Consolidated Affiliated Entity, 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 our Group which our 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. The directors, chief executive or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however be treated as connected persons of our Group and transactions between these connected persons and our Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

CONNECTED TRANSACTIONS

Ongoing reporting and approvals

We will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- the Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules;
- our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by our Consolidated Affiliated Entity to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entity during the relevant financial period above are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of the Shareholders as a whole;
- our Company's auditors will carry out review procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 "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 annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by our Consolidated Affiliated Entity to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group;
- for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person," our Consolidated Affiliated Entity will be treated as our Company's subsidiary, but at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entity and its associates will be treated as connected persons of our Company (excluding for this purpose, the Consolidated Affiliated Entity), and transactions between these connected persons and our Group (including for this purpose, the Consolidated Affiliated Entity), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules; and

CONNECTED TRANSACTIONS

- our Consolidated Affiliated Entity will undertake that, for so long as the Shares are listed on the Stock Exchange, the Consolidated Affiliated Entity will provide our Group's management and our Company's auditors full access to its relevant records for the purpose of our Company's auditor's review of the connected transactions.

WAIVERS

We have applied for, and the Stock Exchange has granted us, in respect of the Exclusive Technological Services Agreement, a waiver from strict compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

We have applied for, and the Stock Exchange has granted us, in respect of the Contractual Arrangements, (i) a waiver from strict compliance with announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) a waiver from strict compliance with the requirements to set monetary annual caps under Rule 14A.53(1) of the Listing Rules.

CONFIRMATION FROM THE DIRECTORS

Our Directors (including independent non-executive Directors) believe that the non-exempt continuing connected transactions set out above have been entered into in our ordinary and usual course of business on normal commercial terms which are fair and reasonable and in the interests of our Group and our Shareholders as a whole, and the proposed annual caps in respect of continuing connected transactions are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our legal structure and business operations, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms or better and the terms are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that (i) the non-exempt continuing connected transactions set out above have been and will be entered into during the Company's ordinary and usual course of business on normal commercial terms, and are fair and reasonable and in the interest of the Group and the Shareholders as a whole; (ii) the proposed annual caps (where applicable) of such partially-exempt and non-exempt continuing connected transactions are fair and reasonable and in the interest of the Group and the Shareholders as a whole; and (iii) that the Contractual Arrangements are fundamental to the Group's legal structure and business operations and that the Contractual Arrangements have been entered into in our ordinary and usual course of business, on normal commercial terms and are fair and reasonable and are in the interests of the Shareholders as a whole.

CONNECTED TRANSACTIONS

CONFIRMATION FROM THE DIRECTORS AND THE JOINT SPONSORS

The Directors and the Joint Sponsors are also of the view that with respect to the term of the relevant agreements underlying the Contractual Arrangements, which is of a duration of longer than three years, it is a justifiable and normal business practice to ensure that (i) the financial and operational policies of the Consolidated Affiliated Entity can be effectively controlled by Qijia Network Technology; (ii) Qijia Network Technology can obtain the economic benefits derived from the Consolidated Affiliated Entity; and (iii) any possible leakages of assets and values of the Consolidated Affiliated Entity can be prevented, on an uninterrupted basis.

DIRECTORS AND SENIOR MANAGEMENT

GENERAL

Directors

The following table sets forth information about our Directors:

Name	Age	Position	Roles and Responsibilities	Date of joining the Group	Date of appointment as Director
Mr. DENG Huajin (鄧華金)	45	Chairman and Executive Director	Overall strategic planning and business direction, member of our Remuneration Committee and chairman of our Nomination Committee	August 2007	April 2, 2018
Mr. TIAN Yuan (田原)	48	Executive Director	Assisting Mr. Deng in overall management of the Company	August 2007	April 2, 2018
Mr. GAO Wei (高巍)	46	Executive Director	Assisting Mr. Deng in overall management of the Company	August 2007	April 2, 2018
Mr. LI Gabriel (李基培)	50	Non-executive Director	Providing professional opinion and judgement to our Board	April 2015	April 2, 2018
Mr. SHENG Gang (盛剛)	46	Non-executive Director	Providing professional opinion and judgement to our Board	December 2015	April 2, 2018
Mr. WU Haifeng (吳海鋒)	35	Non-executive Director	Providing professional opinion and judgement to our Board	February 2018	April 2, 2018
Mr. ZHANG Lihong (張禮洪)	46	Independent non-executive Director	Providing independent advice and judgment to our Board, member of our Audit and Risk Management Committee, Remuneration Committee and Nomination Committee	June 2018	June 4, 2018
Mr. CAO Zhiguang (曹志廣)	44	Independent non-executive Director	Providing independent advice and judgment to our Board, member of our Audit and Risk Management Committee and Nomination Committee and chairman of our Remuneration Committee	June 2018	June 4, 2018
Mr. WONG Man Chung Francis (黃文宗)	53	Independent non-executive Director	Providing independent advice and judgment to our Board, chairman of our Audit and Risk Management Committee and member of our Remuneration Committee	June 2018	June 4, 2018

DIRECTORS AND SENIOR MANAGEMENT

Senior Management

The following table sets forth information about the senior management team of our Group (including our executive Directors):

Name	Age	Position	Roles and Responsibilities	Date of joining our Group	Date of appointment
Mr. DENG Huajin (鄧華金)	45	Chief Executive Officer	Overall operation of the Group	August 2007	November 2014
Mr. TIAN Yuan (田原)	48	Senior Vice President	Assisting Mr. Deng on day to day business operation and management	August 2007	April 2015
Mr. LIN Jinsong (林勁松)	42	Chief Technology Officer	Development of technology and data platform	March 2015	March 2015
Mr. GAO Wei (高巍)	46	Senior Vice President	Assisting Mr. Deng in day to day business operation and management	August 2007	April 2018
Mr. WANG Wenfei (王文飛)	32	Chief Financial Officer	Corporate finance, investor relations, investments and acquisitions, strategy and legal matters	December 2016	October 2017

BOARD OF DIRECTORS

Upon Listing, our Board will consist of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

Executive Directors

Mr. DENG Huajin (鄧華金), aged 45, is the Chairman, an executive Director and the chief executive officer of our Company. He is responsible for overall strategic planning and business direction of our Group, and he is a member of our Remuneration Committee and the chairman of our Nomination Committee. He was appointed as a Director on November 20, 2014, and was re-designated as an executive Director and appointed as the Chairman of our Board on April 2, 2018. Being the founder of our Group, Mr. Deng joined our Group as the chairman, general manager and legal representative of Shanghai Qijia upon its establishment in August 2007. Mr. Deng has been leading our Group for over 10 years, and is responsible for the overall strategical planning and business direction of our Group. He also concurrently served as the general manager and legal representative of Qijia Wallet Financial Information

DIRECTORS AND SENIOR MANAGEMENT

Service since December 2013, the executive director and legal representative of Shanghai Qixu since September 2014, the executive director, general manager and legal representative of Qijia Network Technology since April 2015, and the executive director and legal representative of Qi Home since June 2015.

During the period from October 2003 to March 2005, Mr. Deng served as a manager of distribution channels of Philips (China) Investment Co., Ltd.* (飛利浦(中國)投資有限公司). Mr. Deng has also served as chairman of Shanghai Sanming Association of Commerce since August 2016; and as a director of Guangzhou Seagull, 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 July 1996. He was awarded "Person of the Year by the Global Achievement Awards (全球卓越成就獎年度風雲人物)", "2016-2017 Person of the Year (2016-2017年度中國家裝行業風雲人物)" in the residential interior design and construction industry, "2016 Person of the Year for Outstanding Contributions (2016年度傑出貢獻人物)" in the residential e-commercial industry and one of the "Ten Outstanding Figures of the Year of Shanghai Commerce (上海商業年度十大傑出人物)" in 2016.

Mr. TIAN Yuan (田原), aged 48, is an executive Director. He was appointed as a Director on April 30, 2015 and was re-designated as an executive Director on April 2, 2018. He is responsible for the overall management of the Company.

Mr. Tian joined our Group in August 2007 and served as a director and deputy general manager of human resources in Shanghai Qijia since then. He also concurrently served as an executive director and the legal representative of Shanghai Jinjie Furniture and Decorations Co., Ltd.* (上海今杰家居用品有限公司) since May 2009, an executive director, general manager and the legal representative of Shanghai Qiyi since September 2011, an executive director and the legal representative of Shanghai Qijia e-Commerce Co., Ltd.* (上海齊家電子商務有限公司) since September 2016 and an executive director, general manager of operations and the legal representative of Fujian Qiyi Information Technology Co., Ltd.* (福建齊屹信息科技有限公司) since December 2016.

Before joining our Group, Mr. Tian served as a deputy general manager of Shanghai region at Dongguan Fuhe Furniture Co., Ltd.* (東莞富和傢俱有限公司) from January 1998 to March 2004, and a deputy general manager of Shanghai Daihua from August 2005 to August 2007.

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

Mr. GAO Wei (高巍), aged 46, is an executive Director. He was appointed as a Director on April 30, 2015 and was re-designated as an executive Director on April 2, 2018. He is responsible for the overall management of the Company.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Gao joined our Group in August 2007 and has been serving as a director and deputy general manager of sales in Shanghai Qijia since then. He also has been serving as an executive director and the legal representative of Tianjin Qijia Information Technology Co., Ltd.* (天津齊嘉信息科技有限公司) since October 2014 to present.

Prior to joining our Group, Mr. Gao served as the general manager of Suzhou Tianbo Advertising Co., Ltd.* (蘇州天博廣告有限公司) from January 2002 to August 2007. Before that, he worked at Suzhou Xinde Real Estate Development Co., Ltd.* (蘇州信德房地產開發有限公司) from September 1992 to January 2002, first as an account and later as a deputy general manager at the company.

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

Non-executive Directors

Mr. LI Gabriel (李基培), aged 50, is a non-executive Director. He was appointed as a Director on April 30, 2015 and re-designated as a non-executive Director on April 2, 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 Ctrip.com International, Ltd., a company listed on NASDAQ (NASDAQ: CTRP), 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 were 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 summa cum laude from the University of California in Berkeley, the United States, in chemical engineering in May 1990. He received his master of science degree (majored in chemical engineering practice) from the Massachusetts Institute of Technology in the United States in September 1991, and his master's degree in business administration from Stanford University Business School in the United States in June 1995.

Mr. SHENG Gang (盛剛), aged 46, is a non-executive Director. He was appointed as a Director on December 24, 2015 and was re-designated as a non-executive Director on April 2, 2018. He is responsible for providing professional opinion and judgement to our Board.

DIRECTORS AND SENIOR MANAGEMENT

During the period from October 2002 to August 2007, Mr. Sheng successively served as a manager of the guarantees department and the chief economist of Sino-Singapore SIP Venture Capital Co., Ltd.* (中新蘇州工業園區創業投資有限公司). Mr. Sheng joined Suzhou Oriza Holdings Co., Ltd.* (蘇州元禾控股股份有限公司, “**Suzhou Oriza**”) in 2002 and successively served as a manager of the guarantees department, chief economist and chief financial officer of Suzhou Oriza. He currently serves as a director and the vice president of Suzhou Oriza. Since June 2013, he has served as a director of China Wafer Level CSP Co., Ltd.* (蘇州晶方半導體科技股份有限公司) (stock code: 603005 SH).

Mr. Sheng received a master’s degree in senior business administration from Xi’an Jiaotong University in 2008.

Mr. WU Haifeng (吳海鋒), aged 35, is a non-executive Director. He was appointed as a Director on February 23, 2018 and was re-designated as a non-executive Director on April 2, 2018. He is responsible for providing professional opinion and judgement to our Board.

Mr. Wu has been working at Baidu, Inc. (百度), a company listed on NASDAQ (NASDAQ: BIDU), since July 2006 to present. Mr. Wu joined Baidu, Inc. as a research and development engineer of the web search department in July 2006, and held various positions, including senior project manager and executive of the web search department, senior technology manager of the natural language processing department, and manager of the picture search department. He currently holds the position of vice president of the search business unit of Baidu, Inc.

Mr. Wu received a master’s degree in computer science and technology from Zhejiang University in June 2006.

Independent non-executive Directors

Mr. ZHANG Lihong (張禮洪), aged 46, has been appointed as an independent non-executive Director with effect from June 4, 2018. He is responsible for providing independent advice and judgment to our Board, and serves as a member of our 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 from 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 received a bachelor’s degree in economics from China University of Political Science and Law in July 1992, a master’s degree in civil and commercial law from China University of Political Science and Law in July 1995, and a doctorate in Civil Law and Roman Law from University La Sapienza of Rome in July 2003.

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

DIRECTORS AND SENIOR MANAGEMENT

Mr. CAO Zhiguang (曹志廣), aged 44, has been appointed as an independent non-executive Director with effect from June 4, 2018. He is responsible for providing independent advice and judgment to our Board, and 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 July 2003.

Mr. Cao obtained a bachelor's degree in chemistry from East China Normal University in July 1996, a master's degree in analytical chemistry from East China Normal University in July 1999, and a doctorate in management science from Fudan University in June 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 February 2005.

Mr. WONG Man Chung Francis (黃文宗), aged 53, has been appointed as an independent non-executive Director with effect from June 4, 2018. He is responsible for providing independent advice and judgment to our Board and serves as the chairman of our Audit and Risk Management Committee and a member of our Remuneration Committee.

Mr. Wong has been serving as a non-executive director of Union Alpha CAAP Certified Public Accountants Limited since April 2018, and a non-executive chairman of Union Alpha C.P.A. Limited since April 2018. Mr. Wong was a director of Union Alpha CAAP Certified Public Accountants Limited from August 2009 to April 2018 and a managing director of Union Alpha C.P.A. Limited from March 2002 to April 2018. Mr. Wong also served as an assistant manager in the compliance department of the HKSCC from January 1992 to October 1993, and worked as an assistant manager at KPMG, an international accounting firm, from August 1985 to December 1991.

In addition, Mr. Wong has been serving as an independent non-executive director of the following companies listed on the Stock Exchange: Hilong Holding Limited (HKSE: 1623) since March 2017; China New Higher Education Group Limited (HKSE: 2001) since March 2017; Kunming Dianchi Water Treatment Co., Ltd (HKSE: 3768) since June 2016; GCL-Poly Energy Holdings Limited (HKSE: 3800) since April 2016; Greenheart Group Limited (HKSE: 094) since July 2015; Integrated Waste Solutions Group Holdings Limited (HKSE: 923) since October 2013; Digital China Holdings Limited (HKSE: 861) since August 2006; Wai Kee Holdings Limited (HKSE: 610) since August 2004; and China Oriental Group Company Limited (HKSE: 581) since August 2004.

Based on the factors that (1) Mr. Wong does not hold any executive role in Union Alpha CAAP Certified Public Accountants Limited and Union Alpha C.P.A. Limited and is not involved in their daily operation; (2) as for Mr. Wong's independent non-executive directors positions in other listed issuers, based on the review of the publicly available information from January 2013 and up to March 2017, his attendance at the board meetings and board committee

DIRECTORS AND SENIOR MANAGEMENT

meetings reached over 90%; (3) Mr. Wong did not hold any senior management role in the other listed issuers. His involvement in other listed issuers as an independent non-executive director does not require him to participate in the day-to-day management of these issuers and does not require him to devote substantial time and attention as is required from senior management members of listed issuers; (4) Mr. Wong's experience as an independent non-executive director of listed companies in Hong Kong would facilitate his understanding of corporate governance and his proper discharge of responsibilities as a director; and (5) Mr. Wong has undertaken to devote sufficient time to attend to the management of our Group, our Directors believe that Mr. Wong will be able to devote sufficient time to the Company and will be able to discharge his duties as an independent non-executive Director.

Mr. Wong is a Certified Public Accountant (Practising). He was admitted as a Certified Public Accountant in October 1990, and obtained a master's degree in accounting from Jinan University (暨南大學), the PRC, in June 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. Mr. Wong has extensive experience and expertise in accounting in line with requirements under Rule 3.10(2) of the Listing Rules, and he will contribute to the financial aspects of our Company's operations through his role as chairman of the audit and risk management committee.

Save as disclosed in this prospectus, each of our Directors has not held any other directorships in listed companies during the three years immediately prior to the Latest Practicable Date and there is no other information in respect of the Directors to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there is no other material matter relating to our Directors that needs to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

For the biographies of Mr. Deng and Mr. Tian, see “– Board of Directors – Executive Directors” in this section.

Mr. LIN Jinsong (林勁松), aged 42, is our Chief Technology Officer. He joined our Group in March 2015 as senior deputy president. Mr. Lin is primarily responsible for managing the development of the technology and data platform.

Prior to joining our Group, Mr. Lin served as the founder and chief executive officer at Xiamen Suryani Technology Co., Ltd.* (廈門舜亞科技有限公司) from June 2011 to March 2015. Prior to that, Mr. Lin successively served as senior manager, chief technology officer, and vice president of operations in the Chinese market at eHealth China (Xiamen) Technology Co., Ltd.* (翼華科技(廈門)有限公司), from December 2004 to May 2011. Prior to that, Mr. Lin served as a lecturer at the Department of Automation in Xiamen University from August 1999 to December 2004. Mr. Lin received his bachelor's degree in electronics and information system from Sichuan University in July 1996, and his master's degree in systems engineering from Xiamen University in July 1999.

DIRECTORS AND SENIOR MANAGEMENT

Mr. WANG Wenfei (王文飛), aged 32, is our Chief Financial Officer. He joined our Group in December 2016 as director of finance. Mr. Wang is primarily responsible for corporate finance, investor relations, investments and acquisitions, strategy and legal matters.

Prior to joining our Group, Mr. Wang served as the chief of finance at Shanghai Daoxila Information Technology Co., Ltd.* (上海到喜啦信息技術有限公司) from September 2014 to December 2016. Before that, Mr. Wang served at Lunar Capital PE Firm* (云月投資管理(上海)有限公司) from July 2013 to February 2014. From September 2008 to June 2013, Mr. Wang served at PricewaterhouseCoopers Zhongtian LLP. Mr. Wang obtained the Certified Public Accountant qualification issued by the Chinese Institute of Certified Public Accountants in September 2013 and the International Certified Internal Auditor qualification issued by China Institute of Internal Audit in November 2011. Mr. Wang received his bachelor's degree in international accounting from the Shanghai Institute of Foreign Trade in July 2008.

JOINT COMPANY SECRETARY

Mr. WANG Wenfei, was appointed as our joint company secretary on April 2, 2018. See “– Senior Management” in this section for the biography of Mr. Wang.

Ms. SO Shuk Yi Betty (蘇淑儀), was appointed as our joint company secretary on June 4, 2018. Ms. So is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a corporate services provider.

Ms. So received a master's degree in Chinese and comparative law from the City University of Hong Kong in November 2004 and a master's degree in business administration from the University of Leicester in July 1999. Ms. So has been a member of The Institute of Chartered Secretaries and Administrators in the United Kingdom since October 1997 and an associate of The Hong Kong Institute of Chartered Secretaries since October 1997.

COMMITTEES UNDER THE BOARD OF DIRECTORS

The Board has delegated certain of its duties to various committees. In accordance with the relevant Cayman Islands laws and the corporate governance practice prescribed in the Hong Kong Listing Rules and the Articles of Association, our Company has established three Board committees, namely the audit and risk management committee, the remuneration committee and the nomination committee.

Audit and Risk Management Committee

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

DIRECTORS AND SENIOR MANAGEMENT

has been appointed as the chairman of the audit and risk management committee and is our independent non-executive Director with the appropriate professional qualifications. The primary duties of the audit and risk management committee include, but are not limited to, the following:

- (a) advising to the Board on the appointment, renewal, change or dismissal of external auditors and submitting the same to the Board for approval; approving and reviewing audit fees and appointment terms of external auditors; handling any issues related to the resignation or dismissal of external auditors, taking appropriate measures to supervise the work of external auditors and reviewing the report of external auditors;
- (b) reviewing and supervising the independence and objectivity of the external auditors and the effectiveness of the audit procedures, and discussing issues related to the nature, category and reporting responsibility of auditing with external auditors before the auditing work starts according to applicable standards;
- (c) formulating and implementing policies of non-audit services provided by external auditors, reporting and advising to the Board the actions they deem necessary and matters to be improved;
- (d) reviewing and supervising the completeness of the Company's financial statements, annual reports and accounts, interim reports and quarterly reports (if any), and reviewing the important opinions on the financial reporting recorded in the financial statements and financial reports;
- (e) reviewing the Company's financial control, internal control and risk management system and monitoring the implementation of such system on an on-going basis, and ensuring that the effectiveness of the Group's risk management and internal control system is reviewed at least once a year;
- (f) reviewing the compliance of the Company with the applicable corporate governance code and the disclosure of corporate governance report as required by the regulatory rules at the place where the Shares are listed;
- (g) discussing on the risk management and internal control system with the management of the Company to ensure the establishment of an effective internal control system, supervising the effective implementation of internal control and the self-assessment of internal control, and coordinating internal control audit and other related matters;
- (h) ensuring co-ordination between the internal and external auditors, ensuring that the internal audit department is adequately resourced and has appropriate standing within the Company, and reviewing and supervising the effectiveness of the internal audit department;
- (i) examining the Company's financial and accounting policies and practices;

DIRECTORS AND SENIOR MANAGEMENT

- (j) reviewing the Explanatory Letter of Review Matters issued by the external auditor to the Company's management, any material queries raised by the external auditor to management about accounting records, financial accounts or internal control system and management's response;
- (k) confirming the list of the Company's related/connected parties and reporting to the Board; conducting a preliminary review of the related/connected transactions to be submitted to the Board for consideration; and reviewing the reasonableness and necessity of major related transactions;
- (l) reporting to the Board annual report on the Company's overall risk management, and reviewing the risk management strategies and material risks management solutions of the Company and submitting the same to the Board for approval, and managing resolution proposals;
- (m) reviewing internal control valuation report reported by internal audit department;
- (n) supervising and controlling the risks that the Company is affected by the overseas sanction laws to ensure a timely, complete and accurate disclosure of information related to transactions subject to sanctions in accordance with such laws; and
- (o) other duties authorized by the Board.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of four members, namely Mr. CAO Zhiguang, Mr. DENG Huajin, Mr. ZHANG Lihong and Mr. WONG Man Chung Francis. Mr. CAO Zhiguang has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee include, but are not limited to, the following:

- (a) advising to the Board on the overall remuneration policy and framework for Directors and senior management members, and on the establishment of standardized and transparent remuneration policy formulation procedures;
- (b) studying assessment criteria, performance evaluation procedures, remuneration and rewards and punishment policies for Directors and senior management members and submitting it to the Board for approval;
- (c) formulating the management rules on performance evaluation of Directors and senior management members of the Company, preparing the evaluation plan and determining the evaluation objectives;
- (d) reviewing and approving proposals on senior management's remuneration in accordance with the Company's guidelines and targets approved by the Board of Directors;

DIRECTORS AND SENIOR MANAGEMENT

- (e) formulating and advising to the Board the remuneration packages for Directors and senior management members and submitting the same to the Board for approval;
- (f) reviewing and approving the compensation for the loss or termination of the office or appointment of the executive Directors and senior management members;
- (g) reviewing and approving the compensation arrangements with regard to the dismissal or removal of Directors due to their misconduct;
- (h) ensuring any Director or their contacts not to determine by themselves, or be involved in determining, their remuneration;
- (i) supervising the implementation of the Company's remuneration policies;
- (j) studying and advising to the Company's equity incentive proposal and submitting the same to the Board for approval;
- (k) reporting to the Board on their decisions or recommendations, unless as restricted by laws or regulations; and
- (l) other matters authorized by the Board.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with the Code on Corporate Governance and Corporate Governance Report in Appendix 14 to the Listing Rules. The nomination committee consists of three members, namely Mr. DENG Huajin, Mr. ZHANG Lihong and Mr. CAO Zhiguang. Mr. DENG Huajin has been appointed as the chairman of the nomination committee. The primary duties of the nomination committee include, but are not limited to, the following:

- (a) reviewing the structure, number of members and composition of the Board at least once a year, and advising on any changes made by the Board in response to the Company's strategies;
- (b) studying and advising on the standards, procedures and methods for the election of Directors, general manager and other senior management members;
- (c) searching for qualified candidates for Directors and senior management members;
- (d) evaluating the eligibility of candidates for Directors and senior management members, reporting to the Board its opinions and advising on the relevant appointment to the Board;
- (e) reviewing the independence of the independent non-executive Directors;

DIRECTORS AND SENIOR MANAGEMENT

- (f) advising to the Board on the appointment or re-appointment of Directors and senior management members, as well as the succession plan for Directors and senior management members (especially Chairman and general manager);
- (g) reporting its decisions or opinions to the Board, unless otherwise restricted by laws or regulations; and
- (h) other duties and responsibilities authorized by the Board.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Our Directors and senior management receive remuneration, including salaries, allowances and benefits in kind, including our contribution to the pension plan on their behalf.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonuses) incurred by the five highest paid individuals for the years ended December 31, 2015, 2016 and 2017 was approximately RMB3.7 million, RMB3.5 million and RMB3.8 million, respectively.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonuses) paid to our Directors and senior management for the years ended December 31, 2015, 2016 and 2017 was approximately RMB2.2 million, RMB2.9 million, RMB3.4 million, respectively. None of our Directors or senior management waived any remuneration during the aforesaid periods. For more details of the Pre-IPO Share Option Scheme, see “Appendix IV – Statutory and General Information – E. Other Information – 11. Pre-IPO Share Option Scheme” to this prospectus.

Save as disclosed above, no other payments have been paid or are payable, in respect of the years ended December 31, 2015, 2016 and 2017 by our Company to our Directors or senior management.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or the five highest paid individuals for the Track Record Period for the loss of office as director or any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

CORPORATE GOVERNANCE CODE

Pursuant to code provision A.2.1 of the Corporate Governance Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and chief executive officer and Mr. Deng currently performs these two roles.

DIRECTORS AND SENIOR MANAGEMENT

Our 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 our Company and enables more effective and efficient overall strategic planning for our Company. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider separating the roles of chairman of our Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Company as a whole.

Save as disclosed above, our Company expects to comply with the Corporate Governance Code. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the “comply or explain” principle in our corporate governance report which will be included in our annual reports upon Listing.

DIRECTORS’ INTERESTS

None of our Directors are interested in any business, apart from our business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10(2) of the Listing Rules.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company, among others, in the following circumstances:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry to the Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Advisor shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option, or any options granted under the Pre-IPO Share Option Scheme are not exercised), the following persons will have an interest or short position in our Shares or our underlying Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our Company
Qeeka Holding ⁽²⁾	Beneficial owner	302,349,530 (L)	24.99%
Mr. Deng ⁽²⁾	Interest in a controlled corporation and interest of spouse	315,937,140 (L)	26.11%
Ms. Sun ⁽³⁾	Interest in a controlled corporation and interest of spouse	315,937,140 (L)	26.11%
Baidu HK ⁽⁴⁾	Beneficial owner	139,333,330 (L)	11.51%
Baidu Holdings Limited (BVI) ⁽⁴⁾	Interest in a controlled corporation	139,333,330 (L)	11.51%
Baidu, Inc. ⁽⁴⁾	Interest in a controlled corporation	139,333,330 (L)	11.51%
Hua Yuan International ⁽⁵⁾	Beneficial owner	101,912,750 (L)	8.42%
China-Singapore Suzhou Industrial Park Ventures Co., Ltd. ⁽⁵⁾	Interest in a controlled corporation	101,912,750 (L)	8.42%
Suzhou Oriza Holdings Co., Ltd ⁽⁵⁾	Interest in a controlled corporation	101,912,750 (L)	8.42%
Suzhou Industrial Park Economic Development Co., Ltd. ⁽⁵⁾	Interest in a controlled corporation	101,912,750 (L)	8.42%
Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. ⁽⁵⁾	Interest in a controlled corporation	101,912,750 (L)	8.42%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our Company
Suzhou Industrial Zone Management Committee ⁽⁵⁾	Interest in a controlled corporation	101,912,750 (L)	8.42%
Orchid Asia ⁽⁶⁾	Beneficial owner	100,000,000 (L)	8.26%
Orchid Asia VI, L.P. ⁽⁶⁾	Interest in a controlled corporation	100,000,000 (L)	8.26%
OAVI Holdings, L.P. ⁽⁶⁾	Interest in a controlled corporation	100,000,000 (L)	8.26%
Lam Lai Ming ⁽⁶⁾	Interest in a controlled corporation	100,000,000 (L)	8.26%
SIP Oriza ⁽⁷⁾	Beneficial owner	83,333,330 (L)	6.89%
SIP Oriza PE Fund Management Co., Ltd. ⁽⁷⁾	Interest in a controlled corporation	83,333,330 (L)	6.89%
SIP Oriza Jingfeng Equity Investment Management Co., Ltd. ⁽⁷⁾	Interest in a controlled corporation	83,333,330 (L)	6.89%
Suzhou Oriza Holdings Co., Ltd. ⁽⁷⁾	Interest in a controlled corporation	83,333,330 (L)	6.89%
Yao Ye ⁽⁷⁾	Interest in a controlled corporation	83,333,330 (L)	6.89%
Suzhou Industrial Park Economic Development Co., Ltd. ⁽⁷⁾	Interest in a controlled corporation	83,333,330 (L)	6.89%
Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. ⁽⁷⁾	Interest in a controlled corporation	83,333,330 (L)	6.89%
Suzhou Industrial Zone Management Committee ⁽⁷⁾	Interest in a controlled corporation	83,333,330 (L)	6.89%

SUBSTANTIAL SHAREHOLDERS

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 302,349,530 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) Sunjie Home 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 302,349,530 Shares which are interested by Mr. Deng under the SFO.
- (4) Baidu HK is an investment holding company wholly-owned by Baidu Holdings Limited (BVI), which is wholly-owned by Baidu, Inc., a company listed on NASDAQ (NASDAQ: BIDU). Under the SFO, Baidu, Inc. and Baidu Holdings Limited (BVI) are deemed to be interested in the Shares held by Baidu HK.
- (5) Hua Yuan International is wholly-owned by China-Singapore Suzhou Industrial Park Ventures Co., Ltd., which is wholly-owned by Suzhou Oriza Holdings Co., Ltd, which is owned as to 70% by Suzhou Industrial Park Economic Development Co., Ltd. and as to 30% by Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd., both of which are wholly-owned by Suzhou Industrial Zone Management Committee. Under the SFO, China-Singapore Suzhou Industrial Park Ventures Co., Ltd., Suzhou Oriza Holdings Co., Ltd, Suzhou Industrial Park Economic Development Co., Ltd., Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. and Suzhou Industrial Zone Management Committee are deemed to be interested in the Shares held by Hua Yuan International.
- (6) Orchid Asia is owned as to 95% by Orchid Asia VI, L.P., and as to 5% by Orchid Asia V Co-Investment Limited. The general partner of Orchid Asia VI, L.P. is OAVI Holdings, L.P. The general partner of OAVI Holdings, L.P. is wholly-owned by Lam Lai Ming. Under the SFO, Orchid Asia VI, L.P., OAVI Holdings, L.P. and Lam Lai Ming are deemed to be interested in the Shares held by Orchid Asia.
- (7) The general partner of SIP Oriza is SIP Oriza PE Fund Management Co., Ltd., which is owned as to 51% by SIP Oriza Jingfeng Equity Investment Management Co., Ltd. and as to 49% by Suzhou Oriza Holdings Co., Ltd.. SIP Oriza Jingfeng Equity Investment Management Co., Ltd. is owned as to 44.19% by Yao Ye. Suzhou Oriza Holdings Co., Ltd. is owned as to 70% by Suzhou Industrial Park Economic Development Co., Ltd. and as to 30% by Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd., both of which are wholly-owned by Suzhou Industrial Zone Management Committee. Under the SFO, SIP Oriza PE Fund Management Co., Ltd., SIP Oriza Jingfeng Equity Investment Management Co., Ltd., Suzhou Oriza Holdings Co., Ltd., Yao Ye, Suzhou Industrial Park Economic Development Co., Ltd., Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. and Suzhou Industrial Zone Management Committee are deemed to be interested in the Shares held by SIP Oriza.

Except as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option, or any of the options granted under the Pre-IPO Share Option Scheme are not exercised), have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The authorized share capital of our Company and the share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately upon the completion of the Capitalization Issue and the Global Offering are as follows:

	(Nominal Value) US\$
<i>Authorized share capital</i>	
2,000,000,000 Shares of US\$0.0001 each	200,000.0000
 <i>Shares in issue as of the date of this prospectus</i>	
41,510,851 Class B Ordinary Shares to be converted into the same number of Shares on the Listing Date ⁽¹⁾	4,151.0851
10,191,275 Series A-1 Preferred Shares to be converted into the same number of Shares on the Listing Date	1,019.1275
4,755,882 Series A-2 Preferred Shares to be converted into the same number of Shares on the Listing Date	475.5882
3,850,041 Series A-3 Preferred Shares to be converted into the same number of Shares on the Listing Date	385.0041
13,933,333 Series A-4 Preferred Shares to be converted into the same number of Shares on the Listing Date	1,393.3333
21,434,013 Series B Preferred Shares to be converted into the same number of Shares on the Listing Date	2,143.4013
1,134,014 Series C Preferred Shares to be converted into the same number of Shares on the Listing Date	113.4014
871,284,681 Shares to be issued pursuant to the Capitalization Issue	87,128.4681
242,030,000 Shares to be issued pursuant to the Global Offering	24,203.0000
	121,012.4090
1,210,124,090 Shares	121,012.4090

Note:

- (1) Class B Ordinary Shares carry two votes per Share on an as-converted basis at our general meetings, which we expect to terminate immediately prior to the completion of the Capitalization Issue and the Global Offering. All Class B Ordinary Shares will be redesignated into Shares upon Listing.

SHARE CAPITAL

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and Shares are issued pursuant to the Capitalization Issue and the Global Offering. It also assumes that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and does not take into account any Shares which may be issued pursuant to the general mandate given to the Directors for issue and allotment of Shares referred to in Appendix IV to this prospectus or any Shares which may be repurchased by us pursuant to the general mandate given to the Directors for the repurchase of our Shares referred to in Appendix IV to this prospectus.

RANKING

The Shares are ordinary shares in our share capital and rank equally with all Shares currently in issue and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus except in respect of the Capitalization Issue.

CAPITALIZATION ISSUE

Pursuant to the written resolutions of our Shareholders passed on June 4, 2018, and subject to the share premium account of our Company being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors are authorized to allot and issue a total of 871,284,681 Shares credited as fully paid at par on Listing Date to the holders of Class B Ordinary Shares and the Preferred Shares, on the register of members of our Company in the Cayman Islands at the close of business on the business day preceding the Listing Date, in proportion to their existing respective shareholdings (save that no holder of Class B Ordinary Shares and Preferred Shares shall be entitled to be allotted or issued any fraction of a Share).

PRE-IPO SHARE OPTION SCHEME

We adopted the Pre-IPO Share Option Scheme in 2011 and formalized it in 2018. See “Appendix IV – Statutory and General Information – E. Other Information – 11. Pre-IPO Share Option Scheme” to this prospectus for details of our Pre-IPO Share Option Scheme.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of a larger amount; (iii) subdivide its Shares into Shares of smaller amount; and (iv) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Companies Law, reduce its share capital or capital redemption reserve by its shareholders passing a special

SHARE CAPITAL

resolution. For details, see “Appendix III – Summary of the Constitution of the Company and Cayman Islands Company Law and Taxation – Summary of the Constitution of the Company – 2. Articles of Association – 2.5 Alteration of capital” to this prospectus.

Further, our Company will also hold general meetings from time to time as may be required under the Articles, a summary of which is set out in the section headed “Appendix III – Summary of the Constitution of the Company and Cayman Islands Company Law and Taxation” to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares (otherwise than pursuant to, or in consequence of, the Capitalization Issue and the Global Offering, a rights issue or the exercise of any options or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by our shareholders) with an aggregate nominal value of not more than the sum of:

- 20% of the aggregate nominal value of our share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme); and
- the aggregate nominal value of our share capital repurchased by us (if any) under the general mandate to repurchase Shares referred to below.

This general mandate to issue Shares will remain in effect until:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by any applicable law or the Articles of Association to be held; or
- it is varied or revoked by an ordinary resolution of our shareholders in general meeting,

whichever is the earliest.

Particulars of this general mandate to allot, issue and deal with Shares are set forth under “Appendix IV – Statutory and General Information – A. Further Information about our Company – 6. Resolutions of our Shareholder dated June 4, 2018” to this prospectus.

SHARE CAPITAL

REPURCHASE MANDATE

Conditional on the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares (Shares which may be listed on the Stock Exchange) with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in “Appendix IV – Statutory and General Information – A. Further Information about our Company – 6. Resolutions of our Shareholder dated June 4, 2018” to this prospectus.

The general mandate to repurchase Shares will remain in effect until:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by any applicable law or the Articles of Association to be held; or
- it is varied or revoked by an ordinary resolution of our shareholders in general meeting,

whichever is the earliest.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (altogether, the “**Cornerstone Investment Agreements**”) with the following investors (the “**Cornerstone Investors**”, each a “**Cornerstone Investor**”), pursuant to which the Cornerstone Investors have agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares) that may be purchased for an aggregate amount of HK\$266,896,600 (the “**Cornerstone Placing**”).

Assuming an Offer Price of HK\$6.80 per Share (being the low-point of the indicative Offer Price range of HK\$6.80 and HK\$9.00 per Share), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be approximately 39,249,500 Shares, representing approximately (i) 18.0% of the total number of International Offering Shares issued under the International Offering, assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised; or (ii) 16.2% of the Offer Shares or 3.2% of our entire issued share capital immediately upon completion of the Global Offering, assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised; or (iii) 14.1% of the Offer Shares or 3.2% of our entire issued share capital immediately upon completion of the Global Offering, assuming the Over-allotment Option is exercised in full but the options granted under the Pre-IPO Share Option Scheme are not exercised.

Assuming an Offer Price of HK\$7.90 per Share (being the mid-point of the indicative Offer Price range of HK\$6.80 and HK\$9.00 per Share), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be approximately 33,783,500 Shares, representing approximately (i) 15.5% of the total number of International Offering Shares issued under the International Offering, assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised; or (ii) 14.0% of the Offer Shares or 2.8% of our entire issued share capital immediately upon completion of the Global Offering, assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised; or (iii) 12.1% of the Offer Shares or 2.7% of our entire issued share capital immediately upon completion of the Global Offering, assuming the Over-allotment Option is exercised in full but the options granted under the Pre-IPO Share Option Scheme are not exercised.

Assuming an Offer Price of HK\$9.00 per Share (being the high-point of the indicative Offer Price range of HK\$6.80 and HK\$9.00 per Share), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be approximately 29,654,500 Shares, representing approximately (i) 13.6% of the total number of International Offering Shares issued under the International Offering, assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised; or (ii) 12.3% of the Offer Shares or 2.5% of our entire issued share capital immediately upon completion of the Global Offering, assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised; or (iii) 10.7% of the Offer Shares or 2.3% of our entire issued share capital immediately upon completion of the Global Offering, assuming the Over-allotment Option is exercised in full but the options granted under the Pre-IPO Share Option Scheme are not exercised.

CORNERSTONE INVESTORS

Each of the Cornerstone Investors is an Independent Third Party, is not a connected person (as defined under the Listing Rules) of our Company, and is not an existing Shareholder or close associates of our Company. Details of the actual number of the Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Company on or around July 4, 2018.

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with other fully paid Shares then in issue upon completion of the Global Offering and to be listed on the Stock Exchange and will be counted towards the public float of our Shares. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than and pursuant to the respective Cornerstone Investment Agreements). Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any representation on our Board, nor will any of the Cornerstone Investors become a substantial shareholder (as defined under the Listing Rules) of our Company. The Cornerstone Investors do not have any preferential rights as compared with other public Shareholders in the respective Cornerstone Investment Agreements.

The number of Offer Shares to be subscribed for by the Cornerstone Investors may be adjusted, if necessary, to comply with applicable requirements of the Stock Exchange and the Listing Rules (including any mandatory reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering effected pursuant to paragraph 4.2 of Practice Note 18 to the Listing Rules) as described in the sub-section headed “Structure of the Global Offering – the Hong Kong Public Offering”.

CORNERSTONE INVESTORS

OUR CORNERSTONE INVESTORS

We have entered into the Cornerstone Investment Agreements with the following Cornerstone Investors in respect of the Cornerstone Placing:

Cornerstone Investor	Investment Amount (HK\$ in million)	Total number of Offer Shares to be subscribed for by the Cornerstone Investors (rounded down to the nearest whole board lot of 500 Shares) based on the Offer Price of HK\$7.90 per Share, being the mid-point of the indicative Offer Price range	Approximate percentages of the International Offering Shares Based on the Offer Price of HK\$7.90 per Share, being the mid-point of the indicative Offer Price range ⁽¹⁾	Approximate percentages of the International Offering Shares Based on the Offer Price of HK\$7.90 per Share, being the mid-point of the indicative Offer Price range ⁽²⁾	Approximate percentage of the Shares in issue immediately following the completion of the Global Offering ⁽¹⁾			Approximate percentage of the Shares in issue immediately following the completion of the Global Offering ⁽²⁾		
					Based on the Offer Price	Based on the Offer Price	Based on the Offer Price	Based on the Offer Price	Based on the Offer Price	Based on the Offer Price
Zhejiang Meida Industrial Co., Ltd.* 浙江美大實業股份有限公司 (“Zhejiang Meida”) ⁽³⁾	149.15	18,879,000	8.7%	7.4%	1.8%	1.6%	1.4%	1.8%	1.5%	1.3%
Sea Wise Holdings Limited 海智集團有限公司 (“Sea Wise”) ⁽³⁾	117.75	14,904,500	6.8%	5.9%	1.4%	1.2%	1.1%	1.4%	1.2%	1.0%
Total	266.90	33,783,500	15.5%	13.3%	3.2%	2.8%	2.5%	3.2%	2.7%	2.3%

Notes:

- (1) Assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised.
- (2) Assuming the Over-allotment Option is exercised in full but the options granted under the Pre-IPO Share Option Scheme are not exercised.
- (3) Mr. Xia Ding is one of the controlling shareholders of Zhejiang Meida, and he wholly-owns Sea Wise.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Zhejiang Meida Industrial Co., Ltd.* 浙江美大實業股份有限公司

Pursuant to the cornerstone investment agreement entered into between our Company, the Joint Global Coordinators, the Joint Sponsors and Zhejiang Meida dated June 16, 2018, Zhejiang Meida has agreed to subscribe through an asset manager that is a qualified domestic institutional investor, or procure such asset manager to subscribe on its behalf, such number of Offer Shares (rounded to the nearest whole board lot of 500 Offer Shares) which may be purchased with an aggregate amount of HK\$149,147,800 at the Offer Price. Assuming an Offer Price of HK\$7.90 per Share, being the mid-point of the indicative Offer Price range set out in

CORNERSTONE INVESTORS

this prospectus, the total number of Offer Shares that Zhejiang Meida would subscribe for would be approximately 18,879,000 Shares, representing (i) 8.7% of the total number of International Offering Shares issued under the International Offering, assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised; or (ii) 7.8% of the Offer Shares or 1.6% of our entire issued share capital immediately upon completion of the Global Offering, assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised; or (iii) 6.8% of the Offer Shares or 1.5% of our entire issued share capital immediately upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full but the options granted under the Pre-IPO Share Option Scheme are not exercised.

Zhejiang Meida is a company listed on the Shenzhen stock exchange (stock code: 002677) focusing on the design, development, production and operation of integrated kitchen products. It is a pioneer and leader in the integrated cooktop and oven industry. Zhejiang Meida has a 16-year history, and was involved in several household consumer goods industries. It independently pioneered and developed integrated cooking products in 2003, and has been an industry leader since then. At the same time, it focuses on the introduction, research and development and storage of innovative technologies such as integrated kitchen appliances, integrated kitchens and smart homes, to continuously innovate and develop. Zhejiang Meida is controlled by Mr. Xia Ding, Ms. Bao Yihong, Mr. Xia Zhisheng and Ms. Xia Lan.

Sea Wise Holdings Limited 海智集團有限公司

Pursuant to the cornerstone investment agreement entered into between our Company, the Joint Global Coordinators, the Joint Sponsors, Sea Wise and Mr. Xia Ding (as guarantor), dated June 16, 2018, Sea Wise has agreed to subscribe for such number of Offer Shares (rounded to the nearest whole board lot of 500 Offer Shares) which may be purchased with an aggregate amount of HK\$117,748,800 at the Offer Price. Assuming an Offer Price of HK\$7.90 per Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares that Sea Wise would subscribe for would be approximately 14,904,500 Shares, representing (i) 6.8% of the total number of International Offering Shares issued under the International Offering, assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised; or (ii) 6.2% of the Offer Shares or 1.2% of our entire issued share capital immediately upon completion of the Global Offering, assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised; or (iii) 5.4% of the Offer Shares or 1.2% of our entire issued share capital immediately upon completion of the Global Offering, assuming that the Over-allotment Option is exercised in full but the options granted under the Pre-IPO Share Option Scheme are not exercised.

Sea Wise is a limited liability company established in Hong Kong engaged in investment holding, which is wholly owned by Mr. Xia Ding. Mr. Xia Ding is currently the chairman and one of the controllers of Zhejiang Meida. Mr. Xia has extensive experience in management of large-scale companies, focusing on household consumer goods, and has thorough understanding of the home improvement industry.

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CONDITIONS PRECEDENT

The obligation of each Cornerstone Investor to subscribe for and obligation of the Company and the Joint Global Coordinators to issue and deliver the Relevant Shares, respectively, are subject to, among other things, the following conditions precedent:

1. the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto, to the extent it may be waived, by the relevant parties) by no later than the time and date as specified in such agreements and neither of such agreements having been terminated;
2. the Offer Price having been agreed upon between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters);
3. the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing as well as other applicable waivers and approvals) in issue and to be issued pursuant to the Global Offering and that such approval or permission have not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
4. no laws shall have been enacted or promulgated by any Governmental Authority (as defined in the relevant cornerstone investment agreement) which prohibit the consummation of the transactions contemplated under the Global Offering or under the relevant cornerstone investment agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting the consummation of the transactions contemplated under the Global Offering or under the relevant cornerstone investment agreement; and
5. the respective representations, warranties, acknowledgements, undertakings and confirmations of the relevant Cornerstone Investor under the relevant cornerstone investment agreement are accurate and true in all respects and not misleading and that there is no material breach of such cornerstone investment agreement on the part of the relevant Cornerstone Investor.

Pursuant to the relevant Cornerstone Investment Agreements, if any of the conditions precedent has not been fulfilled or waived by the parties to such relevant agreement (except that the conditions set out in paragraph (1) to (4) above cannot be waived and the condition set out in paragraph (5) above can only be waived by the Company and the Joint Sponsors or the Joint Global Coordinators (as the case may be)), the obligation of the relevant Cornerstone Investor to subscribe for Offer Shares shall cease and the relevant cornerstone investment agreement will terminate.

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RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, among other things, without the prior written consent of each of our Company and the Joint Sponsors or the Joint Global Coordinators (as the case may be), it will not, and will procure that the investor subsidiary (as defined in the relevant cornerstone investment agreement) will not, whether directly or indirectly, at any time during the period of six (6) months starting from and inclusive of the Listing Date (the “**Lock-up Period**”), (i) dispose of (as defined in the relevant cornerstone investment agreement), in any way, any of the Shares subscribed by it under the relevant cornerstone investment agreement and any shares or securities of our Company derived therefrom (the “**Relevant Shares**”) or any interest in any company or entity holding any of the Relevant Shares, including any securities convertible into or exchangeable or exercisable for or that represent the right to receive any of the forgoing securities; (ii) agree or contract to, or publicly announce any intention to, enter any such transaction described above; (iii) allow itself to undergo a change of control (as defined in the Hong Kong Takeovers Code) at the level of its ultimate beneficial owner; or (iv) enter into, directly or indirectly, any transaction for such disposal of the Relevant Shares or interest or any transactions with the same economic effect.

In the event any Cornerstone Investor disposes of any Relevant Shares at any time after expiration of the Lock-up Period, such Cornerstone Investor (i) will first inform our Company in writing and consult our Company and the Joint Sponsors or the Joint Global Coordinators (as the case may be) prior to the disposal, (ii) will use its best endeavor to ensure that any such disposal will not create a disorderly or false market in the Shares and it otherwise in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFO, the Listing Rules and all applicable laws; and (iii) unless prior written consent is obtained from each of our Company and the Joint Sponsors or the Joint Global Coordinators (as the case may be), will not enter into any such transaction with a person who engages directly or indirectly in a business that competes or potentially competes with the business of our Company or with any other entity that is a holding company, subsidiary or associate (as defined in the Listing Rules) of such person.

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You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountant's Report in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States.

The following discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this prospectus, including the sections headed "Risk Factors" and "Business".

For the purpose of this section, unless the context otherwise requires, references to 2015, 2016 and 2017 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is on a consolidated basis.

OVERVIEW

We are the largest home interior design and construction online platform in China, according to Frost & Sullivan, with a market share of 25.7% by GMV in 2017.

We have experienced significant growth during the Track Record Period. Our total revenues from continuing operations increased from RMB141.4 million for the year ended December 31, 2015 to RMB300.9 million and RMB479.1 million for the years ended December 31, 2016 and December 31, 2017, respectively, representing a CAGR of 84.1%.

For the year ended December 31, 2017, the revenues of our online platform business and self-operated interior design and construction business were RMB189.6 million and RMB284.3 million, respectively. Our gross profit from continuing operations increased from RMB87.7 million for the year ended December 31, 2015 to RMB124.8 million and RMB239.8 million for the years ended December 31, 2016 and December 31, 2017, respectively, representing a CAGR of 65.4%. For the year ended December 31, 2017, the gross profit of our online platform business and self-operated interior design and construction business were RMB169.5 million and RMB70.3 million, respectively.

Our revenue from continuing operations increased from RMB141.4 million for the year ended December 31, 2015 to RMB300.9 million and RMB479.1 million for the years ended December 31, 2016 and December 31, 2017, respectively, representing a CAGR of 84.1%. Our gross profit from continuing operations increased from RMB87.7 million for the year ended

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December 31, 2015 to RMB124.8 million and RMB239.8 million for the years ended December 31, 2016 and December 31, 2017, respectively, representing a CAGR of 65.4%. At the early-stage of monetization, we have incurred losses during the Track Record Period, primarily due to the significant costs and expenses incurred to expand our platform business and self-operated interior design and construction business, which mainly consisted of advertising and promotion expenses, cost of inventories sold and employee benefit expenses. We had operating losses from continuing operations of RMB162.7 million for the year ended December 31, 2015, which decreased to RMB154.2 million and further to RMB108.5 million for the years ended December 31, 2016 and December 31, 2017, respectively. Our adjusted loss from continuing operations increased from RMB163.4 million for the year ended December 31, 2015 to RMB152.3 million and RMB89.3 million for the years ended December 31, 2016 and December 31, 2017, respectively. For a discussion of adjusted loss from continuing operations, see “– Non-IRFS Measures.” As of December 31, 2015, 2016, and 2017, we had an accumulated loss of RMB400.5 million, RMB802.6 million, and RMB1,627.5 million, respectively. In addition, we had net current liabilities of RMB193.3 million as of December 31, 2017, primarily due to the increase of convertible liabilities attributable to the expansion of our business and anticipation of the initial public offering. We also had net operating cash outflow of RMB95.6 million, RMB101.4 million and RMB119.3 million for the years ended December 31, 2015, 2016 and 2017, respectively, as a result of costs and expenses incurred to expand our platform business and self-operated interior design and construction business. See “Risk Factors – Risks relating to Our Business – We have had operating and accumulated losses, and we cannot assure future profitability” and “Risk Factors – Risks relating to Our Business – We have net current liabilities and net operating cash outflow.” In order to reduce our operating loss and continue to improve our margin, we plan to implement various cost control measures gradually, including but not limited to, detailed budget protocols, for example, we set annual budget at the beginning of each financial year and target to keep our costs within our annual budget, strict reimbursement policy, including approval by relevant audit department staff for all reimbursements to our employees, and approval by Mr. Deng is required for reimbursements over RMB5,000, and internal review policies, including approval by our internal audit department personnel for all operational costs, and approval by Mr. Deng is required for operational costs over RMB200,000, as well as periodic training to our staff on cost saving measures.

BASIS OF PRESENTATION

Immediately prior to and after our Reorganization conducted in April 2015, both our continuing and discontinued operations were carried out by Shanghai Qijia and its subsidiaries which were under the control of Mr. Deng. Pursuant to the Reorganization, Shanghai Qijia, including both our continuing and discontinued operations, was put under the effective control of Qijia Network Technology, and ultimately the Company, through the Old Contractual Arrangements. The Company was not involved in any other business prior to the Reorganization and its operations did not meet the definition of a business.

The Reorganization was merely a reorganization of our continuing and discontinued operations and did not result in any changes in business substance, or to the management or ultimate controlling shareholders of either our continuing or discontinued operations.

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Accordingly, the historical financial statements of the companies now comprising our Group are presented using the carrying value of our continuing and discontinued operations for all periods presented as if the Reorganization had been completed at the beginning of the Track Record Period.

Companies acquired from a third party or disposed of to a third party or a related party during each of the years ended December 31, 2015, 2016 and 2017, are included in or excluded from the consolidated financial statements of our Group, as applicable, from the respective dates of acquisition and disposal in the historical financial statements.

During the Track Record Period, our wholly-owned subsidiary Qijia Network Technology entered into the Contractual Arrangements with Shanghai Qijia and its shareholders. See “Contractual Arrangements” for further details. As a result of the Contractual Arrangements, we have the right to exercise power over Shanghai Qijia, receive variable returns from our involvement with Shanghai Qijia, have the ability to affect those returns through our power over Shanghai Qijia and thus are considered to control Shanghai Qijia. Consequently, we regard Shanghai Qijia and its subsidiaries as controlled structured entities and consolidated the financial position and results of operations of these entities in our consolidated financial statements during the Track Record Period.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing us with direct control over Shanghai Qijia and its subsidiaries. Uncertainties presented by the PRC legal system could impede our beneficiary rights of the results, assets and liabilities of Shanghai Qijia and its subsidiaries. Our Directors, based on the advice of our PRC Legal Advisor, consider that the Contractual Arrangements among Qijia Network Technology, Shanghai Qijia and its shareholders are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

MAJOR FACTORS AFFECTING OUR RESULT OF OPERATIONS

Our result of operations have been, and are expected to continue to be, affected by a number of factors, many of which are outside of our control, including the following:

Demand for online home interior design and construction services in China

Our results of operations are affected by the overall demand for online home interior design and construction services in China. The popularity of mobile internet in the past five years has contributed to a rapid development of the online interior design and construction services industry. Consumers born in the 1980s and later are playing an increasingly important role in the home interior design and construction market in China, and online interior design and construction platforms have gradually become their preferred choice. The continuous upgrading of technology applied in this industry, including big data analysis, VR and AI, enables online home interior design and construction platforms to accurately match customer demand, improve customer experience and promote the efficiency of the entire home interior design and construction industry. These factors, coupled with the rising population and urbanization rate, which largely boosted the demand for housing, especially in first and second-tier cities in China, have contributed to the growth of our business.

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Our ability to maintain and expand our user base

Our revenue growth has been largely driven by the expansion of our user base and the corresponding increase in the number of transactions on our platform. We primarily earn revenues from user recommendations fees, based on the number of user recommendations we make to service providers, and license fees from our licensees. We also earn service revenues directly from customers for our self-operated interior design and construction business. As such, we rely on users and visitors our platform to engage in more transactions through our platform in order to achieve higher revenues.

Our user base has grown significantly since the inception of our business. Our average MUVs has increased from 29.2 million, to 32.5 million and further to 47.1 million during the fourth quarters of 2015, 2016 and 2017, respectively. However, we believe there remains enormous potential to further grow our user base, which in part hinges on our ability to match our users with quality interior design and construction service providers. We plan to continue expanding our user base through a variety of initiatives, such as offering engaging content, strengthening our word-of-mouth reputation, and fostering our online and offline marketing efforts. Our strict selection and elimination process for design and construction service provider offers users additional reassurance.

Our ability to increase monetization and price competitively

We have made significant efforts in recent years to explore monetization strategies. We generate a significant portion of the revenue from our online platform from recommendation fees. This monetization model has allowed us to increase our revenues significantly as our user base and activities have increased. However, we are still experimenting with monetization strategies and our current model may prove not to be the most effective means of monetizing our user traffic.

Our results of operations and our profitability largely depend on our ability to price our services competitively. This is especially true for our self-operated home interior design and construction services, which is influenced by the pricing strategies of other players on the market, the cost of construction materials and the price sensitivity of the various markets that we serve. We believe our pricing strategy has been effective as our self-operated home interior design and construction business has expanded rapidly since commencement. We believe our ability to price our services competitively will help expand the scale of our self-operated home interior design and construction business and contribute to our future revenue growth.

Our ability to control operating costs and expenses

A significant portion of our cost of sales consists of costs associated with the various services we provide to users that enter into agreements with service providers as a result of our recommendations, such as employee benefit expenses, advertising and promotion expenses, raw materials and consumable used, labor cost, and cost of inventories sold. We believe these services are attractive to our users and an important reason that they continue to rely upon our

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platform to help connect them with interior design and construction service providers. However, we are continually monitoring the effectiveness of the services we provide, and are also considering additional services we could provide, in an effort to attract more users while also managing our costs. We also closely monitor other costs, such as labor and material costs, in an effort to make our business more efficient and increase revenue.

For our platform business, we have made progress to automate our user recommendation system and process in order to reduce related personnel costs, which is currently 90% automated. We expect to make further improvements in order to automate the entire process. For our self-operated businesses, we generally incur a greater amount of operating costs in the first two years of opening a new showroom or branch office, which we expect will decline after the initial two year period as we gain experience and our operations become more efficient.

We have also made significant investments in a variety of marketing and brand promotion efforts designed to enhance our brand recognition and expand our user base. Marketing approaches and tools in China are constantly evolving. This further requires us to enhance our marketing approaches and experiment with new marketing methods in order to keep pace with market developments and user preferences. Failure to refine our existing marketing approaches or to introduce new effective marketing approaches in a cost-effective manner could negatively affect our results of operations.

Regulatory environment

Companies that operate their businesses over the internet in China are highly regulated by the PRC government and numerous regulatory authorities of the PRC government are empowered to issue and implement regulations governing various aspects of the internet. The laws and regulations governing the user of the internet for commercial purposes are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. For further details, see “Risk Factors – Risks Relating to our Corporate Structure – If Shanghai Qijia fails to obtain and maintain the requisite assets, licenses and approvals required under the complex regulatory environment for Internet-based businesses in China, our business, financial condition and results of operations may be materially and adversely affected.” and “Risk Factors – Risks Relating to our Corporate Structure – If the PRC government finds that the agreements establishing our structure for operating certain of our businesses in China do not comply with applicable PRC laws or regulations, or if these regulations or the interpretation of the regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.” The imposition of new policies, laws and regulations, or changes to current policies, laws and regulations, which have a material impact on the internet in China would affect our business, financial condition and results of operations.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our

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financial position and operating results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

When reviewing our consolidated financial statements, you should consider (i) our critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. Our significant accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, including any changes in accounting policy and disclosures, are set forth in detail in Note 2 to the Accountant's Report in Appendix I to this prospectus.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

We recognize revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of our activities as described below. We base our estimate on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Order recommendation fees. We provide order recommendation services to the interior design and construction service providers on our platform. We charge the service providers a fixed fee for each recommendation. Order recommendation fee revenue is recognized upon the acceptance of the recommendation by the service provider, upon all the revenue recognition criteria are met.

Sometimes, an interior design and construction service provider on our platform will pay an additional service fee to receive priority in receiving recommendations during a specific period. These additional service fees are recognized using a straight-line method during the specified service period once all of the revenue recognition criteria are met.

License fees. We establish business relationships with interior design and construction service providers in smaller cities throughout China to promote our platform business. We have entered into license agreements with these service providers, under which they are authorized to operate under our license brand in designated locations during the contract term. License income is recognized on accrual basis in accordance with the substance of the relevant license agreements.

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Storefront fees. We charge merchants a fixed annual fee for establishing online storefronts on our platform. Storefronts fee revenues are recognized using the straight-line method during the service period as specified in the contracts, upon all the revenue recognition criteria are met.

Inspection service fees. We provide third-party inspection services to our users and the customers of our self-operated interior design and construction business during their interior design and construction projects. We charge the interior design and construction service provider a fixed fee for each project. Inspection service fee revenues are recognized upon the completion of the interior design and construction project and once all the revenue recognition criteria are met.

Sales of construction materials. Sales of construction materials is categorized as part of our platform business because customers are acquired through our platform. Sales of construction materials are recognized when we have delivered the products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured.

Self-operated interior design and construction service. Revenue in respect of the self-operated construction service is recognized using the percentage of completion method.

Others – fund management income from participation in Shanghai Qihong. We historically recorded immaterial amount of revenue through our participation as one of the two co-general partners in Shanghai Qihong, a limited partnership which also invested in Guangzhou Seagull. We accounted for Shanghai Qihong as an associate and recorded general partner income as our revenue. See “History and Corporate Structure – Other Major Historical Development of our Group.” We do not have any business plan to participate in other fund management business and do not expect such revenue to increase materially. As advised by our PRC Legal Advisor, our Company had complied with the legal and regulatory requirements relating to the fund management services during the Track Record Period and up to the Latest Practicable Date in all material respects.

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CONSOLIDATED INCOME STATEMENTS

The following table presents items of our consolidated income statements as well as their percentage to the total revenues from continuing operations for the periods indicated.

	Year ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Revenue	141,412	100.0%	300,850	100.0%	479,055	100.0%
Cost of sales	(53,687)	(38.0)%	(176,039)	(58.5)%	(239,225)	(49.9)%
Gross profit	<u>87,725</u>	<u>62.0%</u>	<u>124,811</u>	<u>41.5%</u>	<u>239,830</u>	<u>50.1%</u>
Selling and marketing expenses	(158,795)	(112.3)%	(189,403)	(63.0)%	(237,984)	(49.7)%
Administrative expenses	(57,816)	(40.9)%	(69,147)	(23.0)%	(94,014)	(19.6)%
Research and development expenses	(42,084)	(29.8)%	(46,992)	(15.6)%	(37,497)	(7.8)%
Other gains – net	8,282	5.9%	26,572	8.8%	21,153	4.4%
Operating loss	<u>(162,688)</u>	<u>(115.0)%</u>	<u>(154,159)</u>	<u>(51.2)%</u>	<u>(108,512)</u>	<u>(22.7)%</u>
Finance income	1,551	1.1%	6,522	2.2%	10,265	2.1%
Share of net profit of investments accounted for using the equity method ⁽¹⁾	806	0.6%	3,341	1.1%	3,968	0.8%
Fair value loss of preferred shares and convertible liabilities	(7,836)	(5.5)%	(112,927)	(37.5)%	(742,974)	(155.1)%
Loss before income tax	<u>(168,167)</u>	<u>(118.9)%</u>	<u>(257,223)</u>	<u>(85.5)%</u>	<u>(837,253)</u>	<u>(174.8)%</u>
Income tax expense	(3,023)	(2.1)%	(8,019)	(2.7)%	(7,650)	(1.6)%
Loss from continuing operations	<u>(171,190)</u>	<u>(121.1)%</u>	<u>(265,242)</u>	<u>(88.2)%</u>	<u>(844,903)</u>	<u>(176.4)%</u>
Loss from discontinued operation⁽²⁾	<u>(176,357)</u>	<u>(124.7)%</u>	<u>(144,976)</u>	<u>(48.2)%</u>	<u>(10,622)</u>	<u>(2.2)%</u>
Loss for the year	<u>(347,547)</u>	<u>(245.8)%</u>	<u>(410,218)</u>	<u>(136.4)%</u>	<u>(855,525)</u>	<u>(178.6)%</u>
Loss is attributable to:						
Owners of the Company	(344,876)	(243.9)%	(401,191)	(133.4)%	(824,089)	(172.0)%
Non-controlling interests	(2,671)	(1.9)%	(9,027)	(3.0)%	(31,436)	(6.6)%
Non-IFRS measure:						
Adjusted loss from continuing operations⁽³⁾	<u>(163,354)</u>	<u>(115.5)%</u>	<u>(152,315)</u>	<u>(50.6)%</u>	<u>(89,319)</u>	<u>(18.6)%</u>

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Notes:

- (1) Share of net profit of investments accounted for using the equity method mainly represents our interests in Guangzhou Seagull, a company whose shares are publicly traded on the Shenzhen Stock Exchange.
- (2) Pursuant to a resolution dated December 26, 2017, the Board approved the disposal of the Disposed Entity, the indirectly wholly-owned subsidiary of Shanghai Qijia, which operates the discontinued operation. For further details of the disposal, see “History and Corporate Structure – Other Major Historical Development of our Group.” For further details of the financial performance and cash flow information for the discontinued operation for the years ended December 31, 2015, 2016 and 2017, see Note 32 to the Accountant’s Report in Appendix I to this Prospectus.
- (3) We define adjusted loss from continuing operations to be loss for the year from continuing operations, adjusted to remove the effect of (i) fair value loss of preferred shares and convertible liabilities, net of tax, (ii) listing expenses, net of tax, and (iii) share based compensation, net of tax. Adjusted loss from continuous operating is not a measure required by, or presented in accordance with, IFRS. The use of adjusted loss from continuing operations has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS. See “– Non-IFRS Measures” for details.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULT OF OPERATIONS

Revenues from continuing operations

We are the largest interior design and construction online platform in China, according to Frost & Sullivan, with a market share of 25.7% by GMV in 2017. Our revenues are primarily derived from two business segments during the Track Record Period, namely our online platform business and self-operated interior design and construction business.

For the years ended December 31, 2015, 2016 and 2017, we generated total revenues from continuing operations of RMB141.4 million, RMB300.9 million and RMB479.1 million, respectively. The following table sets forth a breakdown of our revenues for our continuing business by business segments both in absolute amount and as a percentage of our revenues from continuing operations for the periods indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
<i>(in thousands, except percentages)</i>						
Online platform:						
Platform services	91,812	64.9%	90,136	30.0%	177,955	37.1%
Materials supply chain	–	–	9,504	3.2%	11,689	2.4%
Total online platform	91,812	64.9%	99,640	33.2%	189,644	39.5%
Self-operated interior design and construction business						
Other ⁽¹⁾	5,222	3.7%	5,223	1.7%	5,082	1.1%
Total	141,412	100%	300,850	100%	479,055	100%

Note:

- (1) Other revenue represents the management fee we received from Shanghai Qihong, a limited partnership fund we participated as a co-general partner. See “Financial Information – Critical Accounting Policies, Judgments and Estimates – Others”.

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Revenue from our online platform segment consists of platform services and materials supply chain. Our platform services revenue is mainly comprised of (i) revenue from user recommendations, where we recommend users seeking home improvement services to interior design and construction service providers on our platform, for which we earn user recommendations fees for each user recommendation we make normally ranging from RMB150 to RMB700 for full-apartment renovation and RMB10 to RMB150 for partial renovation, depending on the size and layout of the apartment; (ii) license fees normally ranging from RMB50,000 to RMB300,000 per year, depending on location, from our license partners in third to fourth tier cities who primarily operate under our Dianshang brand and (iii) inspection service fees charged to service providers under our Qijia Bao program, normally ranging from RMB400 to RMB750 per project, depending on the location of the project. The pricing of such fees is determined based on industry standards and market practice.

The table below sets forth a breakdown of our revenue from platform services by nature.

	Year ended December 31,		
	2015	2016	2017
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands)</i>		
Recommendation fee	80,638	74,694	146,114
Inspection services fee	5,260	5,572	7,763
License fee	1,462	4,616	14,193
Others	4,452	5,254	9,885
Total	<u>91,812</u>	<u>90,136</u>	<u>177,955</u>

The following table sets forth a breakdown of our revenue from platform services and relevant operating data by market tier for the periods indicated:

	Revenue			Number of cities			Number of recommended users			Number of recommendations made		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
	<i>RMB'000</i>											
Beijing and Shanghai	46,246	54,305	84,206	2	2	2	27,292	43,095	62,500	72,537	102,875	164,739
Tier A ⁽¹⁾	31,902	25,816	54,489	10	10	10	34,972	36,539	57,546	85,965	77,608	152,891
Tier B ⁽²⁾	12,202	5,088	13,531	16	16	16	19,373	20,086	30,716	45,718	34,987	60,368
Tier C ⁽³⁾	1,462	4,927	25,729	33	171	229	6,189	29,043	78,237	11,891	36,846	118,118
Total	<u>91,812</u>	<u>90,136</u>	<u>177,955</u>	<u>61</u>	<u>199</u>	<u>257</u>	<u>87,826</u>	<u>128,763</u>	<u>228,999</u>	<u>216,111</u>	<u>252,316</u>	<u>496,116</u>

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Notes:

- (1) Tier A cities include Suzhou, Hangzhou, Nanjing, Wuxi, Shenzhen, Wuhan, Chengdu, Chongqing, Tianjin and Guangzhou.
- (2) Tier B cities include Hefei, Ningbo, Nantong, Nanchang, Changsha, Kunming, Guiyang, Xi'an, Shijiazhuang, Zhengzhou, Qingdao, Jinan, Shenyang, Dalian, Taiyuan and Nanning. Our recommendations made in 2016 in regard to Tier B cities did not decrease as significantly as our revenue recorded in regard to these cities, primarily reflecting a relatively higher proportion of recommendations made directly to our Qiyu brand and less recommendations to service providers on our platform with higher recommendation fees. Starting in August 2017, we no longer operate using this brand.
- (3) Tier C cities include other cities in which the interior design and construction service providers on our platform are located, including third and fourth-tier cities.

Our materials supply chain revenue is revenue from the sale of construction materials we acquire from materials manufacturers to our licensees and third-party design and service providers. We anticipate that as we continue to successfully complete projects and increase our brand presence, the number of users that use our services will continue to increase, providing us with greater opportunities to provide recommendations to our service providers. We also expect that as more service providers use our platform to gain access to customers, an increasing number of interior design and construction service providers will also take advantage of our material supply services.

Our revenue from self-operated interior design and construction business is mainly comprised of revenue from the provision of interior design and construction services. We expect that as our platform expands our self-operated interior design and construction business will also expand.

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Cost of sales from continuing operations

The following table sets forth a breakdown by business segments of our cost of sales from continuing operations provided in absolute amounts and as percentages of the cost of sales from continuing operations for the periods indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
<i>(in thousands, except percentages)</i>						
Online platform:						
Platform services	10,189	19.0%	5,176	2.9%	9,254	3.9%
Materials supply chain	–	–	6,796	3.9%	10,887	4.5%
Total online platform	10,189	19.0%	11,972	6.8%	20,141	8.4%
Self-operated interior design and construction business						
	37,949	70.7%	159,190	90.4%	214,050	89.5%
Other⁽¹⁾	5,549	10.3%	4,877	2.8%	5,034	2.1%
Total	53,687	100%	176,039	100%	239,225	100%

Note:

(1) Other revenues represent management fees we received from fund investments.

The following table sets forth a breakdown of our cost of sales from continuing operations by nature for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
<i>(in thousands)</i>			
Cost of inventories sold	29,197	133,692	148,136
Outsourced labor costs	9,278	24,178	64,935
Employee benefit expenses	5,817	4,234	3,185
Others	9,395	13,935	22,969
Total	53,687	176,039	239,225

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Cost of sales of our platform services mainly relates to the cost of third-party inspectors that we hire to evaluate and inspect construction progress for contracts between our users and services providers that are performed at certain key junctures during the construction process. Costs of sales also relate to salaries of our employees who operate our online platform. Our materials supply chain costs are mainly the costs of purchasing the construction materials that we sell to our licensees and third-party design and construction service providers. We anticipate that our cost of sales associated with our online platform will increase at a rate that is proportionately lower than the increase in platform services revenue.

Cost of sales of our self-operated interior design and construction business is mainly comprised of costs associated with design and construction, including materials and labour costs. We anticipate that these costs will continue to increase at a rate that is similar to the increase in revenue generated from our self-operated interior design and construction business.

Gross profit and gross profit margin from continuing operations

For the years ended December 31, 2015, 2016, 2017, our gross profit from continuing operations was RMB87.7 million, RMB124.8 million, and RMB239.8 million, respectively, and our gross margin was 62.0%, 41.5% and 50.1% respectively. The following table sets forth our gross profit and gross margin by segment for the periods indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
<i>(in thousands, except percentages)</i>						
Online platform:						
Platform services	81,623	88.9%	84,960	94.3%	168,701	94.8%
Materials supply chain	–	–	2,708	28.5%	802	6.9%
Total online platform	81,623	88.9%	87,668	88.0%	169,503	89.4%
Self-operated interior design and construction business						
Other ⁽¹⁾	(327)	(6.3%)	346	6.6%	48	0.9%
Total	87,725	62.0%	124,811	41.5%	239,830	50.1%

Note:

- (1) Other revenue represents the management fee we received from Shanghai Qihong, a limited partnership fund we participated as a co-general partner. See “Financial Information – Critical Accounting Policies, Judgments and Estimates – Others”.

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Selling and marketing, administrative, and research and development expenses from continuing operations

The following table sets forth a breakdown of our selling and marketing expenses, administrative expenses and research and development expenses from continuing operations for the periods indicated, and as a percentage of total selling and marketing, administrative and research and development expenses:

	Year ended December 31,					
	2015		2016		2017	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in thousands, except percentages)</i>					
Selling and marketing expenses	158,795	61.4%	189,403	62.0%	237,984	64.5%
Administrative expenses	57,816	22.3%	69,147	22.6%	94,014	25.4%
Research and development expenses	42,084	16.3%	46,992	15.4%	37,497	10.1%
Total expenses	258,695	100.0%	305,542	100.0%	369,495	100.0%

For the years ended December 31, 2015, 2016 and 2017, our total expenses, including selling and marketing, administrative, and research and development expenses from continuing operations, were RMB258.7 million, RMB305.5 million and RMB369.5 million, respectively. The following table sets forth a breakdown of our expenses from continuing operations by nature for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands)</i>		
Employee benefit expenses	107,985	150,514	175,689
Advertising and promotion expenses	111,573	82,830	106,773
Operating lease expenses	4,131	15,352	18,848
Travelling, entertainment and communication expenses	9,421	8,098	10,584
Depreciation of property, plant and equipment	2,204	5,649	10,177
Listing expenses	–	–	9,403
Others	23,381	43,099	38,021
Total	258,695	305,542	369,495

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Our selling and marketing expenses from continuing operations are primarily comprised of: (i) advertising and promotion expenses, which mainly consisted of media advertising fees such as celebrity endorsement fees, and expenses associated with interior design and construction services we provide for the television show *Sweet New Home* (暖暖的新家) and other promotional fees such as other online and offline promotional advertisements; (ii) operating lease expenses, which consist largely of lease of our showrooms; and (iii) employee benefit expenses of our sales and marketing personnel. For details on our selling and marketing activities during the Track Record Period, please see “Business – Sales and Marketing”.

Our administrative expenses from continuing operations are primarily comprised of employee benefit expenses of our administrative personnel, lease and renovation expenses for our branch offices in various cities across China, as well as travelling expenses of our personnel.

Our research and development expenses from continuing operations are mainly comprised of employee benefit expenses of our research and development personnel, and lease of our office in Xiamen for research and development purposes.

Share of net profit of investments accounted for using the equity method from continuing operations

Share of net profit of investments accounted for using the equity method from continuing operations refers to the fair value of interests that we hold in other associated entities. This include our interests in Guangzhou Seagull, a company whose shares are publicly traded on the Shenzhen Stock Exchange. For the years ended December 31, 2015, 2016 and 2017, our carrying value in Guangzhou Seagull was RMB156.4 million, RMB159.5 million, and RMB172.1 million, respectively. For more information on our relationship with Guangzhou Seagull, see “History and Corporate Structure.”

Fair value loss of preferred shares and convertible liabilities from continuing operations

Fair value loss of preferred shares and convertible liabilities from continuing operations represents changes in fair value of the Preferred Shares issued by us or to be issued by us. For the years ended December 31, 2015, 2016 and 2017, our fair value loss of preferred shares and convertible liabilities was RMB7.8 million, RMB112.9 million, RMB743.0 million, respectively.

Although the CDH Entities had entered into the Old Contractual Arrangement with Qijia Network Technology, Shanghai Qijia and its shareholders, because they did not complete the necessary administrative procedures to subscribe for the Series A Preferred Shares to be issued by us, their right to subscribe for the Series A Preferred Shares is accounted for as convertible liabilities and classified as a current liability. The rights of the CDH Entities were settled in March 2018, and as of the date of this prospectus we do not have any liability associated with them.

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This loss increased significantly over the Track Record Period because our business continued to grow at a fast pace, particularly from 2016 to 2017, and the increased valuation of our Company resulted in an increase in the fair value of our Preferred Shares. In 2018, certain Pre-IPO Investors also revised certain special rights in anticipation of the Global Offering, mostly to irrevocably terminate certain special protective rights that are not permitted pursuant to the applicable rules and guidance governing the Listing, such as rights that give compensation or yield return to certain pre-IPO investors based on or otherwise relevant to the Offer Price, which resulted in a decrease in fair value of our Series B Preferred Shares. The total fair value gain arising from the Preferred Shares and convertible liabilities recorded in the four months ended April 30, 2018 was RMB34.3 million. Prior to the Global Offering, the Preferred Shares are not traded in an active market and the fair value at respective reporting dates is determined using valuation techniques. On the Listing Date, all our Preferred Shares will be automatically converted into our ordinary shares. As a result, the liabilities for the Preferred Shares will be derecognized and accounted as an increase in share capital and share premium. The fair value of each Preferred Share will then be equivalent to the fair value of each of our ordinary shares on the conversion date, which is the Offer Price in the Global offering.

We designate the Preferred Shares as financial liabilities at fair value through profit and loss. Any changes in the fair value of the Preferred Shares are recorded as “fair value loss of preferred shares and convertible liabilities” in the consolidated income statements.

Sensitivity analysis

To illustrate the effect on the changes of revenue or selling and marketing expenses on our adjusted net loss, the following table sets forth certain sensitivity analysis for investors’ information. The analysis is presented solely for illustration purpose and is not intended to show or indicate any potential adjustment to historical results. The sensitivity analysis is presented assuming no change to other relevant factors other than the indicated change of the financial figures and applying the effective tax rate based on the actual financial results.

% change in revenue	Impact on our adjusted loss from continuing operations		
	2015	2016	2017
	<i>RMB (in millions, except percentages)</i>		
(1%)	(1.4)	(2.9)	(4.7)
(5%)	(6.9)	(14.6)	(23.7)
(10%)	(13.9)	(29.1)	(47.5)
(80%) ⁽¹⁾	(111.1)	(233.2)	(379.7)

Note:

(1) The approximate compound annual growth rate of revenue of continuing operations from 2015 to 2017.

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% change in selling and marketing expenses	Impact on our adjusted loss from continuing operations		
	2015	2016	2017
	<i>RMB (in millions, except percentages)</i>		
1%	(1.6)	(1.8)	(2.4)
5%	(7.8)	(9.2)	(11.8)
10%	(15.6)	(18.4)	(23.6)
20% ⁽¹⁾	(31.2)	(36.7)	(47.2)

Note:

(1) The approximate compound annual growth rate of selling and marketing expenses from 2015 to 2017.

TAXATION

Cayman Islands

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law and accordingly is not subject to income tax.

BVI

Our subsidiary incorporated in the BVI is not subject to tax on income or capital gains.

Hong Kong

The Hong Kong profits tax rate is 16.5% since January 1, 2010. The operation in Hong Kong has incurred net accumulated operating losses for income tax purposes and no income tax provisions are recorded for the periods presented.

China

Under the PRC Enterprise Income Tax Law effective from January 1, 2008, our PRC subsidiaries, and our Consolidated Affiliated Entity and its subsidiaries are subject to enterprise income tax (“EIT”) at the statutory rate of 25%, absent preferential tax treatments available to qualified enterprises in certain encouraged sectors of the economy. Certain of our subsidiaries in the PRC were approved as High and New Technology Enterprise, and accordingly, they were subject to a reduced preferential EIT rate of 15% for the years ended December 31, 2015, 2016 and 2017 according to the applicable EIT Law.

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EIT provision was made on the estimated assessable profits of entities within our 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.

Pursuant to the EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from China effective from January 1, 2008. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between China and the jurisdiction of the foreign investors. During the Track Record Period, there was not any distribution from our PRC subsidiaries of their retained earnings to us or our foreign subsidiary.

PERIOD TO PERIOD COMPARISON OF RESULT OF OPERATIONS

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenues from continuing operations

Our revenues from continuing operations increased by 59.2% from RMB300.9 million for the year ended December 31, 2016 to RMB479.1 million for the year ended December 31, 2017. This increase was primarily the result of the rapid expansion of our online platform during this period, as well as the expansion of Brausen's operations.

Revenues derived from our platform business increased by 90.4% from RMB99.6 million for the year ended December 31, 2016 to RMB189.6 million for the year ended December 31, 2017. This increase was primarily due to the expansion of the geographic coverage served by our online platform, extending the location of interior design and construction service providers on our platform from 171 Tier C cities in China as of December 31, 2016 to 229 Tier C cities as of December 31, 2017 as well as the enhanced operational efficiency and monetization capability of service providers in all of our markets, especially Tier B cities. Largely as a result of the increase in monthly unique visitors and interior design and construction service providers on our platform, the number of recommendations to interior design and construction service providers on our platform increased from 252,316 in 2016 to 496,116 in 2017.

Revenues derived from our self-operated interior design and construction business increased by 45.1% from RMB196.0 million for the year ended December 31, 2016 to RMB284.3 million for the year ended December 31, 2017. This increase was primarily due to the expansion of Brausen's operations during this period, though this was partially offset by our ceasing use of our Qiyu brand in August 2017. As of December 31, 2017, Brausen had operations in 17 cities in China, an increase from nine cities as of December 31, 2016.

Cost of sales from continuing operations

Cost of sales from continuing operations increased by 35.9% from RMB176.0 million for the year ended December 31, 2016 to RMB239.2 million for the year ended December 31, 2017, which is mainly due to costs associated with the expansion of Brausen's operations in China.

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Cost of sales of our platform business increased by 67.5% from RMB12.0 million in 2016 to RMB20.1 million in 2017, primarily due to increased costs associated with the expansion of our online platform. We also made improvements to our user recommendation system and automated certain parts of user recommendation process, thereby generating savings in personnel costs related to the operation of our online platform.

Cost of sales of our self-operated interior design and construction business increased by 34.5% from RMB159.2 million in 2016 to RMB214.1 million in 2017, primarily due to the expansion of Brausen's operations, with nine new cities opening during this period though this was partially offset by our ceasing to use our Qiyu brand in August 2017. We expect cost of sales to increase as our self-operated interior design and construction business continues to grow.

Gross profit from continuing operations

As a result of the foregoing, our total gross profit from continuing operations increased 92.1% from RMB124.8 million for the year ended December 31, 2016 to RMB239.8 million for the year ended December 31, 2017. Our overall gross profit margin from continuing operations increased from 41.5% for the year ended December 31, 2016 to 50.1% for the year ended December 31, 2017.

Gross profit of our platform business increased by 93.3% from RMB87.7 million in 2016 to RMB169.5 million in 2017. Our gross profit margin of this segment for the year ended December 31, 2016 and the year ended December 31, 2017 was 88.0% and 89.4%.

Gross profit of our self-operated interior design and construction business increased by 91.0% from RMB36.8 million in 2016 to RMB70.3 million in 2017. Our gross profit margin for this segment increased from 18.8% for the year ended December 31, 2016 to 24.7% for the year ended December 31, 2017 as the operational efficiency of Brausen and Jumei continues to improve, primarily attributable to more effective cost control as well as the increased standardization of the construction process.

Selling and marketing expenses from continuing operations

Our selling and marketing expenses from continuing operations increased by 25.7% from RMB189.4 million for the year ended December 31, 2016 to RMB238.0 million for the year ended December 31, 2017, primarily due to increases in (i) advertising and promotion expenses, including media advertising fees such as celebrity endorsement fees, and expenses associated with interior design and construction services we provide for the television show *Sweet New Home* (暖暖的新家) and other promotional fees such as other online and offline promotional advertisements; (ii) operating lease expenses, which consist largely of lease of our showrooms; and (iii) employee benefit expenses of our selling and marketing personnel due to the expansion of our business.

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Administrative expenses from continuing operations

Our administrative expenses from continuing operations increased by 36.0% from RMB69.1 million for the year ended December 31, 2016 to RMB94.0 million for the year ended December 31, 2017, mainly as a result of increase in employee benefit expenses for our administrative personnel due to expansion of our business.

Research and development from continuing operations

Our research and development expenses from continuing operations decreased significantly by 20.2% from RMB47.0 million for the year ended December 31, 2016 to RMB37.5 million for the year ended December 31, 2017, primarily because in 2016 we had largely completed the initial stage of product development and in 2017 our efforts were more focused on operating and maintaining our current platform.

Other gains, net, from continuing operations

Other net gains from continuing operations decreased by 20.3% from RMB26.6 million for the year ended December 31, 2016 to RMB21.2 million for the year ended December 31, 2017. The decrease was mainly because we had a one-off gain of RMB20.4 million from the sale of financial assets during the year ended December 31, 2016, which we did not have for the year ended December 31, 2017.

Operating loss from continuing operations

As a result of the foregoing our operating loss from continuing operations decreased by 29.6% from RMB154.2 million for the year ended December 31, 2016 to RMB108.5 million for the year ended December 31, 2017.

Finance income from continuing operations

Our finance income from continuing operations increased by 58.5% from RMB6.5 million for the year ended December 31, 2016 to RMB10.3 million for the year ended December 31, 2017.

Fair value loss of preferred shares and convertible liabilities

Fair value loss of preferred shares and convertible liabilities for the years ended December 31, 2016 and 2017 was RMB112.9 million and RMB743.0 million, respectively. This increase was due largely to the significant increase in the value of the Preferred Shares and convertible liabilities that can be converted into or exercised for our Series A Preferred Shares, which increased in value as our business expanded and we moved closer to the initial public offering of our shares.

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Income tax expense from continuing operations

Our income tax expenses from continuing operations decreased from RMB8.0 million for the year ended December 31, 2016 to RMB7.7 million for the year ended December 31, 2017.

Loss from continuing operations

As a result of the foregoing, our loss from continuing operations was RMB844.9 million for the year ended December 31, 2017, as compared to RMB265.2 million for the year ended December 31, 2016.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Revenues from continuing operations

Our revenues from continuing operations increased by 112.8% from RMB141.4 million for the year ended December 31, 2015 to RMB300.9 million for the year ended December 31, 2016. This increase was primarily the result of the expansion of self-operated interior design and construction business.

Revenues derived from our platform business increased by 8.5% from RMB91.8 million for the year ended December 31, 2015 to RMB99.6 million for the year ended December 31, 2016. This increase was primarily attributable to the extension of our business to materials supply.

Revenues derived from our self-operated interior design and construction business increased significantly by 341.4% from RMB44.4 million for the year ended December 31, 2015 to RMB196.0 million for the year ended December 31, 2016. This increase was primarily due to that we acquired and began consolidating the results of the Brausen business in August 2015, and the expansion of the operations of Brausen and Qiyu. As of December 31, 2016, Brausen had operations in nine cities, being an increase from two cities as of December 31, 2015.

Cost of sales from continuing operations

Cost of sales from continuing operations increased by 227.7% from RMB53.7 million for the year ended December 31, 2015 to RMB176.0 million for the year ended December 31, 2016, which is caused largely by the expansion of our self-operated design and construction business.

Cost of sales of our platform business increased by 17.6% from RMB10.2 million in 2015 to RMB12.0 million in 2016, primarily due to costs related to the establishment of our supply chain management service.

Cost of sales of our self-operated interior design and construction business increased significantly by 320.1% from RMB37.9 million in 2015 to RMB159.2 million in 2016, in line with our revenue increase including the consolidation of the Brausen business in August 2015.

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Gross profit and gross margin from continuing operations

As a result of the foregoing, our total gross profit from continuing operations increased 42.3% from RMB87.7 million for the year ended December 31, 2015 to RMB124.8 million for the year ended December 31, 2016. Our overall gross profit margin from continuing operations decreased from 62.0% for the year ended December 31, 2015 to 41.5% for the year ended December 31, 2016.

Gross profit of our online platform business increased by 7.5% from RMB81.6 million in 2015 to RMB87.7 million in 2016. Our gross profit margin of this segment for the year ended December 31, 2015 and the year ended December 31, 2016 was 88.9% and 88.0%.

Gross profit of our self-operated interior design and construction business increased significantly by 475.0% from RMB6.4 million in 2015 to RMB36.8 million in 2016. Our gross profit margin for this segment increased from 14.5% for the year ended December 31, 2015 to 18.8% for the year ended December 31, 2016, mainly attributable to improved operational efficiency.

Selling and marketing expenses from continuing operations

Our selling and marketing expenses from continuing operations increased by 19.3% from RMB158.8 million for the year ended December 31, 2015 to RMB189.4 million for the year ended December 31, 2016, primarily due to the recruitment of additional designers and marketing personnel needed for developing our self-operated interior design and construction business, due in part to the acquisition of the Brausen business.

Administrative expenses from continuing operations

Our administrative expenses from continuing operations increased by 19.6% from RMB57.8 million for the year ended December 31, 2015 to RMB69.1 million for the year ended December 31, 2016, primarily due to the acquisition of the Brausen business.

Research and development from continuing operations

Our research and development expenses from continuing operations increased by 11.6% from RMB42.1 million for the year ended December 31, 2015 to RMB47.0 million for the year ended December 31, 2016, primarily due to recruitment of additional research and development personnel responsible for developing our ERP system and other software and applications.

Other gains, net, from continuing operations

Other net gains from continuing operations increased by 220.5% from RMB8.3 million for the year ended December 31, 2015 to RMB26.6 million for the year ended December 31, 2016, which was primarily attributable to a once-off gain of RMB20.4 million from the sale of financial assets.

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Operating loss from continuing operations

As a result of the foregoing our operating loss from continuing operations decreased by 5.2% from RMB162.7 million for the year ended December 31, 2015 to RMB154.2 million for the year ended December 31, 2016.

Finance income from continuing operations

Our finance income from continuing operations increased significantly from RMB1.6 million for the year ended December 31, 2015 to RMB6.5 million for the year ended December 31, 2016, due to interest received from an increase in our bank account balance.

Fair value loss of preferred shares and convertible liabilities from continuing operations

Fair value loss of preferred shares and convertible liabilities from continuing operations for the years ended December 31, 2015 and 2016 was RMB7.8 million and RMB112.9 million, respectively. This increase was due largely to the significant increase in the value of the Preferred Shares and convertible liabilities that can be converted into or exercised for our Series A Preferred Shares, which increased in value as our business expanded and we moved closer to our initial public offering.

Income tax expense from continuing operations

Our income tax expenses from continuing operations increased by 166.7% from RMB3.0 million for the year ended December 31, 2015 to RMB8.0 million for the year ended December 31, 2016, which was mainly attributable to increase in our profits.

Loss from continuing operations

As a result of the foregoing, our loss from continuing operations was RMB265.2 million for the year ended December 31, 2016, as compared to RMB171.2 million for the year ended December 31, 2015.

NON-IFRS MEASURES

To supplement these consolidated financial statements, which is presented in accordance with IFRS, we also use adjusted loss from continuing operations as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We present this financial measure because it is used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. We also believe that this non-IFRS measure provides additional information to investors and others in understanding and evaluating our consolidated result of operations in the same manner as it helps our management and in comparing financial results across accounting periods and to those of our peer companies.

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The term “adjusted loss from continuing operations” is not defined under IFRS. The use of adjusted loss from continuing operations has material limitations as an analytical tool, as it does not include all items that impact our loss for the relevant years. The effect of items eliminated from adjusted loss from continuing operations is a significant component in understanding and assessing our operating and financial performance.

In light of the foregoing limitations for adjusted loss from continuing operations, when assessing our operating and financial performance, you should not view adjusted loss from continuing operations in isolation or as a substitute for our operating loss, nor should you view adjusted loss from continuing operations in isolation or as a substitute for our loss for the year or any other operating performance measure that is calculated in accordance with IFRS. In addition, because this non-IFRS measure may not be calculated in the same manner by all companies, it may not be comparable to other similarly titled measures used by other companies.

The following table reconciles our adjusted loss from continuing operations for the years presented to the most directly comparable financial measures calculated and presented in accordance with IFRS:

	For the Year Ended December 31,		
	2015	2016	2017
	<i>(in thousands of RMB)</i>		
Loss from continuing operations	(171,190)	(265,242)	(844,903)
Fair value loss of preferred shares and convertible liabilities	7,836	112,927	742,974
Share-based compensation expenses	–	–	3,207
Listing expenses	–	–	9,403
	<u> </u>	<u> </u>	<u> </u>
Adjusted loss from continuing operations	<u> (163,354) </u>	<u> (152,315) </u>	<u> (89,319) </u>

Hypothetical Breakeven Analysis

For the year ended December 31, 2017, we had adjusted loss from continuing operations of RMB89.3 million and net operating cash outflows of RMB119.3 million. In order for us to have recorded adjusted profit from continuing operations and had positive cash flows from operating activities during the year ended December 31, 2017, we would have needed to increase our coverage of cities, average number of recommendations made per city, and average fees for each user recommendation we make as follows, representing a total increase in revenue of approximately RMB130.2 million or 73%, for our platform services business:

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	Revenue (RMB in millions)	Number of cities	Average number of recommendations made per city	Average fees for each user recommendation
Beijing and Shanghai	+29.5	–	+30%	+4%
Tier A	+33.8	–	+50%	+8%
Tier B	+19.4	–	+90%	+28%
Tier C	+47.5	+110	+125%	+28%

Other major assumptions include:

- (i) our revenue from self-operated interior design and construction business increased by RMB95.4 million or 34%;
- (ii) our selling and marketing expenses increased by 30% to enhance our brand recognition and attract more users and service providers to our platform;
- (iii) our administrative expenses increased by 15% and our research and development expenses increased by 5% with the expansion of our business while increasing to a lesser extent due to economies of scale; and
- (iv) trade receivables, inventory, trade payables resulting from the additional revenues and cost of sales are calculated using the actual turnover days as of December 31, 2017.

We believe that this required increase in revenue could reasonably be achieved as we implement our strategies. Assuming that:

- (i) we expand our user base by expanding our service offerings, enriching our content, improving our data analytics and technological capabilities, and increasing targeted marketing promotion;
- (ii) we attract additional high quality service providers to our platform to meet the growing demand from our users, especially in Tier B and Tier C cities where our users are still underserved due to lack of high quality service providers; and
- (iii) we increase our average fees for each user recommendation, especially in Tier B and Tier C cities, with more local service providers on our platform and their increasing competitiveness,

we believe that the foregoing increase in revenue could be attained. Based on the hypothetical breakeven analysis above, total estimated revenue would have reached RMB704.6 million, increasing by 47%, during the year ended December 31, 2017.

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We are also exploring opportunities to enhance the multi-channel monetization capabilities of our platform, which is not included in the analysis above. We have initiated the implementation of our monetization strategies in the area of advertising services, loan referral services and supply chain management services, and will continue to explore other monetization opportunities, such as charging service providers on our platform for using certain software owned by or licensed to us.

We have successfully engaged a sizable user base and a high quality service provider base on our platform. Our ecosystem had 50.6 million MUVs in April 2018 and 7,502 interior design and construction service providers spanning over 290 cities across the PRC as of April 30, 2018. As we have historically focused on building our ecosystem and maintaining quality user experience, and are currently at an early stage of monetization, our coverage of cities, average number of recommendations made per city, and average fees for each user recommendation we make during the year ended December 31, 2017, especially in Tier B and Tier C cities, were still at a relatively low level. We believe that we are generally able to scale revenue rapidly upon successful implementation of our strategies. Based on the foregoing, the Directors are of the view that the foregoing breakeven analysis is reasonable.

KEY FINANCIAL AND OPERATING METRICS

The following table sets forth our key financial and operating metrics for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
Current ratio (times) ⁽¹⁾	1.4	1.0	0.9
Gross profit margin	62.0%	41.5%	50.1%

Note:

- (1) Current ratio for 2015/2016 is our current assets (group) divided by our current liabilities (group) at the end of each financial period. Current ratio for 2017 is our current assets (continuing operations) divided by our current liabilities (continuing operations) at the end of the financial period.

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LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements principally from financing through the issuance and sale of preferred shares and convertible liabilities in private placement transaction and cash generated from our operating activities. We have primarily used cash to development new operations and engage in mid-to-long term strategic investments along the value chain in order to better consolidate industry resources. We had cash and cash equivalents of RMB758.1 million, RMB612.0 million, RMB474.6 million, respectively. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. We had term deposits of RMB10.0 million, RMB10.0 million, and nil as of December 31, 2015, 2016 and 2017. We generally deposit our excess cash in interest-bearing bank accounts and current accounts.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, other funds raised from the capital markets from time to time and the net proceeds received from the Global Offering. We currently do not have any plans for material additional external financing.

Cash flow

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

	For the year ended December 31,		
	2015	2016	2017
	<i>(in RMB thousands)</i>		
Net cash used in operating activities	(95,602)	(101,356)	(119,276)
Net cash used in investing activities	(80,534)	(58,562)	(9,365)
Net cash generated from financing activities	<u>742,691</u>	<u>3,560</u>	<u>6,567</u>
Net increase/(decrease) in cash and cash equivalents	566,555	(156,358)	(122,074)
Cash and cash equivalents at beginning of the year	187,852	758,131	612,028
Effect on exchange rate difference	<u>3,724</u>	<u>10,255</u>	<u>(9,317)</u>
Cash and cash equivalents at end of the year	<u><u>758,131</u></u>	<u><u>612,028</u></u>	<u><u>480,637</u></u>

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Net cash used in operating activities

For the year ended December 31, 2017, net cash used in operating activities was RMB119.3 million primarily due to a loss before income tax expense from continuing operations of RMB837.3 million as well as a dilution gain arising on a reduced interest in Guangzhou Seagull of RMB11.0 million relating to the capital increase by Guangzhou Seagull, and a decrease in prepayments from customers, trade and other payables of RMB15.9 million. These were partially offset by adjustments for the fair value loss of preferred shares and convertible liabilities of RMB743.0 million and the depreciation of property, plant and equipment of RMB26.4 million.

For the year ended December 31, 2016, net cash used in operating activities was RMB101.4 million primarily due to a loss before income tax expense from continuing operations of RMB257.2 million as well as adjustments for the gain on investment on financial assets at fair value of RMB20.4 million and interest income of RMB10.2 million. This was partially offset by an increase in prepayments from customers, trade and other payables of RMB150.5 million, adjustments for the fair value loss of preferred shares and convertible liabilities of RMB112.9 million and depreciation of property, plant and equipment of RMB26.1 million.

For the year ended December 31, 2015, net cash used in operating activities was RMB95.6 million primarily due to a loss before income tax expense from continuing operations of RMB168.2 million which was partially offset by an increase in prepayments from customers, trade and other payables of RMB212.8 million as well as depreciation of property, plant and equipment of RMB15.8 million.

Net cash used in investing activities

For the year ended December 31, 2017, net cash used in investing activities was RMB9.4 million, which was primarily attributable to RMB17.8 million used in purchase of property, plant and equipment, which was partially offset by RMB1.7 million received from disposal of property, plant and equipment, as well as RMB2.3 million in dividends received from investments in associates and RMB3.4 million in repayments of loan from related parties.

For the year ended December 31, 2016, net cash used in investing activities was RMB58.6 million, which was primarily attributable to an increase of RMB50.0 million in investments in available-for-sale financial assets, which mainly includes investment in Qin Shui Jia Ding LLP, as well as RMB29.4 million used in the purchase of property, plant and equipment, and an increase of RMB23.9 million used in investments in associates investments. These were partially offset by RMB46.9 million in proceeds from sale of financial assets at fair value through profit or loss.

For the year ended December 31, 2015, net cash generated from investing activities was RMB80.5 million, which was primarily attributable to an increase of RMB29.5 million used in investments in associates investments, as well as RMB27.9 million used in the purchase of property, plant and equipment, and an increase of RMB22.2 million used in investment in available-for-sale financial assets which mainly includes investment in Qin Shui Jia Ding LLP.

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Net cash generated from financing activities

For the year ended December 31, 2017, net cash generated from financing activities was RMB6.6 million, which was attributable to cash received from capital contributions in subsidiaries from non-controlling interests, which was slightly offset by cash paid for acquisition of additional equity interest in a subsidiary.

For the year ended December 31, 2016, net cash generated from financing activities was RMB3.6 million, which was attributable to cash received from capital contributions in subsidiaries from non-controlling interests.

For the year ended December 31, 2015, net cash generated from financing activities was RMB742.7 million, which was primarily attributable to RMB795.7 million in proceeds from issuance of preferred shares and RMB0.6 million cash received from capital contributions in subsidiaries from non-controlling interests.

DISCUSSION OF CERTAIN KEY CONSOLIDATED BALANCE SHEETS ITEMS

The tables below set forth selected information from our consolidated balance sheets as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I and the unaudited management accounts of the Group for the four months ended April 30, 2018.

	As at December 31,		
	2015	2016	2017
	<i>(in RMB thousands)</i>		
Total non-current assets	244,594	315,833	296,446
Total current assets	1,212,401	1,057,308	923,556
Total assets	<u>1,456,995</u>	<u>1,373,141</u>	<u>1,220,002</u>
Total non-current liabilities	868,870	1,031,668	1,594,662
Total current liabilities	847,570	1,042,831	1,116,870
Total liabilities	<u>1,716,440</u>	<u>2,074,499</u>	<u>2,711,532</u>
Total deficits	<u><u>259,445</u></u>	<u><u>701,358</u></u>	<u><u>1,491,530</u></u>

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The following table sets forth our current assets and current liabilities as of the dates indicated:

	As at December 31,			As at
	2015	2016	2017	April 30, 2018
	<i>(in RMB thousands)</i>			(unaudited)
Current assets				
Inventories	6,744	8,711	12,768	12,150
Trade and other receivables	80,926	70,690	64,133	78,363
Amount due from related parties ⁽¹⁾	330,085	350,231	325,315	15,382
Amount due from directors	5,502	5,648	5,697	–
Financial assets at fair value through profit or loss	21,013	–	–	–
Term deposits	10,000	10,000	–	–
Cash and cash equivalents	758,131	612,028	474,617	432,135
Assets classified as held for sale ⁽²⁾	–	–	41,026	–
Total current assets	<u>1,212,401</u>	<u>1,057,308</u>	<u>923,556</u>	<u>538,030</u>
Current liabilities				
Prepayments from customers, trade and other payables	481,584	634,021	498,656	392,256
Amount due to related parties	310,090	310,090	310,090	–
Contract liabilities	–	–	–	62,467
Convertible liabilities	43,331	57,961	147,897	–
Current tax liabilities	5,875	38,639	43,260	47,660
Deferred revenue	6,690	2,120	3,720	3,720
Liabilities directly associated with assets classified as held for sale ⁽¹⁾	–	–	113,247	–
Total current liabilities	<u>847,570</u>	<u>1,042,831</u>	<u>1,116,870</u>	<u>506,103</u>
Net current assets (liabilities)	<u>364,831</u>	<u>14,477</u>	<u>(193,314)</u>	<u>31,927</u>

Note:

- (1) The amount due from related parties will be fully settled upon Listing.
- (2) On December 26, 2017, the Board approved the disposal of the Disposed Entity, the indirectly wholly-owned subsidiary of Shanghai Qijia, which operates the discontinued operation. The assets and liabilities in the Disposed Entity were classified as current assets and current liability.

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As of December 31, 2015, 2016 and 2017, we had net current assets of RMB364.8 million, RMB14.5 million and net current liabilities of RMB193.3 million, and as of April 30, 2018 we had net current assets of RMB31.9 million, respectively. The change from December 31, 2015 to 2016 was largely due to an increase in prepayments from customers, trade and other payables as well as a decrease in cash and cash equivalents. The change from December 31, 2016 to 2017 was largely due to a decrease in cash and cash equivalents as well as an increase in convertible liabilities and liabilities directly associated with assets classified as held for sale. The change from December 31, 2017 to April 30, 2018 is largely due to a decrease in amount due to related parties. Our position as of April 30, 2018 is largely due to (i) rights of the CDH Entities to subscribe for our Series A Preferred Shares, which are classified as a current liability because they did not complete the necessary administrative procedures for an offshore investment; and (ii) prepayments from service providers resulted from our business model.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. Trade and other receivables are generally due for settlement within 30 days and therefore are all classified as current. During the Track Record Period, most of the trade receivables were derived from (i) customers of the Discontinued Business for the year ended December 31, 2015, (ii) customers of our self-operated interior design and construction business for the year ended December 31, 2016, and (iii) management fees due from administrative services provided by us for the year ended December 31, 2017.

The following table sets forth our trade receivables as of the dates indicated:

	As at December 31,		
	2015	2016	2017
	<i>Group</i>	<i>Group</i>	<i>Continuing operations</i>
	<i>(in RMB thousands)</i>		
Trade receivables	13,556	13,052	5,445
Less: provision for impairment	(574)	(1,378)	—
	12,982	11,674	5,445
Trade receivables, net	12,982	11,674	5,445

Our net trade receivables decreased slightly from RMB13.0 million as of December 31, 2015 to RMB11.7 million as of December 31, 2016. Our net trade receivables further decreased to RMB5.4 million as of December 31, 2017, primarily due to the disposal of the Disposed Entity.

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We generally grant credit periods to customers ranged from zero to 90 days. The following table sets forth an aging analysis of our trade receivables based on invoice date were as follows:

	As at December 31,		
	2015	2016	2017
	<i>Group</i>	<i>Group</i>	<i>Continuing operations</i>
	<i>(in RMB thousands)</i>		
Trade receivables – gross			
Within 1 month	7,670	2,934	1,538
Over 1 month and within 3 months	3,774	5,296	409
Over 3 months and within 1 year	1,472	2,434	3,498
Over 1 year	640	2,388	–
	<u>13,556</u>	<u>13,052</u>	<u>5,445</u>

Our trade receivables are all non-interest bearing. We assess the credit terms on a case-by-case basis, taking into account our customer’s creditworthiness, prior history with such customer and additional customer-specific information. For trade receivables that have remained outstanding for significant periods of time, we evaluate the likelihood of collection based on each individual customer’s situation and ability to pay in full.

The following table sets forth the number of turnover days for our trade receivables for the periods indicated:

	For the year ended December 31,		
	2015	2016	2017
	<i>Group</i>	<i>Group</i>	<i>Continuing operations</i>
Trade receivables turnover days ⁽¹⁾	6.5	8.5	4.1

Note:

- (1) Trade receivables turnover days for 2015/2016 equals the average of the opening and closing gross trade receivables balance (group), divided by revenue (group) for the same period and multiplied by 365 days. Trade receivables turnover days for 2017 equals the closing gross trade receivables balance (continuing operations), divided by revenue (continuing operations) for the same period and multiplied by 365 days.

Our trade receivables turnover days decreased from 8.5 for the year ended December 31, 2016 to 4.1 for the year ended December 31, 2017, primarily due to the disposal of the Disposed Entity.

Approximately RMB2.0 million, or 35.9%, of our trade receivables as of December 31, 2017, had been settled as of April 30, 2018.

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Other receivables

For the three years ended December 31, 2015, 2016 and 2017, we had other receivables of RMB37.1 million, RMB31.5 million and RMB25.2 million, primarily consisting of loans due from third parties of RMB19.6 million, RMB17.7 million and RMB17.7 million, respectively. In addition, we had prepayments to suppliers, prepaid listing expenses and value-added tax recoverable that in these periods totaled RMB30.8 million, RMB27.5 million and RMB33.5 million, respectively.

Cash and cash equivalents

	As at December 31,		
	2015	2016	2017
	<i>(in RMB thousands)</i>		
Cash at bank	767,225	617,712	472,912
Cash on hand	906	4,316	1,705
	<u>768,131</u>	<u>622,028</u>	<u>474,617</u>
Less: term deposits with initial term of over three months	<u>(10,000)</u>	<u>(10,000)</u>	<u>–</u>
	<u><u>758,131</u></u>	<u><u>612,028</u></u>	<u><u>474,617</u></u>

Term deposits with initial terms of over three months were neither past due nor impaired. The directors of the Company considered that the carrying amount of the term deposits with initial terms of over three months approximated to their fair value as at December 31, 2015, 2016 and 2017.

Prepayments from customers, trade and other payables

We record the amount we expect to pay for goods or services that have been acquired in the ordinary course of business from suppliers as trade payables on our balance sheet, mainly comprising of payables for purchase of inventory and marketing services. These amounts represent liabilities for goods and services provided to us prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 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 recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

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The following table sets forth the amount of our prepayments from customers, trade payables and other payables as of the dates indicated.

	As at December 31,		
	2015	2016	2017
	<i>Group</i>	<i>Group</i>	<i>Continuing operations</i>
	<i>(in RMB thousands)</i>		
Trade payables	60,504	62,393	52,610
Deposits payables ⁽¹⁾	165,133	207,804	135,341
Quality and performance guarantee deposits from customers	57,730	73,224	52,986
Payables for purchases of property, plant and equipment	15,116	6,245	876
Payables for listing expenses	–	–	12,046
Other accrued expenses and payables	18,602	18,453	7,674
Staff salaries and welfare payables	80,902	99,444	96,787
Prepayment from customers ⁽²⁾	69,265	144,041	115,990
Accrued taxes other than income tax	14,332	22,417	24,346
	<u>481,584</u>	<u>634,021</u>	<u>498,656</u>

Notes:

- (1) Deposits payables mainly represent the quality guarantee pledge received from service providers on our platform and security deposits from users of our escrow payment services.
- (2) Prepayments from customers mainly represent the prepayments from service providers on our platform and prepayments from customers of our self-operated interior design and construction business. As of December 31, 2017, we had prepayments from service providers on our platform in the amount of RMB47.5 million, which mainly consist of recommendation fee, license fee and construction material procurement fee, of which RMB38.4 million had been utilized as of April 30, 2018. As of December 31, 2017, we had prepayments from customers of our self-operated interior design and construction business in the amount of RMB68.0 million, which mainly consist of construction fee and construction material procurement fee, of which RMB52.8 million had been utilized as of April 30, 2018.

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The aging analysis of our trade payables based on invoice date was as follows:

	As at December 31,		
	2015	2016	2017
	<i>Group</i>	<i>Group</i>	<i>Continuing operations</i>
	<i>(in RMB thousands)</i>		
Within 1 month	37,223	29,918	30,918
Over 1 month and within 3 months	10,627	14,913	3,673
Over 3 months and within 1 year	12,436	11,396	10,142
Over 1 year	218	6,166	7,877
	<u>60,504</u>	<u>62,393</u>	<u>52,610</u>

The following table sets forth the number of turnover days for our trade payables:

	For the year ended December 31,		
	2015	2016	2017
	<i>Group</i>	<i>Group</i>	<i>Continuing operations</i>
Trade payables turnover days ⁽¹⁾	69.2	66.1	80.3

Note:

- (1) Trade payables turnover days for 2015/2016 equals the average of the opening and closing trade payables balance (group), divided by cost of sales (group) for the same period and multiplied by 365 days. Trade payables turnover days for 2017 equals the closing trade payables balance (continuing operations), divided by cost of sales (continuing operations) for the same period and multiplied by 365 days.

Our trade payables turnover days increased from 66.1 for the year ended December 31, 2016 to 80.3 for the year ended December 31, 2017, primarily due to the disposal of the Disposed Entity, which had an average trade payable days ranging from 40 to 60 days.

Approximately RMB13.0 million, or 24.7%, of our trade payables as of December 31, 2017, had been settled as of April 30, 2018.

Convertible Liabilities

The CDH Entities entered into the Old Contractual Arrangements with Shanghai Qijia as well as a consent letter, under which we undertook to issue Series A Preferred Shares to the CDH Entities on the condition that each completes the necessary administrative procedures for the offshore investment. This arrangement was accounted for as convertible liabilities.

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The changes in the liability component of Series A Preferred Shares, Series B Preferred Shares and convertible liabilities for the year ended December 31, 2015, 2016 and 2017 are set out below:

	Series A Preferred Shares	Series B Preferred Shares	Convertible liabilities	Total
	<i>(in RMB thousands)</i>			
At January 1, 2015	–	–	–	–
Issuance of Series A Preferred Shares for the Reorganization	30,414	–	–	30,414
Issuance of Series B Preferred Shares	–	795,724	–	795,724
Issuance of convertible liabilities for the Reorganization	–	–	36,389	36,389
Accretion charge	(1,284)	–	–	(1,284)
Fair value loss	–	3,292	4,544	7,836
Currency translation differences ⁽¹⁾	1,851	37,508	2,398	41,757
At December 31, 2015	<u>30,981</u>	<u>836,524</u>	<u>43,331</u>	<u>910,836</u>
At January 1, 2016	30,981	836,524	43,331	910,836
Accretion charge	(1,223)	–	–	(1,223)
Fair value loss	–	101,629	11,298	112,927
Currency translation differences ⁽¹⁾	2,075	60,476	3,332	65,883
At December 31, 2016	<u>31,833</u>	<u>998,629</u>	<u>57,961</u>	<u>1,088,423</u>
At January 1, 2017	31,833	998,629	57,961	1,088,423
Accretion charge	(4,607)	–	–	(4,607)
Fair value loss	–	646,797	96,177	742,974
Currency translation differences ⁽¹⁾	(1,710)	(77,327)	(6,241)	(85,278)
At December 31, 2017	<u>25,516</u>	<u>1,568,099</u>	<u>147,897</u>	<u>1,741,512</u>

Note:

- (1) Such currency translation differences primarily arose from the translation of the U.S. dollar denominated liabilities of the preferred shares and convertible liabilities of our Company, which has U.S. dollar as its functional currency, into our presentation currency, which is RMB.

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The Directors have used the discounted cash flow method to determine the underlying share value of our shares and adopted an equity allocation model to determine the fair value of the Preferred Shares and convertible liabilities as of the dates of issuance and at the end of each reporting period.

WORKING CAPITAL

During the Track Record Period and up to the Latest Practicable Date, we have financed our operations primarily through our capital raising activities. We intend to continue to finance our working capital with cash generated from our operations, the net proceeds from the Global Offering and other funds raised from capital markets from time to time. We will closely monitor the level of our working capital, particularly in view of our strategy to continue expanding our product and service offerings and trying to reach more customers.

Our Directors are of the view that, taking into account the net proceeds of the Global Offering, our current cash and cash equivalents and our anticipated cash flows from operations, we have sufficient working capital for our present requirements, that is, for at least 12 months following the date of this prospectus.

INDEBTEDNESS, CONTINGENT LIABILITIES AND OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Borrowings

We did not have any borrowings or unutilised banking facilities during the Track Record Period and as of April 30, 2018.

Preferred Shares and convertible liabilities

As of December 31, 2015, 2016, 2017 and April 30, 2018, (i) the liability portion of Series A Preferred Shares had carrying amounts of RMB31.0 million, RMB31.8 million, RMB25.5 million and RMB9.1 million, respectively, (ii) the Series B Preferred Shares had fair values of RMB836.5 million, RMB998.6 million, RMB1,568.1 million and RMB1,469.2 million, respectively; (iii) the convertible liabilities had fair values of RMB43.3 million, RMB58.0 million, RMB147.9 million and nil, respectively. The liability portion of Series C Preferred Shares, which were newly issued in March 2018, had carrying amounts of RMB3.5 million as of April 30, 2018. For further information regarding the Preferred Shares and convertible liabilities, see “History and Corporate Structure – Our Major Subsidiaries and PRC operating Entities – 2. Principal terms of the Pre-IPO Investments and Pre-IPO Investors’ right.”

Contingent Liabilities

As of April 30, 2018, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our group. Our Directors have confirmed that there has not been any material change in our

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contingent liabilities since April 30, 2018. Except as aforesaid and apart from intra-group liabilities, as of April 30, 2018, we did not have any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits (other than normal trade related bills), debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

Off-balance Sheet Commitments and Arrangements

As of April 30, 2018, we had not entered into any off-balance sheet transactions.

CAPITAL EXPENDITURES

Our historical capital expenditures primarily included property plant and equipment and intangible assets. We had funded our capital expenditure requirements during the Track Record Period mainly with issuance of the Preferred Shares and our internal resources. During the year ended December 31, 2015, 2016 and 2017, we had capital expenditure of RMB37.5 million, RMB22.3 million, and RMB14.1 million, respectively.

Our capital expenditure is expected to be approximately RMB19.0 million for the year ended December 31, 2018. We plan to fund our planned capital expenditure using cash flows generated from our operating activities and the net proceeds received from the Global Offering.

Capital Commitments

As at December 31, 2015, 2016 and 2017, we did not have any capital commitments.

Operating Lease Commitments from Continuing Operations

During the Track Record Period, we leased office buildings and showroom under non-cancellable operating lease agreements. The lease terms are generally between 1 and 5 years.

The table below sets forth our future aggregate minimum lease payments under non-cancellable operating leases for office and warehouse facilities as the dates indicated:

	As at December 31,		
	2015	2016	2017
	<i>(in RMB thousands)</i>		
No later than 1 year	2,334	6,156	8,001
Later than 1 year and no later than 5 years	3,189	16,555	19,659
Later than 5 years	—	6,396	4,830
	<u>5,523</u>	<u>29,107</u>	<u>32,490</u>

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MATERIAL RELATED PARTY TRANSACTIONS

Transactions with Related Parties

The Directors are of the view that the following parties/companies were related parties that had transaction or balances with the Group during the Track Record Period:

Name of related parties	Relationship with the Group
Mr. Deng	Controlling Shareholder before the Listing and executive Director of the Company
Mr. Chen Yangui (陳言貴)	Minority shareholder
Mr. Zuo Hanrong (左漢榮)	Minority shareholder
SIP Oriza and SIP Oriza Fund	Shareholder

Amounts due from/(to) Related Parties

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, except amount due from SIP Oriza, which is denominated in USD. The table below sets forth the amounts due from and due to related parties for the periods indicated.

	As at December 31,		
	2015	2016	2017
	<i>(in RMB thousands)</i>		
Amount due from related parties:			
SIP Oriza	324,680	346,850	325,315
Mr. Chen Yangui	5,228	1,682	–
Mr. Zuo Hanrong	177	1,699	–
	<u>330,085</u>	<u>350,231</u>	<u>325,315</u>
Total			
Amount due from directors:			
Mr. Deng	5,502	5,648	5,697
	<u>5,502</u>	<u>5,648</u>	<u>5,697</u>
Amount due to related parties:			
SIP Oriza Fund	310,090	310,090	310,090
	<u>310,090</u>	<u>310,090</u>	<u>310,090</u>

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We did not record significant related party balances during the Track Record Period other than those relating to SIP Oriza and SIP Oriza Fund, which was primarily due to the fact that SIP Oriza irrevocably settled its investment consideration in our Group in Renminbi at an onshore level in May 2015, while at its request, we also agreed that when and only if it can inject the same amount of funds at an offshore level into our Group using U.S. dollar as such funds may become available to it, we will accommodate the payment of a same amount of Renminbi funds back to it at an onshore level. Such balance was fully settled in April 2018. In particular, foreign exchange difference amounting to RMB9.1 million as of April 30, 2018 was undertaken by our Company, which was recorded under other reserves account of our equity account; funds received offshore in U.S. dollars fully settled the amount due from related parties, and funds paid onshore in Renminbi fully settled the amount due to related parties.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. We regularly monitor our exposure to these risks. Risk management is carried out by our senior management.

Market risk

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the group entities' functional currency. The Company's functional currency is USD. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries consider RMB as their functional currency.

We operate mainly in the PRC with most of the transactions settled in RMB. We had currency translation losses of RMB23.4 million and RMB33.5 million for the years ended December 31, 2015 and 2016 respectively, and a currency translation gain of RMB54.4 million for the year ended December 31, 2017. Such currency translation differences primarily arose from the translation of the USD denominated liabilities of preferred shares and convertible liabilities and USD denominated assets of other receivables which had USD as its functional currency, into our presentation currency, which is RMB. The currency translation losses recognized as other comprehensive loss for the years ended December 31, 2015 and 2016 were mainly attributable to the depreciation of RMB against USD during these periods. The currency translation gain recognized as other comprehensive income for the year ended December 31, 2017 was mainly attributable to the appreciation of RMB against USD during this period. Notwithstanding this, our management considers that the business is not exposed to any significant foreign exchange risk as we do not have significant financial assets or liabilities denominated in currencies that are not the respective functional currencies of our Group's entities.

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Cash flow and fair value interest rate risk

Our income and operating cash flows are substantially independent of changes in market interest rates and we have 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 21 to the Accountant's Report in Appendix I to this prospectus, respectively.

The preferred shares and convertible liabilities issued to our investors expose us to fair value interest rate risk. See Note 24 in the Accountant's Report in Appendix I to this prospectus for the fair value of these investments.

Price risk

Our exposure to equity securities price risk arises from investments held by us and classified in the consolidated balance sheets as financial assets at fair value through profit or loss.

Credit risk

Credit risk arises from cash and cash equivalents, term deposits, as well as trade and other receivables. The carrying amount of each class of the above financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, deposits are mainly placed with state-owned 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.

We have policies in place to ensure that receivables with credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. We are not exposed to significant credit risk arising from storefront fees and promotion service fees as deposits are generally required from most of its customers with credit quality is assessed, which takes into account of its financial position, past experience and other factors.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Our Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, our policy is to regularly monitor our liquidity risk and to maintain adequate cash and cash equivalents to meet our liquidity requirements.

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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.

DIVIDENDS

Under the Articles of Association, our Company in general meeting may declare dividends in any currency to be paid to our shareholders, provided that no dividend shall exceed the amount recommended by our Directors. In addition, our Directors may from time to time pay to our shareholders such interim dividends as appear to our Directors to be justified by the profits of our Company. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium. We did not declare any dividend for the years ended December 31, 2015, 2016 and 2017.

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require a foreign-invested enterprise to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. Distributions from us and our subsidiaries may also become subject to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

The amount of dividend actually distributed to our shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to approval of our shareholders. Our Board has the absolute discretion to recommend any dividend.

Historically we have not declared or paid any dividend to our Shareholders, and there is no assurance that dividends of any amount will be declared or be distributed in any year. Currently we do not have a formal dividend policy or a fixed dividend distribution ratio.

DISTRIBUTABLE RESERVES

As of December 31, 2017, we did not have any distributable reserves.

LISTING EXPENSES

Listing expenses consist primarily of underwriting commission and professional fees, and are estimated to be approximately RMB108.6 million (assuming an Offer Price of HK\$7.90 per Share, being the mid-point of the indicative offer price range stated in this prospectus), listing expenses of approximately RMB12.3 million were incurred on or before December 31, 2017,

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of which RMB9.4 million was charged to our consolidated income statements, while the remaining amount of RMB2.9 million was recorded as a prepayment and will be subsequently charged to equity upon completion of the Global Offering. We estimate we will further incur underwriting commission and other listing expenses of approximately RMB96.3 million after December 31, 2017, of which RMB22.1 million will be charged to our consolidated income statements, and RMB74.2 million is expected to be accounted for as a deduction from equity upon the completion of Global Offering.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to the equity holders of the Company as of December 31, 2017 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at December 31, 2017 or at any future dates.

	Audited consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at December 31, 2017 <i>(Note 1)</i> RMB'000	Conversion of preferred shares <i>(Note 2)</i> RMB'000	Estimated net proceeds from the Global Offering <i>(Note 3)</i> RMB'000	Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company RMB'000	Unaudited pro forma adjusted net tangible assets per Share <i>(Note 5)</i> RMB HK\$	
Based on an Offer Price of HK\$6.80 per Share	<u>(1,480,497)</u>	<u>1,804,607</u>	<u>1,254,087</u>	<u>1,578,197</u>	<u>1.30</u>	<u>1.60</u>
Based on an Offer Price of HK\$9.00 per Share	<u>(1,480,497)</u>	<u>1,804,607</u>	<u>1,670,663</u>	<u>1,994,773</u>	<u>1.65</u>	<u>2.02</u>

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Notes:

- (1) The audited consolidated net tangible liabilities attributable to the equity holders of the Company as at December 31, 2017 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated deficits of the Group attributable to the equity holders of the Company as at December 31, 2017 of RMB(1,466,965,000) with adjustments for the intangible assets as at December 31, 2017 of RMB5,736,000 attributable to equity holders and goodwill as at December 31, 2017 of RMB7,796,000.
- (2) The Company's Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares are all required to be converted into ordinary shares upon the Listing. The adjustment represents the impact of the conversion of all these preferred shares into ordinary shares, issued up to the date of this prospectus, on the net tangible assets attributable to the equity holders. The estimated impact is calculated for 32,730,531 Series A Preferred Shares and 21,434,013 Series B Preferred Shares outstanding as at December 31, 2017 based on their respective carrying value as of that date, and 1,134,014 Series C Preferred Shares issued in March 2018 based on the issuance consideration of RMB63,095,000.
- (3) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$6.80 and HK\$9.00 per Share, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB9,403,000 which have been accounted for during the Track Record Period) payable by us and takes no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme or any Shares which may be granted and issued or repurchased by us pursuant to the General Mandate and the Repurchase Mandate.
- (4) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,210,124,090 Shares (including the completion of the conversion of the preferred shares into ordinary shares as mentioned above and the Capitalization Issue to be effective upon Listing) were in issue assuming that the Global Offering has been completed on December 31, 2017 but takes no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the General Mandate and the Repurchase Mandate.
- (5) Except as disclosed above, no adjustment has been made to reflect to any trading results of other transactions entered into subsequent to December 31, 2017.
- (6) For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at the rate of HK\$1.00 to RMB0.8167.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since December 31, 2017 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since December 31, 2017 which would materially affect the information shown in our consolidated financial statements included in the Accountant's Report in Appendix I.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

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CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

IFRS 9, “Financial instruments”, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the “hedged ratio” to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018.

We adopted the standard using the modified retrospective approach when we prepared the unaudited management accounts of the Group for the four months ended April 30, 2018 which means that the cumulative impact of the adoption was recognized in accumulated losses as of January 1, 2018 and that comparatives was not restated.

The major equity investments held by us used to be classified as available-for-sale, which a fair value through other comprehensive income (FVOCI) or financial assets at fair value through profit or loss (FVTPL) election is available. The debt instruments used to be classified as loan and receivables and measured at amortised cost which met the conditions for classification at amortised cost under IFRS 9. Accordingly, the new guidance did not have a significant impact on the classification and measurement of its financial assets.

There was no significant impact on our accounting for financial liabilities except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It resulted in an earlier recognition of credit losses. Our Directors consider that there is no material adverse change in the credit risks in respect of our financial assets and the adoption of the new expected credit losses model under IFRS 9 did not have significant impact on its financial performance and position.

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The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of our disclosures about its financial instruments particularly in the year of the adoption of the new standard. The standard is effective for accounting periods beginning on or after January 1, 2018.

IFRS 15 “Revenue from Contracts with Customers” replaces the previous revenue standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretation’s on revenue recognition. IFRS 15 establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognize revenue when performance obligation is satisfied. The core principal is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an “earnings processes” to an “asset-liability” approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. Under IFRS 15, an entity normally recognizes revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligations are identified.

We conclude that the commission paid for obtaining the contract for our online platform business and self-operated interior design and construction business qualify for recognition as a contract asset which are subsequently amortized to profit or loss when the relevant revenue is recognized. As a majority of the revenue could be realized in one year and we choose to expense the commission as incurred, there is no significant difference as compared to IAS 18.

We assessed the impact of the adoption of IFRS 15 by analyzing our key revenue streams against the 5-step approach and does not expect the adoption would have a material impact to our results of operations and financial position except for expanded disclosure requirements and changes in presentation.

We adopted the standard using the modified retrospective approach, which means that the cumulative impact of the adoption was recognized in accumulated losses as of January 1, 2018 when we prepared the unaudited management accounts of the Group for the four months ended April 30, 2018 and that comparatives were not restated.

IFRS 16 “Leases” addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on statement of financial position for lessees. We are a lessee of various properties which are currently classified as operating leases. Our current accounting policy for such leases is set out in Note 2.27 of the Accountant’s

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Report in Appendix I to this prospectus with respect to our future operating lease commitments, which are not reflected in the consolidated balance sheet, set out in Note 30. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognize certain leases outside of the balance sheet. Instead, almost all leases must be recognized in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in our consolidated balance sheet. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. In the consolidated statement of comprehensive income, leases will be recognized in the future as depreciation and amortization and will no longer be recorded as property rental and related expenses. Interest expense on the lease liability will be presented separately from depreciation and amortization under finance costs. As a result, the property rental and related expenses under otherwise identical circumstances will decrease, while depreciation and amortization and the interest expense will increase. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to apply until the financial year 2019, including the adjustment of prior years.

We have disclosed our non-cancellable operating lease commitments amounting to RMB32.5 million for continuing operations as of December 31, 2017 in Note 30 of the Accountant's Report in Appendix I to this prospectus. As a result of the adoption of the new standard, there will be no operating lease commitment.

Given that the total non-cancellable operating lease commitments account for 3% of our total liabilities as of December 31, 2017, it is expected that there will be no material impact on our financial position and performance. The adoption of IFRS 16 would not affect our total cash flows in respect of the leases.

We are continuing to assess the specific magnitude of the adoption of IFRS 16 to the relevant financial statement areas and will conduct a more detailed assessment on the impact as information become available closer to the planned initial date of the adoption of January 1, 2019.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS AND USE OF PROCEEDS

The aggregate net proceeds that we expect to receive from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$7.90 per Share, being the mid-point of the indicative Offer Price range of HK\$6.80 to HK\$9.00 per Share) will be approximately HK\$1,779.1 million (equivalent to RMB1,453.0 million). We intend to use the net proceeds from the Global Offerings as follows:

- (a) approximately HK\$800.6 million (equivalent to approximately RMB653.9 million and representing 45% of the net proceeds) is expected to be used for development of our online platform, including:
 - (i) approximately HK\$533.7 million (equivalent to approximately RMB435.9 million and representing 30% of the net proceeds) for marketing expenses to enhance our brand recognition and for the expansion of our user base. Specifically, (x) approximately HK\$186.8 million (equivalent to approximately RMB152.6 million) will be used to generate more publicity for our brand through various distribution channels, especially in third or fourth-tier cities where we intend to expand our presence; (y) approximately HK\$80.1 million (equivalent to approximately RMB65.4 million) will be used to continue to enrich our home improvement content ecosystem through cooperating with high quality designers who would post more intriguing graphics and case examples onto our platform and developing a professional and efficient editorial team; and (z) approximately HK\$266.9 million (equivalent to approximately RMB218.0 million) will be used to optimize our online marketing efforts, which primarily consist of strategically placed advertisement, icons, links and news feeds on third party promotional platforms, in order to target potential users with genuine home improvement needs more accurately and effectively;
 - (ii) approximately HK\$133.4 million (equivalent to approximately RMB109.0 million and representing 7.5% of the net proceeds) for investment in our supply chain management business, through (x) recruiting 40 to 50 additional research and development personnel with advanced degrees in computer science and other relevant subjects, who will be responsible for optimizing our current supply chain management system, and 60 to 70 additional supply chain management personnel with relevant work experience, who will be responsible for managing our inventory, supplier network and supply chain related logistics; (y) building a standardized inventory storage and order placement system; and (z) further expanding our procurement sources. We did not help service providers on our platform to keep their inventories at our warehouses during the Track Record Period; and

FUTURE PLANS AND USE OF PROCEEDS

(iii) approximately HK\$133.4 million (equivalent to approximately RMB109.0 million and representing 7.5% of the net proceeds) for the expansion of our loan referral business, through (x) recruiting 10 to 15 additional business development personnel to help establish and maintain relationships with additional financial institutions, in order to further enhance our users' experience on our platform by providing easily accessible and diverse financing options to them on our platform; (y) improving the accuracy of our internal risk control mechanism, which utilizes our extensive database of user information to assess the likelihood that the loan proceeds procured by our users will actually be used to purchase interior design and construction services on our platform, by building more advanced risk control modules and software and improving our user data analytics capability; and (z) recruiting 30 to 40 additional personnel with prior experience and specialization in risk control modelling, product design and project management, who will be responsible for the daily operation and management of our internal risk control system.

We initiated implementation of our multi-channel monetization strategies in March 2018, consisting of advertising services, loan referral services and supply chain management services. Advertising services for interior design and construction service providers on our platform is a new service we commenced in the beginning of 2018, which we expect to be a new source of revenue. While loan referral services and supply chain management services were available during the Track Record Period, the scope and revenue contribution of such services was much more limited prior to 2018. During the Track Record Period we received sales income from interior design and construction service providers who purchased materials, accessories and furnishings from us, as part of our supply chain management services. Sales income from our supply chain management services contributed 3.2% and 2.4% of our revenues for the years ended December 31, 2016 and 2017, respectively, while no revenue was generated from loan referral services during the Track Record Period. As part of our monetization strategy, we intend to charge the financial institutions a commission ranging from 2% to 4% of the loan proceeds for each user we refer to them. We will continue to expand such service offerings to make our platform more attractive to users and service providers and explore other monetization opportunities with the Offering proceeds. In light of our monetization strategies, we expect our selling and marketing expenses for 2018 to increase slightly compared to the years ended December 31, 2015, 2016 and 2017;

(b) approximately HK\$266.9 million (equivalent to approximately RMB218.0 million and representing 15% of the net proceeds) is expected to be used for the development of our self-operated interior design and construction business, including expanding our Brausen and Jumei brands into up to 10 new provinces and 2 new municipalities in China, including Jiangsu (including Tier A, B and C cities), Zhejiang (including Tier A, B, C cities), Anhui (including Tier B and C cities), Yunan (including Tier B and C cities), Hebei (including Tier B and C cities),

FUTURE PLANS AND USE OF PROCEEDS

Shandong (including Tier B and C cities), Liaoning (including Tier B and C cities), Hubei (including Tier A and C cities), Guangdong (including Tier A cities and C cities) and Shanxi (including Tier B and C cities), Tianjin and Chongqing over the next three years, which we estimate will require approximately RMB50 million for each new province.

We selected these 10 provinces and 2 municipalities based on our user acquisition potential in these areas, as determined by their high population density, high economic development rate, our large existing platform user base in these provinces, and the higher level of service quality which we believe we can provide to property owners, as compared to existing service providers in these provinces, factors which we believe will increase the demand for our services. We plan to expand our self-operated interior design and construction business in these 12 provinces as we expect such expansion will help strengthen our brand recognition in these provinces and attract more users from these provinces to our online platform business. We believe that the high service quality of our self-operated interior design and construction business will serve as a role model for licensees and other service providers in these provinces, thereby improving their service quality and customer conversion rate. Net proceeds designated for the development of our self-operated interior design and construction business will be used in offline marketing activities, building showrooms, expanding our storage capability, as well as the recruitment and training of designers. A portion of our working capital accumulated over the course of the three-year expansion plan will be used to fund the balance of such expansion;

- (c) approximately HK\$266.9 million (equivalent to approximately RMB218.0 million and representing 15% of the net proceeds) is expected to be used for investment in our technology infrastructure and system. Specifically, we plan to:
 - (i) increase investment in the development and maintenance of our user and service provider database;
 - (ii) improve our automatic order distribution system and ERP system so as to achieve higher operational efficiency and more accurate matching of users and service providers;
 - (iii) recruit high-quality engineers to further enhance our artificial intelligence and big data analytics capability; and
 - (iv) purchase additional servers and increase our bandwidth in order to improve the speed and stability of our website and mobile platforms;
- (d) approximately HK\$355.8 million (equivalent to approximately RMB290.6 million and representing 20% of the net proceeds) is expected to be used for making additional strategic investments and acquisitions in cash alone or in combination

FUTURE PLANS AND USE OF PROCEEDS

with equity. The key criteria for selecting our strategic investment and acquisitions targets include technology capabilities, monetization model, and the extent to which such investment or acquisition can help to expand our user base and monetization capability. Specifically, we plan to continue to invest in or acquire businesses that are complementary to our business, such as businesses with cutting-edge design visualization and machine learning technologies, local businesses with strong construction materials delivery and installation capabilities, and other interior design and construction online platforms with regional user bases; and

- (e) approximately HK\$89.0 million (equivalent to approximately RMB72.7 million and representing 5% of the net proceeds) is expected to be used as general working capital.

The table below sets forth the implementation timetable of our planned use of the net proceeds from the Global Offering (assuming an Offer Price of HK\$7.90 per Share, being the mid-point of the indicative Offer Price range and after deducting the underwriting fees and commissions payable by us).

	Year Ended December 31,					Total
	2018	2019	2020	2021	2022	
	<i>(RMB in million)</i>					
Marketing expenses	45.0	85.0	105.0	110.0	90.9	435.9
Supply chain management business	22.0	22.0	22.0	22.0	21.0	109.0
Loan referral business	22.0	22.0	22.0	22.0	21.0	109.0
Self-operated interior design and construction business	35.0	45.0	50.0	50.0	38.0	218.0
Technology infrastructure and system	35.0	45.0	50.0	50.0	38.0	218.0
Strategic investments and acquisitions	–	50.0	80.0	85.0	75.6	290.6
General working capital	15.0	15.0	15.0	15.0	12.7	72.7
Total Use of Proceeds	<u>174.0</u>	<u>284.0</u>	<u>344.0</u>	<u>354.0</u>	<u>297.0</u>	<u>1,453.0</u>

The above allocation of use of net proceeds is projected based on our current business plan and the amount of net proceeds that we expect to receive from the Global Offering. If we are unable to raise the expected amount of net proceeds from the Global Offering, we expect to adjust the allocation of the net proceeds for the above purposes on a pro rata basis.

FUTURE PLANS AND USE OF PROCEEDS

If the Offer Price is set at the high end or low end of the proposed offer price range, the net proceeds of the Global Offering (assuming that the Over-allotment Option is not exercised) will increase to HK\$2,034.1 million (equivalent to approximately RMB1,661.3 million) or decrease to HK\$1,524.0 million (equivalent to approximately RMB1,244.7 million), respectively. In this event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is fully exercised by the Joint Global Coordinators, we will receive net proceeds of approximately HK\$2,053.8 million for 36,304,500 Shares to be sold and transferred upon the full exercise of the Over-allotment Option, respectively, based on the Offer Price of HK\$7.90 per Share, being the mid-point of the indicative Offer Price range, and after deducting the underwriting fees and commissions payable by us. We intend to apply the additional net proceeds to the above uses in the proportions stated above.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit such net proceeds into interest-bearing bank accounts with licensed banks and/or financial institutions.

UNDERWRITING

HONG KONG UNDERWRITERS

Goldman Sachs (Asia) L.L.C.
CLSA Limited

UNDERWRITING AGREEMENT AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering initially 24,203,000 Shares (subject to adjustment) for subscription by way of the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) the Listing Committee granting the listing of, and permission to deal in, the Shares; (ii) the International Underwriting Agreement having been signed and becoming unconditional; and (iii) certain other conditions set forth in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to apply or procure applications, on the terms and conditions of this prospectus and the related Application Forms, for their respective proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering.

Grounds for Termination

The Joint Global Coordinators, for themselves and on behalf of the Hong Kong Underwriters, shall be entitled by notice (in writing) to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

- (a) there shall develop, occur, exist or come into effect:
 - (i) any local, national, regional or international event or circumstance in the nature of force majeure (including any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting the Cayman Islands, the BVI, Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union or any other jurisdiction relevant to any member of the Group or the Global Offering (collectively, the “**Relevant Jurisdictions**”); or

UNDERWRITING

- (ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any Relevant Jurisdictions; or
- (iii) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or
- (iv) any general moratorium on commercial banking activities in the Cayman Islands, Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), the PRC, New York (imposed at Federal or New York State level or other competent Authority), London, or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or
- (v) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or
- (vi) the imposition of sanctions, in whatever form, directly or indirectly, under any sanction laws, or regulations in, Hong Kong, the PRC or any other Relevant Jurisdiction; or
- (vii) a change or development involving a prospective change in or affecting taxes or exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or
- (viii) any litigation or claim of any third party being threatened or instigated against any member of the Group; or
- (ix) a Director or a member of the Group's senior management as named in the Hong Kong Prospectus being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or

UNDERWRITING

- (x) the chairman, the chief executive officer or the chief financial officer of the Company vacating their offices; or
- (xi) an authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or
- (xii) a contravention by any member of the Group of the Listing Rules or applicable laws; or
- (xiii) a prohibition by an authority on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Over-allot Option Shares) pursuant to the terms of the Global Offering; or
- (xiv) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (xv) the issue (without the prior written consent of the Joint Sponsors and the Joint Global Coordinators) or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents issued or used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xvi) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group,

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or may have the effect of making any part of this Agreement

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(including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (b) there has come to the notice of the Joint Global Coordinators:
- (i) that any statement contained in any of the offering documents, the operative documents, the post hearing information pack and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (collectively, the “**Offer Related Documents**”) (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer Related Documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or
 - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Offer Related Documents (including any supplement or amendment thereto); or
 - (iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
 - (iv) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement; or
 - (v) any material adverse change; or
 - (vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the warranties of the Company and the Controlling Shareholders in the Hong Kong Underwriting Agreement; or

UNDERWRITING

- (vii) that approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares to be issued pursuant to the Capitalization Issue and any exercise of the Over-Allotment Option and any Shares which may be issued under Pre-IPO Share Option Scheme under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

- (viii) the Company withdraws any of the Offer Related Documents or the Global Offering; or

- (ix) any person (other than the Joint Sponsors) has withdrawn or is subject to withdrawing its consent to being named in the Hong Kong Prospectus or to the issue of any of the Hong Kong Public Offering Documents.

UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertakings by us

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within such period), except in circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange that save as permitted by the Listing Rules, he/it shall not in the period commencing from the Listing Date and ending on the date which is six months from the Listing Date, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities of our Company in respect of which him/it is shown by this prospectus to be the beneficial owner.

UNDERWRITING

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has further undertaken to the Stock Exchange and our Company that, within the period commencing on the Listing Date and ending on a date which is six months from the Listing Date, he/it will:

- (a) when he/it pledges or charges any Shares or securities of our Company beneficially owned by him/it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of such Shares or securities of our Company so pledged or charged; and
- (b) when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities of our Company will be disposed of, immediately inform us of such indications.

We have agreed and undertaken to the Stock Exchange that, we shall inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders and disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT AND DEED OF LOCK-UP UNDERTAKINGS

Undertakings by us

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option) the issue of Shares pursuant to the Capitalization Issue and any exercise of the options granted under the Pre-IPO Share Option Scheme, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six-Month Period**”), it will not, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company, as applicable, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any Shares, as applicable), or deposit any Shares or other securities of

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our Company, as applicable, with a depository in connection with the issue of depository receipts; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any Shares, as applicable); or
- (c) enter into any transaction with the same economic effect as any transaction described in sub-paragraph (a) or (b) above; or
- (d) offer to or agree or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the foregoing transactions is to be settled by delivery of Shares or other securities of the Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period). Our Company further agrees that, in the event that our Company enters into any of the transactions described in sub-paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Undertakings by the Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of the Controlling Shareholders has undertaken to each of the Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners and the Hong Kong Underwriters that except as pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) and the Stock Borrowing Agreement, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, he or it will not, during the twelve-month period from the Listing Date (the “**Lock-up Period**”), directly or indirectly:

- (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally,

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any Shares or other securities of our Company, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company with a depository in connection with the issue of the depository receipts; or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any interest therein (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (iii) enter into any transaction with the same economic effect as any transaction described in sub-paragraph (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

whether any such transaction described in sub-paragraph (i), (ii) (iii) or (iv) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the Lock-up Period).

Undertakings by Other Existing Shareholders

Pursuant to deeds of lock-up undertakings entered into by existing Shareholders of the Company (except the Controlling Shareholders, Cachet Special and Jianxin Capital), in favor of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, each of such existing Shareholders of the Company has undertaken to the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters that, during the period commencing on the date of the deed and ending on, and including, the date that is six months from the Listing Date (the “**Shareholder Lock-up Period**”), without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and unless in compliance with the requirements of the Listing Rules, it will not:

- (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or such other securities or any interest in any of the foregoing) (the “**Locked-up Securities**”), or deposit any Shares or other securities of the Company with a depository in connection with the issue of depository receipts; or

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- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Locked-up Securities; or
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the Shareholder Lock-up Period).

Only 50% of the Shares held by Seagull as of the Listing Date are subject to the above lock-up undertaking. For the avoidance of doubt, any Shares acquired by the existing Shareholders mentioned above in the open market after the commencement of dealings in the Shares on the Listing Date will not be subject to the above lock-up undertaking.

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions, will agree severally and not jointly to procure purchasers for, or to purchase, their respective proportions of the International Offer Shares being offered under the International Offering.

Under the International Underwriting Agreement, it is expected that we will grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, at any time within 30 days from the last day for lodging applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 36,304,500 additional Shares, representing in aggregate not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations, if any, in the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as those in the Hong Kong Underwriting Agreement. Potential investors shall be reminded that if the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

We have agreed to indemnify the International Underwriters against certain liabilities, including liabilities under the U.S. Securities Act.

UNDERWRITING

UNDERWRITING COMMISSIONS AND LISTING EXPENSES

The Underwriters will receive an underwriting commission per Offer Share of 3% of the Offer Price from our Company (including Offer Shares sold pursuant to the Over-allotment Option). Our Company may pay the Underwriters an incentive fee up to 1% of the Offer Price per Offer Share to be awarded at the Company's discretion. For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering, and such commission will be paid to the International Underwriters (but not the Hong Kong Underwriters).

The aggregate underwriting commissions and fees (including the incentive fees), together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, are estimated to be approximately HK\$133.0 million in aggregate (based on an Offer Price of HK\$7.90 per Share, being the mid-point of the Offer Price range stated in this prospectus and the assumption that the Over-allotment Option is not exercised) and are to be borne by us.

An amount of US\$500,000 is payable by the Company as sponsor fee to each of the two Joint Sponsors, being an aggregate sponsor fee of US\$1,000,000.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that each of the underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "**Syndicate Members**", may individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- (a) under the agreement among the Syndicate Members, all of them (except for the Stabilizing Manager or its designated affiliate as the stabilizing manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transaction relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares,

UNDERWRITING

entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving directly or indirectly, buying and selling the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering – Stabilization” in this prospectus. These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares, and the volatility of the Shares’ share price, and the extent to which this occurs from day to day cannot be estimated.

UNDERWRITERS’ INTEREST IN OUR GROUP

Except as disclosed in this prospectus and the obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, none of the Underwriters has any shareholding interest in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

JOINT SPONSORS’ INDEPENDENCE

Each of Goldman Sachs (Asia) L.L.C. and CLSA Capital Markets Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (a) the Hong Kong Public Offering of 24,203,000 Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below under “– The Hong Kong Public Offering”; and
- (b) the International Offering of 217,827,000 Offer Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States in offshore transactions in reliance on Regulation S, and in the United States only to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act, as described below in “– the International Offering”.

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, at any time within 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 36,304,500 additional Shares, representing approximately 15.0% of the initial number of Offer Shares under the Global Offering, at the Offer Price to cover over-allocations, if any, in the International Offering.

Investors may either:

- apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or
- apply for or indicate an interest for the International Offer Shares under the International Offering,

but may not do both.

The 242,030,000 Offer Shares in the Global Offering will represent approximately 20% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 22.3% of our enlarged share capital immediately following the completion of the Global Offering.

References to applications, Application Forms, application or subscription monies, or procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

We are initially offering 24,203,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of Shares initially available under the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set forth below in “– Conditions of the Global Offering.”

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools:

Pool A: the Offer Shares will be allocated on an equitable basis to applicants who have applied for the Offer Shares with an aggregate subscription price of HK\$5.0 million or less (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee); and

Pool B: the Offer Shares will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate subscription price of more than HK\$5.0 million (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee).

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 12,101,500 Hong Kong Offer Shares will be rejected.

STRUCTURE OF THE GLOBAL OFFERING

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. In accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEx-GL91-18 issued by the Hong Kong Stock Exchange, if the Offer Shares under the International Offering are fully subscribed or oversubscribed and the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Hong Kong Offer Shares will be increased to 72,609,000 Offer Shares (in the case of (i)), 96,812,000 Offer Shares (in the case of (ii)) and 121,015,000 Offer Shares (in the case of (iii)), representing 30.0%, 40.0% and 50.0% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), respectively.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

If (i) the Offer Shares under the International Offering are fully subscribed or oversubscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100%, but less than 15 times, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering; or (ii) the Offer Shares under the International Offering are not fully subscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100% of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the Joint Global Coordinators may, at their discretion, reallocate the Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, provided that the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering shall not be increased to more than 48,406,000 Offer Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and 20% of the total number of Offer Shares initially available under the Global Offering in accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange.

Any such clawback and reallocation between the International Offering and the Hong Kong Public Offering will be completed prior to any adjustment of the number of Offer Shares pursuant to the exercise of the Over-allotment Option, if any.

Subject to the above, the Joint Global Coordinators shall have the discretion to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

If the Hong Kong Public Offering is not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$9.00 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in “– Pricing and Allocation” below, is less than the maximum price of HK\$9.00 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For more details, see “How to Apply for Hong Kong Offer Shares.”

THE INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

We will be initially offering for subscription under the International Offering 217,827,000 Offer Shares, representing approximately 90.0% of the Offer Shares under the Global Offering and approximately 18% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for our Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the Offer Shares under the International Offering they would be prepared to acquire either at different prices or at particular price. This process, known as “book-building”, is expected to continue up to the Price Determination Date.

STRUCTURE OF THE GLOBAL OFFERING

Allocation of the Offer Shares pursuant to the International Offering will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares under the International Offering on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of us and our shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any applications of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “– The Hong Kong Public Offering – Reallocation” or the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time during the 30-day period from the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue up to 15.0% of the total number of the Offer Shares initially available under the Global Offering at the Offer Price under the International Offering to, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Shares to be issued pursuant thereto will represent approximately 2.91% of our issued share capital immediately following the completion of the Global Offering. In the event that the Over-allotment Option is exercised, an announcement will be made.

STRUCTURE OF THE GLOBAL OFFERING

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the Underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the Offer Price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if taken, will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end within 30 days of the last day for the lodging applications under the Hong Kong Public Offering. Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in Shares should note that:

- the Stabilizing Manager may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time period for which the Stabilizing Manager will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;

STRUCTURE OF THE GLOBAL OFFERING

- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date and is expected to expire on Thursday, July 26, 2018, being the 30th day after the last day of closing of the application lists under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of any security (including the Shares) cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Offer Shares. Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager or any person acting for it may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager or any person acting for it in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

Stock Borrowing Arrangement

To facilitate the settlement of over-allocation in connection with the Global Offering, the Stabilizing Manager may choose to borrow, whether on its own or through its affiliates, up to 36,304,500 Shares, representing 15% of the Offer Shares (being the maximum number of Offer Shares which may be issued upon exercise of the Over-allotment Option), from Qeeka Holding, a Controlling Shareholder, pursuant to the Stock Borrowing Agreement which is expected to be entered into between the Stabilizing Manager and Qeeka Holding. Such stock borrowing arrangement under the Stock Borrowing Agreement, if entered into, will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with.

Such stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option. The same number of Offer Shares so borrowed must be returned to Qeeka Holding or its nominees on or before the third Business Day following the earlier of (a) the last day on which the Over-allotment Option may be exercised, (b) the day on which the Over-allotment Option is exercised in full and the relevant Offer Shares subject to the Over-allotment Option having been issued and allotted by the Company, or (c) such earlier time as the Stabilizing Manager and Qeeka Holding may agree in writing. No payment will be made to Qeeka Holding by the Stabilizing Manager or its agent in relation to such stock borrowing arrangement.

STRUCTURE OF THE GLOBAL OFFERING

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between us and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Wednesday, June 27, 2018 (Hong Kong time), and in any event, no later than Tuesday, July 3, 2018 (Hong Kong time). Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.

The Offer Price will not be more than HK\$9.00 and is expected to be not less than HK\$6.80, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum offer price of HK\$9.00 per Offer Share, plus 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$9.00, we will refund the respective difference, including the brokerage fee, the Stock Exchange trading fee and the SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. For more details, see “How to Apply for Hong Kong Offer Shares.”

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators, on behalf of the Hong Kong Underwriters, may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) of the reduction and posted on the website of the Stock Exchange (www.hkexnews.hk) and on our website (www.geeka.com) (the contents of the website do not form a part of this prospectus). Our Company will, as soon as practicable following the decision to make such reduction, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range, extend the period under which the Hong Kong Public Offering was opened for acceptance to allow potential

STRUCTURE OF THE GLOBAL OFFERING

investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and give potential investors who had applied for the Hong Kong Offer Shares the right to withdraw their applications under the Hong Kong Public Offering. Such notice and supplemental prospectus will also include confirmation or revision, as appropriate, of the working capital statement or the offering statistics, and the future plans and use of proceeds as currently set out in the “Summary” section in this prospectus, and any other financial information which may change as a result of such reduction.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

The Offer Price, an indication of the level of interest in the International Offering, the basis of allotment of Offer Shares available under the Hong Kong Public Offering and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section “How to Apply for Hong Kong Offer Shares – 14. Dispatch/Collection of Share Certificates and Refund Monies.”

UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date. The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section “Underwriting.”

STRUCTURE OF THE GLOBAL OFFERING

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on, among others:

- the Listing Committee granting approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering (including any Shares which may be issued by us pursuant to the exercise of the Over-allotment Option and any options that have been granted under the Pre-IPO Share Option Scheme;
- the Offer Price being duly determined;
- the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and
- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Thursday, July 5, 2018.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on or before Tuesday, July 3, 2018, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in South China Morning Post (in English), the Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange (www.hkexnews.hk) and on our website (www.geeka.com) on the next day following such lapse. In such situation, all application monies will be returned, without interest, on the terms set forth in the section “How to Apply for Hong Kong Offer Shares – 14. Dispatch/Collection of Share Certificates and Refund Monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

STRUCTURE OF THE GLOBAL OFFERING

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, July 5, 2018, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, July 5, 2018.

The Shares will be traded in board lots of 500 Shares each and the stock code of the Shares is 1739.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online through the designated website www.hkeipo.hk of the **HK eIPO White Form** service; or
- give electronic application instructions to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf.

None of you or your joint applicant(s) may make more than one application (whether individually or jointly), except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are not a U.S. person (as defined in Regulation S);
- are outside the United States, and will be acquiring the Hong Kong Offer Shares in an offshore transaction (as defined in Regulation S); and
- are not a legal or natural person of China (except qualified domestic institutional investors).

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his or her representative capacity, and stamped with your corporation's chop.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **HK eIPO White Form** service for the Hong Kong Offer Shares.

We, the Joint Global Coordinators or the designated **HK eIPO White Form** Service Provider (where applicable), or our or their respective agents, have full discretion to reject or accept any application, in full or in part, without assigning any reason.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a close associate of any of the above;
- a core connected person of our Company (or the subsidiaries) or will become a core connected person of our Company (or the subsidiaries) immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **HK eIPO White Form** service at www.hkeipo.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on Thursday, June 21, 2018 until 12:00 noon on Tuesday, June 26, 2018 from:

- any of the following offices of the Hong Kong Underwriters:

Goldman Sachs (Asia) L.L.C. 59/F, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

CLSA Limited 18/F, One Pacific Place
88 Queensway
Hong Kong

- any of the following branches of the receiving banks:

(a) **Bank of China (Hong Kong) Limited**

	Branch name	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
Kowloon	194 Cheung Sha Wan Road Branch	194-196 Cheung Sha Wan Road, Sham Shui Po, Kowloon
	Kwun Tong Plaza Branch	G1 Kwun Tong Plaza, 68 Hoi Yuen Road, Kwun Tong
	Shanghai Street (Mong Kok) Branch	611-617 Shanghai Street, Mong Kok
New Territories	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long

HOW TO APPLY FOR HONG KONG OFFER SHARES

(b) **Industrial and Commercial Bank of China (Asia) Limited**

	Branch Name	Address
Hong Kong Island	Fortress Hill Branch	Shop A-C, G/F, Kwong Chiu Terrace, 272-276 King's Road, Hong Kong
Kowloon	Tsimshatsui East Branch	Shop B, G/F, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon
New Territories	Shatin Branch	Shop 22J, Level 3, Shatin Centre, New Territories

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Thursday, June 21, 2018 until 12:00 noon on Tuesday, June 26, 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED – QEEKA HOME PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches/sub-branches of the receiving banks listed above, at the following times:

Thursday, June 21, 2018 – 9:00 a.m. to 5:00 p.m.
Friday, June 22, 2018 – 9:00 a.m. to 5:00 p.m.
Saturday, June 23, 2018 – 9:00 a.m. to 1:00 p.m.
Monday, June 25, 2018 – 9:00 a.m. to 5:00 p.m.
Tuesday, June 26, 2018 – 9:00 a.m. to 12:00 noon

HOW TO APPLY FOR HONG KONG OFFER SHARES

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, June 26, 2018, the last application day or such later time as described in “– 10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles;
- agree to comply with the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form(s) and agree to be bound by them;
- confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- agree that none of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree to disclose to the Company, the Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- agree that your application will be governed by the laws of Hong Kong;
- represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and (c) the purchaser is not an “affiliate” (within the meaning of Regulation S) of our Company or a person acting on the behalf of our Company or an affiliate of the Company;
- warrant that the information you have provided is true and accurate;
- agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company’s register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or our agents to deposit share certificate(s) into CCASS and to send any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for **YELLOW** Application Forms

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in “– 2. Who Can Apply” in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the **HK eIPO White Form** Service

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk from 9:00 a.m. on Thursday, June 21, 2018 until 11:30 a.m. on Tuesday, June 26, 2018 (24 hours daily, except on the last application day) and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, June 26, 2018 or such later time under “– 10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling 852 2979 7888 or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

HOW TO APPLY FOR HONG KONG OFFER SHARES

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
 - (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorized to give those instructions as their agent;
 - confirm that you understand that our Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- authorize the Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Offer Shares;
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum number of 500 Hong Kong Offer Shares. Instructions for more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Thursday, June 21, 2018	–	9:00 a.m. to 8:30 p.m. ⁽¹⁾
Friday, June 22, 2018	–	9:00 a.m. to 8:30 p.m. ⁽¹⁾
Saturday, June 23, 2018	–	8:00 a.m. to 1:00 p.m. ⁽¹⁾
Monday, June 25, 2018	–	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Tuesday, June 26, 2018	–	8:00 a.m. to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Thursday, June 21, 2018 until 12:00 noon on Tuesday, June 26, 2018 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Tuesday, June 26, 2018, the last application day or such later time as described in “– 10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving banks, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Tuesday, June 26, 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

HOW TO APPLY FOR HONG KONG OFFER SHARES

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 500 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering – Pricing and Allocation.”

HOW TO APPLY FOR HONG KONG OFFER SHARES

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, June 26, 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, June 26, 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, July 4, 2018 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the Company’s website at www.qeeka.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at www.qeeka.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Wednesday, July 4, 2018;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Wednesday, July 4, 2018 to 12:00 midnight on Tuesday, July 10, 2018;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, July 4, 2018 to Monday, July 9, 2018 on a business day;
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, July 4, 2018 to Friday, July 6, 2018 at all the designated branches of the receiving banks.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If the Company accepts your offer to subscribe (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details, see “Structure of the Global Offering” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believes or believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$9.00 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with “Structure of the Global Offering – Conditions of the Global Offering” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, July 4, 2018.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Wednesday, July 4, 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, July 5, 2018 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, July 4, 2018 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, July 4, 2018, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, July 4, 2018, by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, July 4, 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "– 11. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, July 4, 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form Service

If you apply for 1,000,000 or more Hong Kong Offer Shares and your application is wholly or partially successful, you may collect your Share certificate(s) from Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, July 4, 2018, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, July 4, 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, July 4, 2018, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in “– 11. Publication of Results” above on Wednesday, July 4, 2018. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, July 4, 2018 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's “An Operating Guide for Investor Participants” in effect from time to time) on Wednesday, July 4, 2018. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, July 4, 2018.

15. COMMENCEMENT OF DEALING IN THE SHARES

Dealings in the Share on the Stock Exchange are expected to commence from 9:00 a.m. on Thursday, July 5, 2018. The Share will be traded in board lots of 500 each. The stock code of the Shares is 1739.

16. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF QEEKA HOME (CAYMAN) INC. AND GOLDMAN SACHS (ASIA) L.L.C. AND CLSA CAPITAL MARKETS LIMITED

Introduction

We report on the historical financial information of Qeeka Home (Cayman) Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-81, which comprises the consolidated balance sheets as at 31 December 2015, 2016 and 2017, the Company's balance sheets as at 31 December 2015, 2016 and 2017, and the consolidated income statements, the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-81 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 21 June 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 1.3 and Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 1.3 and Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2015, 2016 and 2017 and the consolidated financial position of the Group as at 31 December 2015, 2016 and 2017 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 26 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

21 June 2018

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report. The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED INCOME STATEMENTS

	Note	Year ended 31 December		
		2015 RMB'000	2016 RMB'000	2017 RMB'000
<i>Continuing operations</i>				
Revenue	5	141,412	300,850	479,055
Cost of sales	6	(53,687)	(176,039)	(239,225)
Gross profit		87,725	124,811	239,830
Selling and marketing expenses	6	(158,795)	(189,403)	(237,984)
Administrative expenses	6	(57,816)	(69,147)	(94,014)
Research and development expenses	6	(42,084)	(46,992)	(37,497)
Other gains – net	7	8,282	26,572	21,153
Operating loss		(162,688)	(154,159)	(108,512)
Finance income	8	1,551	6,522	10,265
Share of net profit of investments accounted for using the equity method	15	806	3,341	3,968
Fair value loss of preferred shares and convertible liabilities	24	(7,836)	(112,927)	(742,974)
Loss before income tax		(168,167)	(257,223)	(837,253)
Income tax expense	9	(3,023)	(8,019)	(7,650)
Loss from continuing operations		(171,190)	(265,242)	(844,903)
Loss from discontinued operation	32	(176,357)	(144,976)	(10,622)
Loss for the year		<u>(347,547)</u>	<u>(410,218)</u>	<u>(855,525)</u>
Loss is attributable to:				
Owners of the Company		(344,876)	(401,191)	(824,089)
Non-controlling interests		(2,671)	(9,027)	(31,436)
		<u>(347,547)</u>	<u>(410,218)</u>	<u>(855,525)</u>
Losses per share for loss for the year attributable to owners of the Company Basic and diluted losses per share (RMB)	10			
Continuing operations		(8.25)	(9.66)	(19.85)
Discontinued operation		(4.22)	(3.49)	(0.26)
Total		<u>(12.47)</u>	<u>(13.15)</u>	<u>(20.11)</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year ended 31 December		
		2015 RMB'000	2016 RMB'000	2017 RMB'000
Loss for the year		<u>(347,547)</u>	<u>(410,218)</u>	<u>(855,525)</u>
Other comprehensive income/(loss) for the year				
<i>Items that may be reclassified to profit or loss:</i>				
Changes in the fair value of available- for-sale financial assets		–	(1,361)	878
Share of other comprehensive income/(loss) of investments accounted for using the equity method	15	36	390	(337)
Exchange difference on translation of foreign operations	23	<u>(23,446)</u>	<u>(33,457)</u>	<u>54,426</u>
Other comprehensive (loss)/income for the year, net of tax		<u>(23,410)</u>	<u>(34,428)</u>	<u>54,967</u>
Total comprehensive loss for the year		<u><u>(370,957)</u></u>	<u><u>(444,646)</u></u>	<u><u>(800,558)</u></u>
Total comprehensive loss for the year is attributable to:				
Owners of the Company		(368,286)	(435,619)	(769,122)
Non-controlling interests		<u>(2,671)</u>	<u>(9,027)</u>	<u>(31,436)</u>
		<u><u>(370,957)</u></u>	<u><u>(444,646)</u></u>	<u><u>(800,558)</u></u>
Total comprehensive loss for the year attributable to the owners of the Company arises from:				
Continuing operations		(191,929)	(290,643)	(758,500)
Discontinued operation	32	<u>(176,357)</u>	<u>(144,976)</u>	<u>(10,622)</u>
		<u><u>(368,286)</u></u>	<u><u>(435,619)</u></u>	<u><u>(769,122)</u></u>

CONSOLIDATED BALANCE SHEETS

	Note	As at 31 December		
		2015 RMB'000	2016 RMB'000	2017 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	11	60,713	56,513	22,954
Intangible assets	12	9,866	9,738	8,218
Goodwill	13	6,627	7,796	7,796
Deferred tax assets	14	5,082	4,545	9,058
Investments accounted for using the equity method	15	162,187	188,483	198,784
Available-for-sale financial assets	16	119	48,758	49,636
Total non-current assets		<u>244,594</u>	<u>315,833</u>	<u>296,446</u>
Current assets				
Inventories	17	6,744	8,711	12,768
Trade and other receivables	20	80,926	70,690	64,133
Amount due from related parties	33	330,085	350,231	325,315
Amount due from directors	33	5,502	5,648	5,697
Financial assets at fair value through profit or loss	18	21,013	–	–
Term deposits	21	10,000	10,000	–
Cash and cash equivalents	21	758,131	612,028	474,617
Assets classified as held for sale	32	–	–	41,026
Total current assets		<u>1,212,401</u>	<u>1,057,308</u>	<u>882,530</u>
Total assets		<u><u>1,456,995</u></u>	<u><u>1,373,141</u></u>	<u><u>1,220,002</u></u>
DEFICITS				
Share capital	22	25	25	25
Share premium	22	15,616	15,616	15,616
Other reserves	23	118,252	85,036	144,851
Accumulated losses		<u>(400,502)</u>	<u>(802,587)</u>	<u>(1,627,457)</u>
Deficits attributable to owners of the Company		<u>(266,609)</u>	<u>(701,910)</u>	<u>(1,466,965)</u>
Non-controlling interests		<u>7,164</u>	<u>552</u>	<u>(24,565)</u>
Total deficits		<u><u>(259,445)</u></u>	<u><u>(701,358)</u></u>	<u><u>(1,491,530)</u></u>

	Note	As at 31 December		
		2015 RMB'000	2016 RMB'000	2017 RMB'000
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	14	1,365	1,206	1,047
Preferred shares	24	867,505	1,030,462	1,593,615
Total non-current liabilities		<u>868,870</u>	<u>1,031,668</u>	<u>1,594,662</u>
Current liabilities				
Prepayments from customers, trade and other payables	27	481,584	634,021	498,656
Amount due to related parties	33	310,090	310,090	310,090
Convertible liabilities	24	43,331	57,961	147,897
Current tax liabilities		5,875	38,639	43,260
Deferred revenue	28	6,690	2,120	3,720
		<u>847,570</u>	<u>1,042,831</u>	<u>1,003,623</u>
Liabilities directly associated with assets classified as held for sale	32	–	–	113,247
Total current liabilities		<u>847,570</u>	<u>1,042,831</u>	<u>1,116,870</u>
Total liabilities		<u>1,716,440</u>	<u>2,074,499</u>	<u>2,711,532</u>
Total equity and liabilities		<u>1,456,995</u>	<u>1,373,141</u>	<u>1,220,002</u>
Net current assets/(liabilities)		<u>364,831</u>	<u>14,477</u>	<u>(193,314)</u>
Total assets less current liabilities		<u>609,425</u>	<u>330,310</u>	<u>103,132</u>

BALANCE SHEETS – COMPANY

	Note	As at 31 December		
		2015 RMB'000	2016 RMB'000	2017 RMB'000
ASSETS				
Non-current assets				
Investment in subsidiaries	37(a)	246,393	246,393	250,441
Current assets				
Trade and other receivables	37(b)	–	–	2,927
Amount due from related parties		652,442	696,907	655,121
Cash and cash equivalents	37(c)	150,173	160,443	151,129
Total current assets		<u>802,615</u>	<u>857,350</u>	<u>809,177</u>
Total assets		<u>1,049,008</u>	<u>1,103,743</u>	<u>1,059,618</u>
EQUITY/(DEFICITS)				
Share capital	22	25	25	25
Share premium	22	15,616	15,616	15,616
Other reserves	37(d)	128,770	117,606	155,828
Accumulated losses		(6,546)	(118,234)	(856,597)
Total equity/(deficits)		<u>137,865</u>	<u>15,013</u>	<u>(685,128)</u>
LIABILITIES				
Non-current liabilities				
Preferred shares	24	867,505	1,030,462	1,593,615
Current liabilities				
Other payables	37(e)	–	–	2,927
Amount due to related parties		307	307	307
Convertible liabilities	24	43,331	57,961	147,897
Total current liabilities		<u>43,638</u>	<u>58,268</u>	<u>151,131</u>
Total liabilities		<u>911,143</u>	<u>1,088,730</u>	<u>1,744,746</u>
Total equity and liabilities		<u>1,049,008</u>	<u>1,103,743</u>	<u>1,059,618</u>
Net current assets		<u>758,977</u>	<u>799,082</u>	<u>658,046</u>
Total assets less current liabilities		<u>1,005,370</u>	<u>1,045,475</u>	<u>908,487</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to the owners of the Company				Non-	Total
		Share capital	Share premium	Other reserves	Accumulated losses	controlling interests	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015		–	–	276,440	(54,377)	604	222,667
Loss for the year		–	–	–	(344,876)	(2,671)	(347,547)
Other comprehensive income/(loss):							
– Share of other comprehensive income of investments accounted for using the equity method	15	–	–	36	–	–	36
– Exchange difference on translation of foreign operations	23(c)	–	–	(23,446)	–	–	(23,446)
Total other comprehensive loss		–	–	(23,410)	–	–	(23,410)
Total comprehensive loss		–	–	(23,410)	(344,876)	(2,671)	(370,957)
Transaction with owners:							
– Issuance of Class B ordinary shares	22(b)	26	15,929	(15,955)	–	–	–
– Issuance of Series A preferred shares for the Reorganisation	24	–	–	(66,803)	–	–	(66,803)
– Repurchase of Class B ordinary shares	22(c)	(1)	(313)	(30,269)	–	–	(30,583)
– Repurchase of share capital in the domestic holding company before Reorganisation	23(a)	–	–	(23,000)	–	–	(23,000)
– Acquisition of a subsidiary	31(a)	–	–	–	–	8,681	8,681
– Capital contributions from non-controlling interests		–	–	–	–	550	550
– Profit appropriations to statutory reserves	23(b)	–	–	1,249	(1,249)	–	–
At 31 December 2015		25	15,616	118,252	(400,502)	7,164	(259,445)

	Note	Attributable to the owners of the Company				Non-	Total
		Share	Share	Other	Accumulated	controlling	
		capital	premium	reserves	losses	interests	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016		25	15,616	118,252	(400,502)	7,164	(259,445)
Loss for the year		–	–	–	(401,191)	(9,027)	(410,218)
Other comprehensive income/(loss):							
– Changes in the fair value of available-for-sale financial assets	16	–	–	(1,361)	–	–	(1,361)
– Share of other comprehensive income of investments accounted for using the equity method	15	–	–	390	–	–	390
– Exchange difference on translation of foreign operations	23(c)	–	–	(33,457)	–	–	(33,457)
Total other comprehensive loss		–	–	(34,428)	–	–	(34,428)
Total comprehensive loss		–	–	(34,428)	(401,191)	(9,027)	(444,646)
Transaction with owners:							
– Disposal of equity interest in a subsidiary without loss of control		–	–	318	–	(318)	–
– Acquisition of subsidiaries	31(b)	–	–	–	–	(827)	(827)
– Capital contribution from non-controlling interests		–	–	–	–	3,560	3,560
– Profit appropriations to statutory reserves	23(b)	–	–	894	(894)	–	–
At 31 December 2016		25	15,616	85,036	(802,587)	552	(701,358)

	Note	Attributable to the owners of the Company				Non-	Total
		Share capital	Share premium	Other reserves	Accumulated losses	controlling interests	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017		25	15,616	85,036	(802,587)	552	(701,358)
Loss for the year		–	–	–	(824,089)	(31,436)	(855,525)
Other comprehensive income/(loss):							
– Changes in the fair value of available-for-sale financial assets	16	–	–	878	–	–	878
– Share of other comprehensive loss of investments accounted for using the equity method	15	–	–	(337)	–	–	(337)
– Exchange difference on translation of foreign operations	23(c)	–	–	54,426	–	–	54,426
Total other comprehensive income		–	–	54,967	–	–	54,967
Total comprehensive income/(loss)		–	–	54,967	(824,089)	(31,436)	(800,558)
Transaction with owners:							
– Disposal of equity interest in a subsidiary without loss of control		–	–	216	–	(216)	–
– Acquisition of additional equity interest in a subsidiary		–	–	(197)	–	132	(65)
– Disposal of a subsidiary		–	–	–	–	(229)	(229)
– Pre-IPO share option plan	25	–	–	4,048	–	–	4,048
– Capital contribution from non-controlling interests		–	–	–	–	6,632	6,632
– Profit appropriations to statutory reserves	23(b)	–	–	781	(781)	–	–
At 31 December 2017		25	15,616	144,851	(1,627,457)	(24,565)	(1,491,530)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December		
		2015 RMB'000	2016 RMB'000	2017 RMB'000
Cash flows from operating activities				
Cash used in operations	29(a)	(100,667)	(110,365)	(113,629)
Interest received		5,066	9,014	5,833
Income tax paid		(1)	(5)	(11,480)
Net cash used in operating activities		<u>(95,602)</u>	<u>(101,356)</u>	<u>(119,276)</u>
Cash flows from investing activities				
(Payments for)/cash acquired from				
business combinations, net	31	(460)	1,793	–
Purchase of property, plant and equipment		(27,901)	(29,365)	(17,783)
Purchase of intangible assets	12	(2,122)	(1,814)	(555)
Proceeds from disposal of property, plant and equipment	29(b)	24	49	1,689
Proceeds from sale of financial assets at fair value through profit or loss	18	–	46,875	–
Dividends received from investments accounted for using the equity method	15	540	1,307	2,303
Loans to a related party	33(b)	(280)	(146)	(49)
Repayments of loan from related parties	33(b)	1,473	2,024	3,381
Increase in investments accounted for using the equity method	15	(29,451)	(23,872)	–
Increase in investments in available-for- sale financial assets	16	(119)	(50,000)	–
Increase in investments in financial assets at fair value through profit or loss	18	(22,238)	(5,413)	–
Proceeds from disposal of a subsidiary		–	–	440
Proceeds from disposal of an associate		–	–	1,209
Net cash used in investing activities		<u>(80,534)</u>	<u>(58,562)</u>	<u>(9,365)</u>
Cash flows from financing activities				
Proceeds from issuance of Series B preferred shares	24	795,724	–	–
Cash received from capital contributions in subsidiaries from non-controlling interests		550	3,560	6,632
Repurchase of Class B ordinary shares	22(c)	(30,583)	–	–
Repurchase of share capital in the domestic holding company before Reorganisation	23(a)	(23,000)	–	–
Cash paid for acquisition of additional equity interest in a subsidiary		–	–	(65)
Net cash generated from financing activities		<u>742,691</u>	<u>3,560</u>	<u>6,567</u>
Net increase/(decrease) in cash and cash equivalents		<u>566,555</u>	<u>(156,358)</u>	<u>(122,074)</u>
Effect on exchange rate difference		3,724	10,255	(9,317)
Cash and cash equivalents at beginning of the year	21	<u>187,852</u>	<u>758,131</u>	<u>612,028</u>
Cash and cash equivalents at end of the year	21	<u><u>758,131</u></u>	<u><u>612,028</u></u>	<u><u>480,637</u></u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

The Company (formerly named as “China Home (Cayman) Inc.”) was incorporated in the Cayman Islands on 20 November 2014 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Sertus Chambers P.O. BOX 2547, Cassia Court, Camana Bay, Grand Cayman, 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 an online marketplace for building materials sellers and decoration service providers, provision of order recommendation services, provision of advertising and promotion services, licensing its brand to business partners, provision of building material supply chain service (“Online Platform Business”); (ii) the provision of interior design and construction service (“Self-operated Interior Design and Construction Business”); (iii) operating and managing building materials shopping mall (“Discontinued Business”) (collectively, the “Listing Business”). Mr. Deng Huajin (鄧華金, “Mr. Deng”) is the ultimate controlling shareholder of the Company. From October 2010 to March 2018, nine individual senior management shareholders (the “Senior Management Shareholders”) agreed to follow Mr. Deng’s decision when exercising voting rights. Subsequently in April 2018, the Senior Management Shareholders decided to act at his/her own discretion when exercising shareholder’s rights going forward.

1.2 History and reorganisation of the Group

Prior to the incorporation of the Company and the completion of the reorganisation (“Reorganisation”) as discussed below, the principal business was operated by 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 subsidiaries in the People’s Republic of China (the “PRC”).

Mr. Deng and the Senior Management Shareholders, Cowin Venture Capital Co., Ltd. (凱風創業投資有限公司, “Cowin Venture”), Suzhou Kaifeng Jinqu Venture Capital Co., Ltd. (蘇州凱風進取創業投資有限公司, “Suzhou Kaifeng”), GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司, “GF Xinde”), Beijing CDH Weixin Venture Investment Center L.P. (北京鼎暉維鑫創業投資中心(有限合夥), “CDH Weixin”), Beijing CDH Weisen Venture Investment Centre (Limited Partnership) (北京鼎暉維森創業投資中心(有限合夥), “CDH Weisen”), Suzhou Kunrong Venture Capital Co., Ltd. (蘇州坤融創業投資有限公司, “Suzhou Kunrong”) and Beijing Baidu Netcom Science Technology Co., Ltd. (北京百度網訊科技有限公司, “Beijing Baidu”) (collectively referred to as the “Series A Investors”) were the then equity holders of Shanghai Qijia.

In preparation for the Listing, the Group underwent the Reorganisation to establish the Company as the ultimate holding company of the Listing Business which principally involved the following:

- (i) On 20 November 2014, the Company was incorporated in the Cayman Islands with an authorised share capital of US\$50,000, consisting of 500,000,000 shares of US\$0.0001 each. On the date of incorporation, 1,000,000 ordinary shares with par value of US\$0.0001 each were allotted and issued to Qeeka Holding Limited.
- (ii) On 20 November 2014, Qijia Holding Limited was incorporated in the British Virgin Islands with an authorised share capital of US\$50,000, consisting of 50,000 shares of US\$1.0 each. 50,000 shares were allotted and issued to the Company on the same date.
- (iii) On 9 December 2014, Jia (Hong Kong) Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000, consisting of 10,000 shares of HK\$1.0 each. 10,000 shares were allotted and issued to Qijia Holding Limited on the date of incorporation.
- (iv) Qijia (Shanghai) Network Technology Co., Ltd. (齊家網(上海)網絡科技有限公司, “Qijia WFOE”) was incorporated as a wholly foreign-owned enterprise in the PRC on 16 April 2015 with limited liability with an initial registered capital of US\$20,000,000. Qijia Network was wholly owned by Jia (Hong Kong) Limited.

- (v) On 30 April 2015, Qijia WFOE entered into a series of contractual arrangements (collectively, the “Old Contractual Arrangements”) with Shanghai Qijia and its then equity holders. Pursuant to the Old Contractual Arrangements, Qijia WFOE is able to effectively control, recognise and receive substantially all the economic benefit of the business and operations of Shanghai Qijia. As a result, Shanghai Qijia is accounted for as a controlled structured entity of the Company and consolidated by the Company.
- (vi) In April 2015, Series A Investors pledged all their equity interests in Shanghai Qijia to Qijia WFOE and also transferred all shareholders’ rights over Shanghai Qijia to Qijia WFOE. In exchange, the Company issued 32,730,531 Series A preferred shares to the offshore shell companies established by the Series A Investors except for CDH Weixin and CDH Weisen. CDH Weixin and CDH Weisen entered into the Old Contractual Arrangements with Shanghai Qijia as well as a consent letter with Qijia WFOE, under which, their economic interests in Shanghai Qijia will be assumed by Qijia WFOE and the Company undertook to issue Series A preferred shares to CDH Weixin and CDH Weisen on the condition that CDH Weixin and CDH Weisen complete the necessary administrative procedures for the offshore investment. The arrangement was accounted for as convertible liabilities during the Track Record Period. Details please refer to Note 24.
- (vii) In April 2015, Mr Deng and the Senior Management Shareholders pledged all their equity interests in Shanghai Qijia to Qijia WFOE and also transferred all shareholders’ rights over Shanghai Qijia to Qijia WFOE in exchange for 42,344,184 Class B ordinary shares of the Company. Mr. Deng held the equity interests of the Senior Management Shareholders on trust for each of them.

Upon the completion of the Reorganisation, the Company became the ultimate holding company of the companies now comprising the Group. In preparation for the listing in Hong Kong and in order to streamline the corporate structure, the Company underwent a restructuring (the “Restructuring”).

- (i) During the Track Record Period, the Group operated three types of business (Note 1.1) through Shanghai Qijia and its PRC subsidiaries. Considering the difference in nature of the Discontinued Business, and pursuant to a board resolution in December 2017 and a sale and purchase agreement, the Group decided to dispose the Discontinued Business to Mr. Deng. The transaction was completed on March 2018.
- (ii) In March 2018, the Company issued 3,080,050 Series A preferred shares and 1,134,014 Series C preferred shares to Cachet Multi Strategy Fund SPC (“Cachet Special”), an independent third party, at a consideration of USD10,000,000 (equivalent to RMB63,095,000) and USD12,307,000 (equivalent to RMB77,500,000), respectively. The Company settled the convertible liabilities of RMB147,897,000 with CDH Weixin and CDH Weisen by using the consideration received from Series A preferred shares issuance.
- (iii) In order to narrowly tailor the corporate structure under the Old Contractual Arrangements, the Group undertook a series of transactions to move certain PRC subsidiaries under the control of Shanghai Qijia to Shanghai Qiyu Information Technology Co., Ltd. (上海齊煜信息科技有限公司, “Shanghai Qiyu”). Upon completion of all these transactions, Shanghai Qiyu became the parent companies of all these PRC subsidiaries.
- (iv) On 26 February 2018, Qijia WFOE, Shanghai Qijia and its then equity holders entered into a series of revised contractual arrangements (the “Revised Contractual Arrangements”) which replaced the Old Contractual Arrangement. Further details of the Revised Contractual Arrangements are set out in Note 2.2.1(a) below.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business was carried out by Shanghai Qijia and its subsidiaries which were under the control of Mr. Deng. Pursuant to the Reorganisation, both Shanghai Qijia and the Listing Business are put under the effective control of Qijia WFOE, and ultimately the Company, through the Old Contractual Arrangements.

The Company has not been involved in any other business prior to the Reorganisation and its operations do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business and does not result in any changes in business substance, nor in any management or ultimate controlling shareholders of the Listing Business, before and after the Reorganisation. Accordingly, the Historical Financial Information of the companies now comprising the Group is presented using the carrying value of the Listing Business for all periods presented as if the Reorganisation has been completed before the Track Record Period.

For companies acquired from a third party, or disposed to a third party or a related party during each of the years ended 31 December 2015, 2016 and 2017, they are included in or excluded from the consolidated financial statements of the Group from the respective dates of acquisition and disposal in the Historical Financial Information.

Inter-company transactions, balances and unrealised gains/losses on transactions between the group companies are eliminated on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Company has been prepared in accordance with International Financial Reporting Standards (“IFRSs”). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of Historical Financial Information 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 Historical Financial Information are disclosed in Note 4.

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning 1 January 2017, are consistently applied to the Group for the Track Record Period.

2.1.1 Going concern

As at 31 December 2017, the current liabilities of the Group exceeds its current assets by approximately RMB193,314,000. In preparing the Historical Financial Information, management has thoroughly assessed the going concern ability of the Group in association with the Group’s current financial situation.

The Group has taken actions subsequently in 2018 in dealing with the net working capital deficit mentioned above. It has been seeking new financing channels continuously and gaining adequate financing resources with a new financial investor to improve the Group’s liquidity position. In light of the financing arrangements with the new financial investor and the Group’s fund raising history, management believes that the Group can continuously gain access to adequate financing resources for operation, payments of matured debts and capital expenditure. Accordingly, management believes that it is appropriate to prepare the Historical Financial Information on a going concern basis. Please refer to Note 1.2 for the Series C preferred shares issued to a financial investor subsequent in March 2018.

2.1.2 Changes in accounting policy and disclosures

Standards, amendments and interpretations that have been issued but not yet effective on 1 January 2017 and not been early adopted by the Group as of the Track Record Period, are as follows:

	Effective for annual periods beginning on or after
IFRS 9 – Financial Instruments	1 January 2018
IFRS 15 – Revenue from contracts with customers	1 January 2018
IFRIC 22 – Foreign currency transactions and advance consideration	1 January 2018
Amendments to IAS 40 – Transfers of Investment Property	1 January 2018
Annual improvements 2014-2016 cycle	1 January 2018
Amendments to IFRS 2 – Share-based payment : Classification and measurement of share-based payment transactions	1 January 2018
IFRS 16 – Lease	1 January 2019
IFRIC 23 – Uncertainty over income tax treatments	1 January 2019
IFRS 17 – Insurance Contracts	1 January 2021
Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	To be determined

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

2.1.2.1 IFRS 9, "Financial instruments"

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

The major equity investments held by the Group are currently classified as available-for-sale, which a fair value through other comprehensive income (FVOCI) election is available. The debt instruments currently classified as loan and receivables and measured at amortised cost which meet the conditions for classification at amortised cost under IFRS 9. Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. However, gain or losses realised on the sale of financial assets at FVOCI will no longer be transferred to the profit or loss on sale, but instead reclassified below the line from FVOCI reserve to retained earnings.

There will be no significant impact on the Group's accounting for financial liabilities except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. As at 1 January 2018, approximately USD7.5 million of fair value losses from preferred shares will be reclassified from retained earnings to other reserve.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It may result in an earlier recognition of credit losses. Based on the assessments undertaken, the Group expected an increase in the loss allowance for trade and other receivables by approximately RMB1 million.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

2.1.2.2 IFRS 15, "Revenue from Contracts with Customers"

IFRS 15 replaces the previous revenue standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretation's on revenue recognition. IFRS 15 establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognize revenue when performance obligation is satisfied. The core principal is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in

exchange for those goods or services. It moves away from a revenue recognition model based on an “earnings processes” to an “asset-liability” approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. Under IFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligations are identified.

The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

The Group concludes that the commission paid for obtaining the contract for the Online Platform Business and Self-operated Interior Design and Construction Business qualify for recognition as a contract asset which are subsequently amortised to profit or loss when the relevant revenue is recognised. As majority of the revenue could be realised in one year and the Group choose to expense the commission as incurred, there is no significant difference as compared to IAS 18.

The Group assessed the impact of the adoption of IFRS 15 by analysing the Group’s key revenue streams against the 5-step approach and does not expect the adoption would have a material impact to the Group’s results of operations and financial position except for expanded disclosure requirements and changes in presentation.

2.1.2.3 IFRS 16, “Leases”

IFRS 16, “Leases” addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on statement of financial position for lessees. The Group is a lessee of various properties which are currently classified as operating leases. The Group’s current accounting policy for such leases is set out in Note 2.27 with the Group’s future operating lease commitments, which are not reflected in the consolidated balance sheet, set out in Note 30. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the balance sheet. Instead, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group’s consolidated balance sheet. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. In the consolidated statement of comprehensive income, leases will be recognised in the future as depreciation and amortisation and will no longer be recorded as property rental and related expenses. Interest expense on the lease liability will be presented separately from depreciation and amortization under finance costs. As a result, the property rental and related expenses under otherwise identical circumstances will decrease, while depreciation and amortization and the interest expense will increase. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to apply until the financial year 2019, including the adjustment of prior years.

The Group has disclosed its non-cancellable operating lease commitments amounting to RMB32,490,000 for continuing operations as of 31 December 2017 in Note 30. As a result of the adoption of the new standard, there will be no operating lease commitment.

Given that the total non-cancellable operating lease commitments account for 3% of the total liabilities of the Group as at 31 December 2017, it is expected that there will be no material impact on the financial position and performance of the Group. The adoption of IFRS 16 would not affect our total cash flows in respect of the leases.

The Group are continuing to assess the specific magnitude of the adoption of IFRS 16 to the relevant financial statement areas and will conduct a more detailed assessment on the impact as information become available closer to the planned initial date of the adoption of 1 January 2019.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when 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 over the entity. Subsidiaries are 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 described in Note 1.2, during the Track Record Period, the wholly-owned subsidiary of the Company, Qijia WFOE, has entered into the Old Contractual Arrangements and the Revised Contractual Arrangements, including Cooperation Agreement, Purchase Option Agreement, Equity Interest Pledge Agreement, Shareholders' Voting Rights Agreement and Irrevocable Powers of Attorney, with 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 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 either the Old Contractual Arrangements or the Revised Contractual Arrangements.

As a result of the Old Contractual Arrangements and the Revised 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 during the Track Record Period (refer to Note 1.3 for details of the related presentation basis).

Nevertheless, either the Old Contractual Arrangements or the Revised 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 both the Old Contractual Arrangements and the Revised 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.

(b) Business combination

Except as described under Note 1.3, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

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 re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in consolidated income statements.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in consolidated income statements or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statements.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

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 15), 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.

2.5 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 a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, 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.

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 chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors 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 during the Track Record Period are within the PRC, the Group determined to present its Historical Financial Information in RMB.

2.7.2 Transactions and balances

Foreign Currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statements within "other gains – net".

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:

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 5 years

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 statements.

2.9 Intangible assets

2.9.1 Goodwill

Goodwill is measured as described in Note 13. Goodwill on acquisitions of subsidiaries is included in intangible assets. 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

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks 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 softwares are shown at historical cost. Softwares 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	10 years
Domain names	10 years
Software	5 to 10 years

2.10 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects relating to design and testing of new or improved products are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognised as an asset in a subsequent period.

2.11 Impairment of non-financial assets

Goodwill are 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 Discontinued operation

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business, is part of a single co-ordinated plan to dispose of such a line of business. The results of discontinued operation are presented separately in the consolidated income statements.

2.13 Investments and other financial assets

2.13.1 Classification

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. See Note 19 for details about each type of financial asset.

2.13.2 Financial assets at fair value through profit or loss

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets. The Group has securities as financial assets elected to designate investments in listed at fair value through profit or loss (Note 18).

2.13.3 *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise "trade and other receivables" (Note 20), "cash and cash equivalents" and "term deposits"(Note 21).

2.13.4 *Available-for-sale financial assets*

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at fair value through profit or loss, or loans and receivables) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

2.13.5 *Reclassification*

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2.13.6 *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.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to consolidated income statements as gains and losses from investment securities.

2.13.7 *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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in consolidated income statements.

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for "financial assets at fair value through profit or loss" – in consolidated income statements within "other gains – net";
- for available-for-sale financial assets-in other comprehensive income/(loss).

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in consolidated income statements as "other gains – net" when the Group's right to receive payments is established.

Interest income from financial assets at fair value through profit or loss is included in the “other gains – net”. Interest on available-for-sale securities, and loans and receivables calculated using the effective interest method is recognised in the consolidated income statements as “finance income”.

2.14 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.

2.15 Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

2.15.1 Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statements. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statements.

2.15.2 Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period. If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

2.16 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.

2.17 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.18 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.19 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.

2.20 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 30 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.

2.21 Compound financial instruments***2.21.1 Series A preferred shares***

Series A preferred shares issued by the Group that contain both the debt and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the discounted cash flow method was used to determine the total equity value of the Company and the equity allocation model was adopted to determine the fair value of the Series A preferred shares. The fair value assigned to the equity component, representing the conversion option for the holder to convert the Series A preferred shares into equity, is included in equity (preferred shares reserve).

In subsequent periods, the liability component of Series A preferred shares is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in preferred shares reserve until the embedded option is exercised (in which case the balance stated in preferred shares reserve will be transferred to share premium).

Transaction costs that relate to the issue of the Series A preferred shares are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the Series A preferred shares using the effective interest method.

2.21.2 Series B preferred shares

Series B preferred shares issued by the Company are redeemable upon occurrence of certain future events and at the option of the holders. This instrument can be converted into ordinary shares of the Company at any time at the option of the holders or automatically converted into ordinary shares upon occurrence of an initial public offering of the Company or agreed by majority of the holders as detailed in Note 24.

The Group designated the Series B preferred shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised as finance costs in the consolidated income statements.

Subsequent to initial recognition, the Series B preferred shares are carried at fair value with changes in fair value recognised in the consolidated income statements.

The Series B preferred shares are classified as non-current liabilities unless the Group has an obligation to settle the liability within 12 months after the end of the reporting period.

2.21.3 Convertible liabilities

As mentioned in Note 1.2(vi), one of the Series A Investors did not complete the necessary administrative procedures to subscribe for the Series A preferred shares to be issued by the Company although it has entered into the Old Contractual Arrangement with Qijia WFOE, Shanghai Qijia and its then equity holders. Such right to subscribe for the Series A Preferred Shares is accounted for as convertible liabilities and classified as current liability.

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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.22.2 Deferred income tax

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. 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.

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.

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.

2.23.3 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 are recognised when they have accrue 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 (options) 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 (options) granted:

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

At the end of each reporting period, the Group revises its estimates of the number of options 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 statements, 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.

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 recognized 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 instrument and that of the original equity instrument, 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 instrument, which should continue to be recognized over the remainder of the original vesting period.

2.24 Provisions

Provisions for service warranties 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

During the Track Record Period, the Group operates three types of business, namely: (i) Online Platform Business; (ii) Self-operated Interior Design and Construction Business; and (iii) Discontinued Business. Revenue is measured for each type of business at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognised revenue when the amount of revenue can be reliability measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's business activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.25.1 Online Platform Business

(a) Order recommendation fees

The Group provides order recommendation services to the merchants. The Group charges the merchants for a fixed fee for each order recommended. Order recommendation fee revenue are recognised upon completion of the acceptance of the order recommendation by the merchants, upon all the revenue recognition criteria are met.

Sometimes, the merchants 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 once all of the revenue recognition criteria are met.

(b) Licence fee

The Group establishes business relationships with design and construction companies in smaller cities throughout China to promote its platform business. The Group enters into license agreements with these design and construction companies, under which, these companies are authorised to operate the platform in smaller cities, provide design and construction services in their designated region by using the Company's brand during the license term. Licence fee income is recognised on a straight-line basis over the relevant licence agreements.

(c) Storefront fees

The Group charges merchants for participating in the Group's online storefronts, where the Group is not the primary obligor, does not bear the inventory risk and does not have the ability to establish the price. The Group charges these merchants a fixed annual fee. Storefronts fee revenues are recognised based on straight-line method during the service period as specified in the contracts, upon all the revenue recognition criteria are met.

(d) *Inspection service fees*

The Group provides third-party inspection services to the individual customers during the interior design and construction projects. The Group charges the interior design and construction service providers a fixed fee for each projects. Inspection service fee revenues are recognised upon completion of the inspection services, upon all the revenue recognition criteria are met.

(e) *Sales of building materials*

Sales of building materials is categorised under Online Platform Business because the traffic is attracted from the Group's platform. Sales of building materials are recognised when a Group entity has delivered products to the customers. The customers have accepted the products and collectability of the related receivables is reasonably assured.

2.25.2 Self-operated Interior Design and Construction Business

Revenue in respect of the self-operated interior design and construction services is recognised using the percentage of completion method.

2.25.3 Discontinued Business

The Discontinued Business refer to the offline service center and home events service revenue. The Group charges merchants for participating in the Group's offline service center or the home events. The Group charges these merchants a fixed annual fee. Service center and home events service revenues are recognised based on straight-line method during the service period as agreed with the merchants, upon all the revenue recognition criteria are met.

2.25.4 Other – fund management fees

One of the Group's PRC subsidiaries participates in an investment fund management, under which, the Group provides administrative services in return for a management fee. The fund management fee is calculated based on certain percentage of the total equity of the investment fund. Revenue is recognised during the period when the management service is provided.

2.26 Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.27 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated income statements on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

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.

2.29 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. Note 28 provides further information on how the Group accounts for government grants.

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 to 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 21, respectively.

The preferred shares and convertible liabilities issued to the investors of the Group expose the Group to fair value interest rate risk. Please refer to Note 24 for the fair value of these investments.

3.1.2 Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated balance sheets as financial assets at fair value through profit or loss.

3.1.3 Credit risk

Credit risk arises from cash and cash equivalents, term deposits, 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, deposits are mainly placed with state-owned 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.

The Group has policies in place to ensure that receivables with credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. The Group is not exposed to significant credit risk arising from storefront fees and order recommendation fees as deposits are generally required from most of its customers with credit quality is assessed, which takes into account of its financial position, past experience and other factors.

For other receivables, 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. For the provision made to the other receivables balance, please refer to Note 20.

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining 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.

	On demand <i>RMB'000</i>	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2015				
Financial liabilities included in prepayments from customers, trade and other payables	–	317,085	–	317,085
Amount due to related parties	–	310,090	–	310,090
	<u>–</u>	<u>627,175</u>	<u>–</u>	<u>627,175</u>
As at 31 December 2016				
Financial liabilities included in prepayments from customers, trade and other payables	–	368,119	–	368,119
Amount due to related parties	–	310,090	–	310,090
	<u>–</u>	<u>678,209</u>	<u>–</u>	<u>678,209</u>
As at 31 December 2017				
Financial liabilities included in prepayments from customers, trade and other payables	–	261,533	–	261,533
Amount due to related parties	–	310,090	–	310,090
	<u>–</u>	<u>571,623</u>	<u>–</u>	<u>571,623</u>

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, issue new shares or sell assets to reduce debt.

The Group monitors capital (including share capital, share premium and preferred shares on an as-if-converted basis) 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's capital risk is low.

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 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2015				
Assets:				
– Available-for-sale financial assets	–	–	119	119
– Financial assets at fair value through profit or loss	21,013	–	–	21,013
	<u>21,013</u>	<u>–</u>	<u>119</u>	<u>21,132</u>
Liabilities:				
– Series B preferred shares	–	–	836,524	836,524
– Convertible liabilities	–	–	43,331	43,331
	<u>–</u>	<u>–</u>	<u>879,855</u>	<u>879,855</u>
As at 31 December 2016				
Assets:				
– Available-for-sale financial assets	–	–	48,758	48,758
Liabilities:				
– Series B preferred shares	–	–	998,629	998,629
– Convertible liabilities	–	–	57,961	57,961
	<u>–</u>	<u>–</u>	<u>1,056,590</u>	<u>1,056,590</u>
As at 31 December 2017				
Assets:				
– Available-for-sale financial assets	–	–	49,636	49,636
Liabilities:				
– Series B preferred shares	–	–	1,568,099	1,568,099
– Convertible liabilities	–	–	147,897	147,897
	<u>–</u>	<u>–</u>	<u>1,715,996</u>	<u>1,715,996</u>

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.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- 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 Track Record Period.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

The changes in level 3 instruments for the years ended 31 December 2015, 2016 and 2017 are presented in Note 16 and Note 24 respectively.

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 goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit ("CGU") is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a seven-year period.

Cash flows beyond the seven-year period are extrapolated using the estimated growth rates is 3.0%. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

(b) Fair value of Series B preferred shares and convertible liabilities

The Series B preferred shares and convertible liabilities issued by the Company are not traded in an active market and the respective fair value is determined by using valuation techniques. The discounted cash flow method was used to determine the total equity value of the Company and the equity allocation model was adopted to determine the fair value of the Series B preferred shares and convertible liabilities. Key assumptions, such as discount rate, risk-free interest rate and volatility are disclosed in Note 24.

(c) Recognition of share-based compensation expenses

As mentioned in Note 25, the Group has granted share options to its employees. The Company has engaged an independent valuer to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, is required to be made by the Company in applying the option pricing model.

5 SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are 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. As a result of this evaluation, the Group determined that it has operating segments as follows:

- the provision of an online marketplace for the merchants, provision of order recommendation services, licensing services to its business partners and provision of building material supply chain services ("Online Platform Business");
- the provision of interior design and construction services ("Self-operated Interior Design and Construction Business"); and
- the operating and managing offline building materials shopping mall and organising home events in the shopping malls ("Discontinued Business").

The CODM assesses the performance of the operating segments mainly based on segment revenues and segment cost of sales. The revenues from external customers reported to CODM are measured as segment revenues, which is the revenues derived from the customers in each segment. Cost of sales for the Online Platform Business segment primarily comprised of employee benefit expenses for the employees operating the transaction platform material costs for material supply chain and other direct service costs. Cost of sales for the Self-operated interior design and construction services segment primarily comprised of materials costs for the decoration labour costs and other directly related service costs. Cost of sales for the Discontinued Business segment primarily comprised of operating lease costs for shopping malls, employee benefit expense, and other directly related costs.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in the Historical Financial Information. 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.

	Year ended 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Revenue			
Online Platform Business	91,812	99,640	189,644
<i>Platform services</i>	91,812	90,136	177,955
<i>Materials supply chain</i>	–	9,504	11,689
Self-operated Interior Design and Construction Business	44,378	195,987	284,329
Others	5,222	5,223	5,082
Subtotal of revenue from continuing operations	141,412	300,850	479,055
Discontinued Business (<i>Note 32</i>)	297,657	267,687	198,789
Total revenue	<u>439,069</u>	<u>568,537</u>	<u>677,844</u>
Cost of sales			
Online Platform Business	(10,189)	(11,972)	(20,141)
<i>Platform services</i>	(10,189)	(5,176)	(9,254)
<i>Materials supply chain</i>	–	(6,796)	(10,887)
Self-operated Interior Design and Construction Business	(37,949)	(159,190)	(214,050)
Others	(5,549)	(4,877)	(5,034)
Subtotal of cost of sales from continuing operations	(53,687)	(176,039)	(239,225)
Discontinued Business (<i>Note 32</i>)	(161,961)	(163,140)	(108,689)
Total cost of sales	<u>(215,648)</u>	<u>(339,179)</u>	<u>(347,914)</u>
Gross profit			
Online Platform Business	81,623	87,668	169,503
<i>Platform services</i>	81,623	84,960	168,701
<i>Materials supply chain</i>	–	2,708	802
Self-operated Interior Design and Construction Business	6,429	36,797	70,279
Others	(327)	346	48
Subtotal of gross profit from continuing operations	87,725	124,811	239,830
Discontinued Business (<i>Note 32</i>)	135,696	104,547	90,100
Total gross profit	<u>223,421</u>	<u>229,358</u>	<u>329,930</u>

(a) Revenue by geographical markets

All the revenue of the Group was generated in the PRC during the Track Record Period.

(b) 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		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Employee benefit expenses (a)	113,802	154,748	178,874
Cost of inventories sold (Note 17)	29,197	133,692	148,136
Advertising and promotion expenses (b)	111,573	82,830	106,773
Outsourced labour costs	9,517	24,180	74,157
Operating lease expenses	6,521	15,969	20,142
Depreciation of property, plant and equipment (Note 11)	2,678	7,017	11,103
Travelling, entertainment and communication expenses	9,426	8,217	10,647
Listing expenses	–	–	9,403
Outsourced design costs	–	9,649	7,826
Bank charges and point-of-sale device processing fees	184	3,231	4,214
Taxes and levies	2,531	3,386	4,158
Amortisation of intangible assets (Note 12)	1,345	1,960	2,075
Utilities and electricity expenses	2,389	2,618	1,164
Technology development expenses	6,412	2,308	802
Provision for impairment of trade and other receivables (Note 20)	–	7,918	372
Auditors' remuneration	45	239	230
Miscellaneous	16,762	23,619	28,644
	<u>312,382</u>	<u>481,581</u>	<u>608,720</u>

(a) Employee benefit expenses are analysed as follows:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Salaries, wages and bonuses	88,519	116,750	136,966
Pension costs – defined contribution plan	10,669	23,679	24,212
Other social security costs, housing benefits and other employee benefits	14,614	14,319	14,489
Share-based compensation expenses	–	–	3,207
	<u>113,802</u>	<u>154,748</u>	<u>178,874</u>

(b) The Group subscribed for promotion and technical services on Baidu's platform from several authorised distributors of Beijing Baidu ("Baidu Transaction"). For the years ended 31 December 2015, 2016 and 2017, the total expenses from Baidu Transaction recorded in the continuing operations were RMB39,837,000, RMB25,535,000 and RMB22,835,000, respectively.

7 OTHER GAINS – NET

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Government grants	3,263	7,128	10,785
Dilution gain arising on a reduced equity interest in an associate (Note 15)	5,806	–	11,034
Net gain/(loss) on disposal of property, plant and equipment	–	23	(253)
Gains on sale of financial assets at fair value through profit or loss (Note 18)	–	20,449	–
Fair value losses on financial assets at fair value through profit or loss (Note 18)	(1,225)	–	–
Gains on disposal of a subsidiary	–	–	160
Loss on disposal of an associate	–	–	(852)
Others	438	(1,028)	279
	<u>8,282</u>	<u>26,572</u>	<u>21,153</u>

8 FINANCE INCOME – NET

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Accretion charge (Note 24)	1,284	1,223	4,607
Interest income	267	5,299	5,658
	<u>1,551</u>	<u>6,522</u>	<u>10,265</u>

9 INCOME TAX EXPENSES

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Current tax:			
Current tax on losses for the year	<u>5,820</u>	<u>32,704</u>	<u>12,322</u>
Deferred income tax:			
(Increase)/decrease in deferred tax assets	(2,744)	537	(4,513)
Decrease in deferred tax liabilities	<u>(53)</u>	<u>(159)</u>	<u>(159)</u>
Total deferred tax (benefit)/expense	<u>(2,797)</u>	<u>378</u>	<u>(4,672)</u>
Income tax expense	<u>3,023</u>	<u>33,082</u>	<u>7,650</u>
Income tax expense attributable to:			
Loss from continuing operations	3,023	8,019	7,650
Loss from discontinued operation	<u>–</u>	<u>25,063</u>	<u>–</u>
	<u>3,023</u>	<u>33,082</u>	<u>7,650</u>

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

(i) **Cayman Islands**

Under the current laws of 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 British Virgin Islands are not subject to tax on income or capital gains.

(iii) **Hong Kong**

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

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

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the years ended 31 December 2015, 2016 and 2017.

Certain subsidiaries of the Group in the PRC were approved as High and New Technology Enterprise, and accordingly, they were subject to a reduced preferential CIT rate of 15% for the years ended 31 December 2015, 2016 and 2017 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 basis.

(v) **Withholding tax on undistributed profits**

According to CIT law, distribution of profits earned by PRC companies since 1 January 2018 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 Track Record Period, the Group has incurred net accumulated operating losses and does not have any profit distribution plan.

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to loss of the consolidated entities as follows:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss from continuing operations before income tax expense	(168,167)	(257,223)	(837,253)
Loss from discontinued operation before income tax expense	(176,357)	(119,913)	(10,622)
	<u>(344,524)</u>	<u>(377,136)</u>	<u>(847,875)</u>
Tax calculated at PRC statutory income tax rate of 25%	(86,131)	(94,284)	(211,969)
<i>Tax effects of:</i>			
Differential income tax rates applicable to certain entities comprising the Group	364	1,287	490
Income not subject to tax	(990)	(587)	(2,578)
Non-deductible expenses (a)	3,316	50,373	203,780
Tax effect of preferential tax treatment	19,430	15,877	(6,575)
Research and development tax credit	(2,343)	(4,772)	(462)
Unrecognized deferred income tax assets (b)	69,377	65,188	24,964
Income tax expense	<u>3,023</u>	<u>33,082</u>	<u>7,650</u>

- (a) The non-deductible expenses mainly refers to the loss from changes in fair value of the preferred shares and convertible liabilities.
- (b) The unrecognised deferred tax assets during the Track Record Period are analysed as follows:

(i) *Tax losses carried forward*

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Unused tax losses for which no deferred tax asset has been recognised	198,818	367,316	385,943
Unrecognised deferred tax assets relating to tax losses carried forward	<u>33,159</u>	<u>60,610</u>	<u>67,614</u>

The unused tax losses can be carried forward and will be expired in 5 years from 2018 to 2022.

(ii) *Other temporary differences*

	Year ended 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Temporary difference for which deferred tax assets have not been recognised:			
Accruals	71,843	70,559	83,943
Advertising service fee exceeding the ceiling amount which can be carried forward	154,340	342,964	389,200
Provision for impairment of trade and other receivables	<u>12,724</u>	<u>16,543</u>	<u>11,750</u>
	238,907	430,066	484,893
Unrecognised deferred tax assets relating to the above temporary differences	<u>41,914</u>	<u>79,651</u>	<u>97,611</u>

10 LOSSES PER SHARE

(a) *Basic losses per share*

Basic losses per share is calculated by dividing the loss of the Group attributable to owners of the Company by weighted average number of ordinary shares issued during the Track Record Period.

On 20 November 2014, the Company was incorporated in the Cayman Islands with 1,000,000 ordinary shares issued to Qeeka Holding Limited, its parent company. On 30 April 2015, as part of the Reorganisation as described in Note 1.1 to this Accountant's Report, the Company cancelled the 1,000,000 ordinary shares and issued 42,344,184 Class B ordinary shares to Qeeka Holding Limited in exchange for the equity interests in Shanghai Qijia (Note 22). The weighted average number in the year ended 31 December 2015 was calculated as if the Class B ordinary shares were in issue from 1 January 2015, the earliest period presented in this report.

	Year ended 31 December		
	2015	2016	2017
Losses from continuing operations attributable to owners of the Company (RMB'000)	(344,876)	(401,191)	(824,089)
Weighted average number of Class B ordinary shares in issue (thousand)	41,785	41,511	41,511
Losses per share from continuing operations	(8.25)	(9.66)	(19.85)
Losses from discontinued operation attributable to owners of the Company (RMB'000)	(176,357)	(144,976)	(10,622)
Weighted average number of Class B ordinary shares in issue (thousand)	41,785	41,511	41,511
Losses per share from discontinued operation	(4.22)	(3.49)	(0.26)
Losses per share	(12.47)	(13.15)	(20.11)

(b) Diluted losses per share

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 December 2015, 2016 and 2017, the Company had three categories of potential ordinary shares, preferred shares (Note 24), convertible liabilities (Note 24) and the share options granted to employees (Note 25). As the Group incurred losses for the years ended 31 December 2015, 2016 and 2017, the potential ordinary shares were not included in the calculation of dilutive losses per share as their inclusion would be anti-dilutive. Accordingly, dilutive losses per share for the years ended 31 December 2015, 2016 and 2017 are the same as basic losses per share of the respective years.

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements 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 2015:							
Cost	37,081	3,900	1,711	9,603	10,560	–	62,855
Accumulated depreciation	(6,965)	(3,187)	(832)	(6,084)	(6,573)	–	(23,641)
Net book amount	30,116	713	879	3,519	3,987	–	39,214
Year ended 31 December 2015:							
Opening net book amount	30,116	713	879	3,519	3,987	–	39,214
Additions	29,778	1,546	575	3,168	271	–	35,338
Acquisition of a subsidiary (Note 31(a))	1,154	–	93	79	636	–	1,962
Disposal	–	(2)	(6)	(27)	–	–	(35)
Depreciation	(11,249)	(380)	(273)	(1,681)	(2,183)	–	(15,766)
Net book amount	49,799	1,877	1,268	5,058	2,711	–	60,713

	Leasehold improvements 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 31 December 2015:							
Cost	68,012	5,385	2,284	12,386	12,476	–	100,543
Accumulated depreciation	(18,213)	(3,508)	(1,016)	(7,328)	(9,765)	–	(39,830)
Net book amount	<u>49,799</u>	<u>1,877</u>	<u>1,268</u>	<u>5,058</u>	<u>2,711</u>	<u>–</u>	<u>60,713</u>
As at 1 January 2016:							
Cost	68,012	5,385	2,284	12,386	12,476	–	100,543
Accumulated depreciation	(18,213)	(3,508)	(1,016)	(7,328)	(9,765)	–	(39,830)
Net book amount	<u>49,799</u>	<u>1,877</u>	<u>1,268</u>	<u>5,058</u>	<u>2,711</u>	<u>–</u>	<u>60,713</u>
Year ended 31 December 2016:							
Opening net book amount	49,799	1,877	1,268	5,058	2,711	–	60,713
Additions	12,254	234	615	3,204	3,308	879	20,494
Transfer upon completion	239	–	–	–	–	(239)	–
Acquisition of subsidiaries (Note 31(b))	862	2	310	114	28	172	1,488
Disposals	–	–	(28)	(28)	(1)	–	(57)
Depreciation	(21,404)	(325)	(707)	(2,342)	(1,347)	–	(26,125)
Net book amount	<u>41,750</u>	<u>1,788</u>	<u>1,458</u>	<u>6,006</u>	<u>4,699</u>	<u>812</u>	<u>56,513</u>
As at 31 December 2016:							
Cost	81,603	5,770	3,325	15,152	15,716	812	122,378
Accumulated depreciation	(39,853)	(3,982)	(1,867)	(9,146)	(11,017)	–	(65,865)
Net book amount	<u>41,750</u>	<u>1,788</u>	<u>1,458</u>	<u>6,006</u>	<u>4,699</u>	<u>812</u>	<u>56,513</u>
As at 1 January 2017:							
Cost	81,603	5,770	3,325	15,152	15,716	812	122,378
Accumulated depreciation	(39,853)	(3,982)	(1,867)	(9,146)	(11,017)	–	(65,865)
Net book amount	<u>41,750</u>	<u>1,788</u>	<u>1,458</u>	<u>6,006</u>	<u>4,699</u>	<u>812</u>	<u>56,513</u>
Year ended 31 December 2017:							
Opening net book amount	41,750	1,788	1,458	6,006	4,699	812	56,513
Additions	5,360	281	819	1,262	4,207	1,612	13,541
Transfer upon completion	1,678	–	–	–	–	(1,678)	–
Disposals	–	(68)	(159)	(739)	(969)	–	(1,935)
Disposals of a subsidiary	(246)	–	(194)	–	–	(84)	(524)
Depreciation	(21,027)	(640)	(640)	(2,462)	(1,641)	–	(26,410)
Assets included in a disposal group classified as held for sale (Note 32)	(17,510)	(33)	(143)	(438)	(107)	–	(18,231)
Net book amount	<u>10,005</u>	<u>1,328</u>	<u>1,141</u>	<u>3,629</u>	<u>6,189</u>	<u>662</u>	<u>22,954</u>
As at 31 December 2017:							
Cost	47,668	3,929	2,908	11,856	17,367	662	84,390
Accumulated depreciation	(37,663)	(2,601)	(1,767)	(8,227)	(11,178)	–	(61,436)
Net book amount	<u>10,005</u>	<u>1,328</u>	<u>1,141</u>	<u>3,629</u>	<u>6,189</u>	<u>662</u>	<u>22,954</u>

Depreciation of the Group's property, plant and equipment has been recognised in the consolidated income statements as follows:

	Year ended 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Cost of sales	474	1,368	926
Selling and marketing expenses	343	2,658	4,628
Administrative expenses	1,204	2,241	4,856
Research and development expenses	657	750	693
	<u>2,678</u>	<u>7,017</u>	<u>11,103</u>
Depreciation from discontinued operation	<u>13,088</u>	<u>19,108</u>	<u>15,307</u>
	<u>15,766</u>	<u>26,125</u>	<u>26,410</u>

12 INTANGIBLE ASSETS

	Trademarks RMB'000	Domain names RMB'000	Software RMB'000	Total RMB'000
As at 1 January 2015:				
Cost	–	2,568	3,141	5,709
Accumulated amortisation	–	(792)	(1,908)	(2,700)
Net book amount	<u>–</u>	<u>1,776</u>	<u>1,233</u>	<u>3,009</u>
Year ended 31 December 2015:				
Opening net book amount	–	1,776	1,233	3,009
Additions	–	–	2,122	2,122
Acquisition of a subsidiary (Note 31(a))	4,990	–	1,090	6,080
Amortisation	(166)	(257)	(922)	(1,345)
Net book amount	<u>4,824</u>	<u>1,519</u>	<u>3,523</u>	<u>9,866</u>
As at 31 December 2015:				
Cost	4,990	2,568	6,353	13,911
Accumulated amortisation	(166)	(1,049)	(2,830)	(4,045)
Net book amount	<u>4,824</u>	<u>1,519</u>	<u>3,523</u>	<u>9,866</u>
As at 1 January 2016:				
Cost	4,990	2,568	6,353	13,911
Accumulated amortisation	(166)	(1,049)	(2,830)	(4,045)
Net book amount	<u>4,824</u>	<u>1,519</u>	<u>3,523</u>	<u>9,866</u>

	Trademarks <i>RMB'000</i>	Domain names <i>RMB'000</i>	Software <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2016:				
Opening net book amount	4,824	1,519	3,523	9,866
Additions	–	–	1,814	1,814
Acquisition of Subsidiaries (Note 31(b))	–	–	18	18
Amortisation	(636)	(257)	(1,067)	(1,960)
Net book amount	<u>4,188</u>	<u>1,262</u>	<u>4,288</u>	<u>9,738</u>
As at 31 December 2016:				
Cost	4,990	2,568	8,190	15,748
Accumulated amortisation	(802)	(1,306)	(3,902)	(6,010)
Net book amount	<u>4,188</u>	<u>1,262</u>	<u>4,288</u>	<u>9,738</u>
As at 1 January 2017:				
Cost	4,990	2,568	8,190	15,748
Accumulated amortisation	(802)	(1,306)	(3,902)	(6,010)
Net book amount	<u>4,188</u>	<u>1,262</u>	<u>4,288</u>	<u>9,738</u>
Year ended 31 December 2017:				
Opening net book amount	4,188	1,262	4,288	9,738
Additions	–	–	555	555
Amortisation	(636)	(257)	(1,182)	(2,075)
Net book amount	<u>3,552</u>	<u>1,005</u>	<u>3,661</u>	<u>8,218</u>
As at 31 December 2017:				
Cost	4,990	2,568	8,745	16,303
Accumulated amortisation	(1,438)	(1,563)	(5,084)	(8,085)
Net book amount	<u>3,552</u>	<u>1,005</u>	<u>3,661</u>	<u>8,218</u>

Amortisation of the Group's intangible assets has been recognised in the consolidated income statements as follows:

	Year ended 31 December		
	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>
Administrative expenses	411	1,032	1,100
Research and development expenses	934	928	975
	<u>1,345</u>	<u>1,960</u>	<u>2,075</u>

The useful lives of trademarks, domain names and software are 10 years, 10 years and 5 to 10 years respectively. When determining the useful life, management has taken into the account the (i) estimated period that can bring economic benefits to the Group; (ii) the useful life estimated by the comparable companies in the market.

13 GOODWILL

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
At the beginning of the year	–	6,627	7,796
Acquisition of Brausen (Fujian) Decoration Engineering Co., Ltd. (博若森(福建)裝飾工程有限公司, “Fujian Brausen”) (Note 31(a))	6,627	–	–
Acquisition of Brausen (Xiamen) Decoration Engineering Co., Ltd. (博若森(廈門)裝飾工程有限公司, “Xiamen Brausen”) and Luoyuan Brausen Decoration Engineering Co., Ltd. (羅源博若森裝飾工程有限公司, “Luoyuan Brausen”) (Note 31(b))	–	1,169	–
At the end of the year	<u>6,627</u>	<u>7,796</u>	<u>7,796</u>

The goodwill balance mainly arose from the acquisition of 69.89% equity interests in Fujian Brausen in August 2015 and from the step up acquisitions of 51% equity interests in Xiamen Brausen and 55% equity interests in Luoyuan Brausen from August 2015 to May 2016 (Note 31). Goodwill is attributable to the acquired market share and economies of scale expected to be derived from combining with the operations of the Group. Goodwill is allocated to the Group's CGUs identified according to operating segments. All the goodwill is allocated to self-operated interior design and construction services segment.

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 five-year period with a terminal value related to the future cash flows extrapolated using the estimated growth rates stated below beyond the five-year period. The Group believes that it is appropriate to cover a five-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. While the industry consultant hired by the Group has provided projections for a five-year period, the management leveraged their extensive experiences in the industries and provided forecast for an extended period based on past performance and their expectation of future business plans and market developments.

The key assumptions used by management for value-in-use calculations include (i) average annual revenue growth rate, which is 40.5% for a five-year period, and (2) pre-tax discount rate, which is 19.8%. The estimated growth rate used in the value-in-use calculations for period beyond the five-year period is 3.0%.

The revenue growth rates applied by the Group are consistent with those estimated by the industry reports, and do not exceed the long-term average growth rates of the industry the Company operates. Management estimates budgeted gross margin based on past experiences and forecasts of future market developments. The discount rate used by management is the pre-tax discount rate that is able to reflect the risks.

As of 31 December 2015, 2016 and 2017, the directors are of the view that there was no evidence of impairment of goodwill.

The Group has performed a sensitivity analysis on key assumptions used in management's 2017 annual impairment test of goodwill. As of December 31, 2017, the recoverable amount calculated based on value in use exceeded carrying value by RMB60 million. Had the pre-tax discount rate been 1% percentage higher, the remaining headroom would be decreased to RMB59 million. A reasonably possible change in key assumptions used in the impairment test of goodwill would not cause the carrying amount to exceed its recoverable amount as at 31 December 2017.

14 DEFERRED INCOME TAX

Deferred income taxes are calculated in full on 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		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Deferred income tax assets:			
– to be recovered after more than 12 months	3,663	3,467	7,418
– to be recovered within 12 months	1,419	1,078	1,640
	<u>5,082</u>	<u>4,545</u>	<u>9,058</u>
Deferred income tax liabilities:			
– to be recovered after more than 12 months	(1,206)	(1,047)	(888)
– to be recovered within 12 months	(159)	(159)	(159)
	<u>(1,365)</u>	<u>(1,206)</u>	<u>(1,047)</u>

	Accruals RMB'000	Advertising service fee in 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 2015	530	1,730	78	–	2,338
Acquisition of a subsidiary (Note 31(a))	–	–	–	(1,418)	(1,418)
Charged to consolidated income statements	889	1,732	123	53	2,797
As at 31 December 2015	<u>1,419</u>	<u>3,462</u>	<u>201</u>	<u>(1,365)</u>	<u>3,717</u>
As at 1 January 2016	1,419	3,462	201	(1,365)	3,717
Charged to consolidated income statements	(341)	(275)	79	159	(378)
As at 31 December 2016	<u>1,078</u>	<u>3,187</u>	<u>280</u>	<u>(1,206)</u>	<u>3,339</u>
As at 1 January 2017	1,078	3,187	280	(1,206)	3,339
Charged to consolidated income statements	562	3,633	318	159	4,672
As at 31 December 2017	<u>1,640</u>	<u>6,820</u>	<u>598</u>	<u>(1,047)</u>	<u>8,011</u>

Deferred income tax assets are recognized for deductible temporary differences to the extent that realisation of the related tax benefits through the future taxable profits is probable. As at 31 December 2015, 2016 and 2017, the Group did not recognise deferred income tax assets in respect of losses and deductible temporary differences of RMB75,073,000, RMB140,261,000 and RMB165,225,000, respectively. These tax losses will expire from 2018 to 2022.

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Associates	162,187	188,483	198,784
	<u>162,187</u>	<u>188,483</u>	<u>198,784</u>
	Year ended 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
At the beginning of the year	126,628	162,187	188,483
Additions	29,451	23,872	–
Disposals	–	–	(2,061)
Share of profit of the associates	806	3,341	3,968
Dilution gain arising on a reduced equity interest in an associate (a)	5,806	–	11,034
Dividend from associates	(540)	(1,307)	(2,303)
Share of other comprehensive income/(losses) of investments accounted for using the equity method	36	390	(337)
	<u>162,187</u>	<u>188,483</u>	<u>198,784</u>
At the end of the year	<u>162,187</u>	<u>188,483</u>	<u>198,784</u>

- (a) The Group invested in Guangzhou Seagull Kitchen And Bath Products Co. Ltd. (廣州海鷗住宅工業股份有限公司, formerly named “廣州海鷗衛浴用品股份有限公司”, “Seagull”) in 2015, a company listed in Shenzhen Stock Exchange. Since the Group appointed 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. In 2015 and 2017, the Group's equity interests in Seagull was diluted due to Seagull's private placement, the dilution gains of RMB5,806,000 and RMB11,034,000 were recorded as “other gains – net” in the consolidated income statements (Note 7).

Set out below are the principal associates of the Group as at 31 December 2015, 2016 and 2017, which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Name	Date of incorporation	Particulars of issued shares held (RMB'000)	Place of incorporation	Percentage of ownership interest attribute to the Group 31 December			Principal activities
				2015	2016	2017	
Jiangsu Lianju Network Technology Co., Ltd. (江蘇鏈居網絡科技有限公司, "Jiangsu Lianju") (a)	23 September 2014	20,556	Dongtai, the PRC	18.24%	18.24%	N/A	Online sales of furniture and home decoration
Seagull (a)	08 January 1998	456,316	Guangzhou, the PRC	5.04%	5.04%	4.54%	Development, production and sales of high-grade plumbing equipment and hardware
Shanghai Gaojie Information Technology Co., Ltd. (上海高潔信息科技股份有限公司, "Shanghai Gaojie") (a)	28 September 2005	7,203	Shanghai, the PRC	6.01%	6.01%	6.01%	Computer technology consulting, technological development and technical services
Zhuhai Edison Smart Home Co., Ltd. (珠海愛迪生智能家居股份有限公司, "Zhuhai Edison") (a)	29 September 2006	38,420	Zhuhai, the PRC	–	4.9974%	4.9974%	Smart home product R&D
Xiamen Brausen (b)	10 November 2014	1,000	Xiamen, the PRC	42.00%	N/A	N/A	Decoration
Luoyuan Brausen (b)	21 July 2014	5,000	Luoyuan, the PRC	35.00%	N/A	N/A	Decoration

(a) Although the percentage of the voting rights held by the Group is less than 20%, one of the directors of the board of directors of Jiangsu Lianju, Seagull, Shanghai Gaojie and Zhuhai Edison are nominated by the Group; thereby the Group is able to exercise significant influence over Jiangsu Lianju, Seagull, Shanghai Gaojie and Zhuhai Edison, and accordingly it is accounted for as an associate. In December 2017, the Group disposed all its equity interest in Jiangsu Lianju.

(b) The Group increased its equity interest in Xiamen Brausen and Luoyuan Brausen in May 2016, thereafter, these two associates became subsidiaries of Group.

Summarised financial information of the Group's associates

The tables below provide summarised financial information for the associate that is material to the Group.

Items	Seagull 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Current assets	1,125,319	1,074,110	1,619,904
Non-current assets	714,495	794,693	822,348
Current liabilities	(521,208)	(546,395)	(631,820)
Non-current liabilities	(171,867)	(73,473)	(133,435)
Revenue	1,714,909	1,786,562	2,070,648
Profit for the year	39,907	78,746	85,730

Reconciliation of summarized financial information

Reconciliation of summarized financial information presented to the carrying amount of its interest in a material associate.

Items	Seagull		
	2015	31 December	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net assets at the beginning of the year	995,606	1,306,850	1,370,518
Profit for the year	39,907	78,746	85,730
Other comprehensive income/(loss)	1,683	2,083	(4,955)
Dividends	(12,182)	(22,816)	(45,632)
Capital contribution from owners	281,836	5,655	395,077
Net assets at the end of the year	1,306,850	1,370,518	1,800,738
Interest in associates	5.04%	5.04%	4.54%
Net assets attributable to the Group	65,866	69,074	81,704
Goodwill	90,539	90,539	90,539
Adjustment	–	(158)	(160)
Carrying value	156,405	159,455	172,083

As at 31 December 2015, 2016 and 2017, the aggregate carrying amount of interests in individually immaterial investments that are accounted for using the equity method was approximately RMB5,782,000, RMB29,028,000 and RMB26,701,000, respectively.

There are no contingent liabilities relating to the Group's interest in the associates.

16 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	–	119	48,758
Additions	119	50,000	–
Changes in the fair value	–	(1,361)	878
At the end of the year	119	48,758	49,636

In 2016, the Group entered into a “Limited Partnership Agreement” for investment 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 LLP”) with a total amount of RMB50,000,000. The Group has been acting as limited partner in Qin Shui Jia Ding LLP which acts with no responsibility for the general operations of the investment fund, which not enable the Group to exercise significant influence in Qin Shui Jia Ding LLP through the participation in operational and financial policy-making processes. Consequently, Qin Shui Jia Ding LLP has been accounted for as an available-for-sale financial asset.

The available-for-sale financial assets referred to the unlisted equity investments which did not have quoted market prices in an active market. The directors of the Company consider the fair values approximated to the carrying amount based on valuation technique.

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

If the discount rate had decreased/increased by 1% and volatility had decreased/increased by 10% with all other variables held constant, the fair value of the available-for-sale assets would have been increased/decreased by approximately RMB50,000 as of 31 December 2017.

17 INVENTORIES

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Raw materials	919	2,017	9,140
Work-in-progress	98	797	646
Finished goods	5,727	5,897	2,982
	<u>6,744</u>	<u>8,711</u>	<u>12,768</u>
Less: allowance for impairment of slow moving inventories	–	–	–
	<u>6,744</u>	<u>8,711</u>	<u>12,768</u>

For the years ended 31 December 2015, 2016 and 2017, the cost of inventories recognised as expense and included in “cost of sales” amounted to RMB29,197,000, RMB133,692,000 and RMB148,136,000, respectively.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
At the beginning of the year	–	21,013	–
Additions	22,238	5,413	–
Changes in the fair value	(1,225)	–	–
Disposals	–	(26,426)	–
	<u>21,013</u>	<u>–</u>	<u>–</u>

In 2015, the Group made investments in several listed companies in Shanghai and Shenzhen Stock Exchange. After considering the Group's investment objective and intention, the Group designated all these investments as financial assets at fair value through profit or loss, with the changes in fair value recorded in “other gains – net” in the consolidated income statements. In 2016, the Group disposed all its investments in listed securities and the difference between the consideration received of RMB46,875,000 and the carrying amount of RMB26,426,000 recorded in “other gains – net”(Note 7).

19 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Assets as per consolidated balance sheets			
Available-for-sale financial assets (Note 16)	119	48,758	49,636
Loans and receivables			
– Trade and other receivables (Note 20)	62,838	59,713	42,378
– Amount due from related parties (Note 33)	330,085	350,231	325,315
– Amount due from directors (Note 33)	5,502	5,648	5,697
– Term deposits (Note 21)	10,000	10,000	–
– Cash and cash equivalents (Note 21)	758,131	612,028	474,617
Financial assets at fair value through profit or loss (Note 18)	21,013	–	–
	<u>1,187,688</u>	<u>1,086,378</u>	<u>897,643</u>

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Liabilities as per consolidated balance sheets			
Financial liabilities at fair value through profit or loss:			
– Series B preferred shares (Note 24)	836,524	998,629	1,568,099
– Convertible liabilities (Note 24)	43,331	57,961	147,897
Financial liabilities at amortised cost:			
– Financial liabilities included in prepayments from customers, trade and other payables	317,085	368,119	261,533
– Amount due to related parties (Note 33)	310,090	310,090	310,090
– Series A preferred shares (Note 24)	30,981	31,833	25,516
	<u>1,538,011</u>	<u>1,766,632</u>	<u>2,313,135</u>

20 TRADE AND OTHER RECEIVABLES

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Trade receivables			
Due from third parties	13,556	13,052	5,445
Less: provision for impairment of trade receivables	(574)	(1,378)	–
Net trade receivables	<u>12,982</u>	<u>11,674</u>	<u>5,445</u>
Other receivables			
Rental deposits	20,580	16,420	8,992
Staff advances	3,415	4,362	4,145
Prepaid compensation paid on behalf of the merchants	3,716	3,383	70
Loans due from third parties	19,584	17,722	17,722
Others	1,987	4,774	6,004
Gross other receivables	49,282	46,661	36,933
Less: provision for impairment of other receivables	(12,150)	(15,165)	(11,750)
Net other receivables	<u>37,132</u>	<u>31,496</u>	<u>25,183</u>
Others			
Prepayments to suppliers	28,350	25,496	26,739
Prepaid listing expenses	–	–	2,927
Value-added tax recoverable	2,462	2,024	3,839
	<u>80,926</u>	<u>70,690</u>	<u>64,133</u>

As of 31 December 2015, 2016 and 2017, the carrying amounts of trade and other receivables are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

The Group grants credit periods to customers up to 90 days. At 31 December 2015, 2016 and 2017, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Trade receivables – gross			
Within 1 month	7,670	2,934	1,538
Over 1 month and within 3 months	3,774	5,296	409
Over 3 months and within 1 year	1,472	2,434	3,498
Over 1 years	640	2,388	–
	<u>13,556</u>	<u>13,052</u>	<u>5,445</u>

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

	Year ended 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
At the beginning of the year	(565)	(574)	(1,378)
Provision for impairment	(9)	(1,446)	–
Write-off against uncollectible receivables	–	642	–
Provision classified as held for sale	–	–	1,378
	<u> </u>	<u> </u>	<u> </u>
At the end of the year	(574)	(1,378)	–

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

	Year ended 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
At the beginning of the year	(1,723)	(12,150)	(15,165)
Provision for impairment	(10,446)	(12,110)	(334)
Write-off against uncollectible receivables	19	9,095	942
Provision classified as held for sale	–	–	2,807
	<u> </u>	<u> </u>	<u> </u>
At the end of the year	(12,150)	(15,165)	(11,750)

Provision for impairment of trade and other receivables has been recognised in the consolidated income statements as follows:

	Year ended 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Continuing operations (<i>Note 6</i>)	–	7,918	372
Discontinued operation	10,455	5,638	(38)
	<u> </u>	<u> </u>	<u> </u>
	10,455	13,556	334

As of 31 December 2015, 2016 and 2017, trade receivables of RMB1,538,000, RMB3,444,000 and RMB4,198,000 were past due but not considered to be impaired because these mainly relate to customers from whom there is no recent history of default. Based on past experience, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The ageing analysis of these trade receivables is as follows:

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Past due by:			
Up to 3 months	1,472	2,434	3,498
Over 3 months and within 1 year	66	1,010	700
	<u> </u>	<u> </u>	<u> </u>
	1,538	3,444	4,198

The maximum exposure to credit risk as at 31 December 2015, 2016 and 2017 was the carrying value of the trade receivables. The Group did not hold any collateral as security. The carrying amounts of trade receivables approximate to their fair values.

21 CASH AND CASH EQUIVALENTS

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Cash at bank	767,225	617,712	472,912
Cash on hand	906	4,316	1,705
	<u>768,131</u>	<u>622,028</u>	<u>474,617</u>
Less: term deposits with initial term of over three months	(10,000)	(10,000)	–
	<u>758,131</u>	<u>612,028</u>	<u>474,617</u>

Term deposits was deposits with initial terms of over three months were neither past due nor impaired. The directors of the Company considered that the carrying amount of the term deposits with initial terms of over three months approximated to their fair value as at 31 December 2015 and 2016.

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
RMB	607,957	451,584	323,487
USD	150,174	160,444	151,130
	<u>758,131</u>	<u>612,028</u>	<u>474,617</u>

The effective interest rates of the term deposits of the Group for the year ended 31 December 2015 and 2016 were 2.8% and 3.75%, respectively.

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

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Cash at bank	757,225	607,712	472,912
Cash on hand	906	4,316	1,705
	<u>758,131</u>	<u>612,028</u>	<u>474,617</u>
Classified to assets held for sale (Note 32)	–	–	6,020
	<u>758,131</u>	<u>612,028</u>	<u>480,637</u>

22 SHARE CAPITAL AND SHARE PREMIUM

	Ordinary shares			Preferred shares			
	Number of ordinary shares	Number of Class A ordinary shares	Number of Class B ordinary shares	Nominal value of ordinary shares US\$'000	Number of Series A preferred shares	Number of Series B preferred shares	Nominal value of preferred shares US\$'000
Authorised:							
Ordinary shares upon incorporation (a)	500,000,000	-	-	50	-	-	-
As of 1 January 2015	500,000,000	-	-	50	-	-	-
Re-designation of the Company's shares	(500,000,000)	404,658,618	42,344,184	(5)	32,730,531	20,266,667	5
As of 31 December 2015, 2016 and 2017	-	404,658,618	42,344,184	45	32,730,531	20,266,667	5

- (a) The Company was incorporated on 20 November 2014. Upon incorporation, the authorised share capital of the Company is US\$50,000 divided into 500,000,000 ordinary shares at a par value of US\$0.0001 per share. As at 1 January 2015, 1,000,000 ordinary shares were in issue at a par value of US\$0.0001 per share. On 30 April 2015, as described in Note 1.2, the Company underwent a Reorganisation, pursuant to which, all the shareholders of Shanghai Qijia, except for CDH Weixin and CDH Weisen, became shareholders of the Company through holding Class B ordinary shares and Preferred A shares (Note 24). On 30 April 2015, the Company cancelled the 500,000,000 authorised ordinary shares and also amended its Memorandum and Articles of Association, which re-designated the Company's shares as: (i) 404,658,618 authorized Class A ordinary shares at a par value of US\$0.0001 per share; (ii) 42,344,184 authorized Class B ordinary shares at a par value of US\$0.0001 per share; (iii) 32,730,531 authorized Series A preferred shares at a par value of US\$0.0001 per share; and (vi) 20,266,667 authorized Series B preferred shares at a par value of US\$0.0001 per share. Holders of Class A ordinary shares will be entitled to one vote per share, while holders of Class B ordinary shares will be entitled to two votes per share on all matters subject to shareholders' vote. Holders of Series A preferred shares and Series B preferred shares will be entitled to one vote per share on an as-converted basis.

	Number of ordinary shares	Number of Class A ordinary shares	Number of Class B ordinary shares	Nominal value of ordinary shares US\$'000	Equivalent Nominal value of ordinary shares RMB'000	Share premium RMB'000
Issued:						
As of 1 January 2015	1,000,000	-	-	-	-	-
Re-designation and issuance of Class B ordinary shares upon Reorganisation (b)	(1,000,000)	-	42,344,184	4	26	15,929
Repurchase of Class B ordinary shares (c)	-	-	(833,333)	-	(1)	(313)
As of 31 December 2015, 2016 and 2017	-	-	41,510,851	4	25	15,616

- (b) On 30 April 2015, pursuant to the Reorganisation as described in Note 1.2, the Company issued 42,344,184 Class B ordinary shares in exchange for Mr. Deng and Senior Management Shareholders' equity interests in Shanghai Qijia. After completion of the Reorganisation, net assets value of Shanghai Qijia and its subsidiaries with the amount of RMB15,955,000 was used as the investment cost for investment in subsidiaries on the Company's separate financial statements. Share capital of USD4,234 (equivalent to RMB26,000) and share premium of RMB15,929,000 was recorded on the credit side.
- (c) On 30 April 2015, pursuant to a board resolution, the Company repurchased 833,333 Class B ordinary shares from Qeeka Holding Limited at a consideration of USD5,000,000 (equivalent to RMB30,583,000). The difference between the repurchase consideration and share capital of RMB30,582,500 was debit to other reserve.

23 OTHER RESERVES

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Preferred shares reserve RMB'000	Currency translation differences RMB'000	Share option reserve RMB'000	Others RMB'000	Total RMB'000
As of 1 January 2015	267,421	7,353	–	–	1,666	–	276,440
Issuance of Class B ordinary shares	(15,955)	–	–	–	–	–	(15,955)
Repurchase of share capital in Shanghai Qijia before Reorganisation (a)	(23,000)	–	–	–	–	–	(23,000)
Repurchase of Class B ordinary shares (Note 22(c))	(30,269)	–	–	–	–	–	(30,269)
Profit appropriations to statutory reserves (c)	–	1,249	–	–	–	–	1,249
Currency translation differences (c)	–	–	–	(23,446)	–	–	(23,446)
Share of other comprehensive income of investments accounted for using the equity method (Note 15)	–	–	–	–	–	36	36
Issuance of Series A preferred shares for the Reorganisation	(386,692)	–	319,889	–	–	–	(66,803)
As of 31 December 2015	(188,495)	8,602	319,889	(23,446)	1,666	36	118,252
Disposal of equity interest in a subsidiary without loss of control	–	–	–	–	–	318	318
Profit appropriations to statutory reserves (b)	–	894	–	–	–	–	894
Currency translation differences (c)	–	–	–	(33,457)	–	–	(33,457)
Changes in the fair value of available- for-sale financial assets (Note 16)	–	–	–	–	–	(1,361)	(1,361)
Share of other comprehensive income of investments accounted for using the equity method (Note 15)	–	–	–	–	–	390	390
As of 31 December 2016	(188,495)	9,496	319,889	(56,903)	1,666	(617)	85,036

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Preferred shares reserve RMB'000	Currency translation differences RMB'000	Share option reserve RMB'000	Others RMB'000	Total RMB'000
Disposal of equity interest in a subsidiary without loss of control	-	-	-	-	-	216	216
Acquisition of additional equity interest in a subsidiary	-	-	-	-	-	(197)	(197)
Profit appropriations to statutory reserves (b)	-	781	-	-	-	-	781
Currency translation differences (c)	-	-	-	54,426	-	-	54,426
Changes in the fair value of available-for-sale financial assets (Note 16)	-	-	-	-	-	878	878
Share of other comprehensive income of investments accounted for using the equity method (Note 15)	-	-	-	-	-	(337)	(337)
Pre-IPO share option plan (Note 25)	-	-	-	-	4,048	-	4,048
As of 31 December 2017	(188,495)	10,277	319,889	(2,477)	5,714	(57)	144,851

- (a) In April 2015, before the Reorganisation, Shanghai Qijia repurchased its equity interests from one of its shareholder with a total consideration of RMB23,000,000. The repurchase was recorded as a debit to the capital reserve.
- (b) In accordance with the PRC Company Law and the articles of association of the PRC companies of the Group (the "PRC Companies"), the PRC Companies are required to allocate 10% of their profits attributable to the respective owners of the PRC Companies as set out in their statutory financial statements, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the respective PRC Companies. The appropriation to the reserve must be made before any distribution of dividends to the respective owners of the PRC Companies. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as the share capital of the respective PRC Companies provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the respective PRC Companies.
- (c) Currency translation difference reserve represents the difference arising from the translation of the financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Company and the Group.

24 PREFERRED SHARES

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Series A preferred shares	30,981	31,833	25,516
Series B preferred shares	836,524	998,629	1,568,099
	<u>867,505</u>	<u>1,030,462</u>	<u>1,593,615</u>
Convertible liabilities	43,331	57,961	147,897
	<u>910,836</u>	<u>1,088,423</u>	<u>1,741,512</u>

(a) Series A preferred shares and Series B preferred shares

On 30 April 2015, as a result of the Reorganisation as described in Note 1.2, the Series A Investors flipped up their shares proportionately from Shanghai Qijia to the Company. As part of the Reorganisation, the Series A Investors exchanged their equity interests in Shanghai Qijia to the Company's Series A preferred shares.

In April 2015, the Company issued 10,833,333 shares of Series B preferred shares at a price of US\$6.00 per share with total cash consideration of US\$65,000,000 (equivalent to approximately RMB397,573,000).

In December 2015, the Company issued 10,600,680 shares of Series B preferred shares at a price of US\$6.00 per share with total cash consideration of US\$63,604,080 (equivalent to approximately RMB398,151,000).

The key terms of the Series A preferred shares and Series B preferred shares (collectively, "Preferred Shares") are summarised as below:

(i) Liquidation preference

In the event of any liquidation, deemed liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to the shareholders of the Company as follows:

- (1) First the Series B preferred shareholders shall be entitled to receive for each Series B preferred share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of the ordinary shares and the Series A preferred shares by reason of their ownership of such shares, the amount equal to 100% of the Series B issue price, plus all accrued but unpaid dividends on such Series B preferred share (collectively, the "Series B Preference Amount").
- (2) If there are any assets or funds remaining after the aggregate Series B Preference Amount has been distributed or paid in full to the applicable Series B preferred shareholders, secondly the Series A preferred shareholders shall be entitled to receive for each Series A preferred share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of the ordinary shares by reason of their ownership of such shares, the amount equal to 100% of the Series A issue price, plus all accrued but unpaid dividends on such Series A preferred share.

"Deemed Liquidation" means (1) any consolidation, amalgamation, scheme of arrangement or merger of any member of our Group with or into any other person or other reorganization in which the shareholders of such member of our Group immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than fifty percent (50%) of the voting power of such member of our Group in the aggregate immediately after such consolidation, merger, amalgamation, scheme of arrangement or reorganization, or any transaction or series of related transactions to which such member of our Group is

a party in which in excess of fifty percent (50%) of the voting power of such member of our Group is transferred; (2) a sale, transfer, lease or other disposition of all or substantially all of the assets of any member of our Group (or any series of related transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets of such member of our Group); (3) the exclusive licensing of all or substantially all of the intellectual property of any member of our Group to a third party; and (4) the termination or material amendment of the agreements under the Contractual Arrangements which would reasonably be expected to result in the dissolution of the Contractual Arrangements unless Shanghai Qijia is no longer an operating company of the Group or Shanghai Qijia will be otherwise controlled by the Company, directly or indirectly.

(ii) Dividend rights

The holders of Preferred Shares are entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend on the ordinary shares or any other class or series of shares of the Company at the rate and in the amount as the Board of Directors considers appropriate. No dividends or other distributions shall be declared, paid or distributed (whether in cash or otherwise) on any ordinary share or any other class or series of shares unless and until (i) all declared but unpaid dividends on the Preferred Shares have been paid in full and (ii) a dividend in the like amount and kind has first been declared on the Preferred Shares on an as-if-converted basis and has been paid in full to the holders of the Preferred Shares.

(iii) Conversion feature

The Preferred Shares shall automatically be converted into Class A ordinary shares at the then-effective applicable conversion price, upon the earlier of: (i) the consummation of a qualified IPO or (ii) with respect to the Series A preferred shares, the date specified by written consent or agreement of majority holders of Series A preferred shares; and (iii) with respect to the Series B preferred shares, the date specified by written consent or agreement of majority holders of Series B preferred shares.

The conversion ratio, which shall initially be determined based on the issue price of the Preferred Shares, shall be adjusted from time to time by customary events such as payment of share dividends, subdivisions, combinations, or consolidation of ordinary shares.

(iv) Redemption feature

At any time commencing on the fifth (5th) anniversary of the Series B preferred shares issue date, in the case that the Company has not consummated an IPO, any holder of the Series B preferred shares shall have the right, in its sole discretion, to require the Company to redeem all or any portion of the Series B preferred shares held by such holder out of funds legally available therefor including capital, at a redemption price equal to: $IP \times (112\%) \times N$, where "N" equals a fraction the numerator of which is the number of calendar days from the date on which the Series B Preferred Shares were issued up to the date on which such preferred shares are redeemed and the denominator of which is 365.

The Series A preferred shares contain two components, liability and equity elements. The equity element is presented in equity heading "Preferred Shares Reserve". On 30 April 2015, fair value of the liability component and equity component of Series A preferred shares of approximately RMB30,414,000 and RMB319,889,000 was recognised respectively.

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments of Series B preferred shares as financial liabilities at fair value through profit or loss with the changes in the fair value recorded in the consolidated income statements.

(b) Convertible liabilities

As described in Note 1.2, CDH Weixin and CDH Weisen entered into the Old Contractual Arrangements with Shanghai Qijia as well as a consent letter, under which, the Company undertook to issue Series A preferred shares to CDH Weixin and CDH Weisen on the condition that CDH Weixin and CDH Weisen complete the necessary administrative procedures for the offshore investment. The arrangement was accounted for as convertible liabilities.

The movements of the liability component of Series A preferred shares, Series B preferred shares and convertible liabilities for the year ended 31 December 2015, 2016 and 2017 are set out below:

	Series A preferred shares RMB'000	Series B Preferred shares RMB'000	Convertible liabilities RMB'000	Total RMB'000
At 1 January 2015	–	–	–	–
Issuance of Series A preferred shares for the Reorganisation	30,414	–	–	30,414
Issuance of Series B preferred shares	–	795,724	–	795,724
Issuance of convertible liabilities for the Reorganisation	–	–	36,389	36,389
Accretion charge (Note 8)	(1,284)	–	–	(1,284)
Fair value loss	–	3,292	4,544	7,836
Currency translation differences	1,851	37,508	2,398	41,757
At 31 December 2015	30,981	836,524	43,331	910,836
At 1 January 2016	30,981	836,524	43,331	910,836
Accretion charge (Note 8)	(1,223)	–	–	(1,223)
Fair value loss	–	101,629	11,298	112,927
Currency translation differences	2,075	60,476	3,332	65,883
At 31 December 2016	31,833	998,629	57,961	1,088,423
At 1 January 2017	31,833	998,629	57,961	1,088,423
Accretion charge (Note 8)	(4,607)	–	–	(4,607)
Fair value loss	–	646,797	96,177	742,974
Currency translation differences	(1,710)	(77,327)	(6,241)	(85,278)
At 31 December 2017	25,516	1,568,099	147,897	1,741,512

The Company has engaged an independent valuer to determine the total fair value of the Series A and Series B preferred shares and convertible liabilities. The discounted cash flow method was used to determine the total equity value of the Company and then equity allocation model was adopted to determine the fair value of the Preferred Shares as of the dates of issuance and at the end of each reporting period.

Key valuation assumptions used to determine the fair value of Preferred Shares and convertible liabilities are as follows:

	As at 30 April 2015	As at 31 December		
		2015	2016	2017
Discount rate	31%	30%	29%	30%
Risk-free interest rate	1.05%	1.28%	1.08%	1.62%
Volatility	31.9%	32%	32.1%	31.8%
IPO possibility	45%	50%	60%	70%

Discount rate was estimated by weighted average cost of capital as of each valuation date. The directors estimated the risk-free interest rate based on the yield curve of US Treasury strips as of the valuation date. Volatility was estimated based on annualised standard deviation of daily stock price return of comparable companies for the period before valuation date and with similar span as time to exit. Probability weight under each of the redemption feature and liquidation preferences was based on the directors' best estimates. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of Preferred Shares and convertible liabilities on each valuation date.

Changes in fair value of Series B preferred shares and convertible liabilities were recorded in "fair value loss of preferred shares and convertible liabilities". Management considered that fair value changes in the Series B preferred shares and convertible liabilities that are attributable to changes of credit risk of this liability are not significant.

25 PRE-IPO SHARE-OPTION PLAN

In 2011 and 2016, the Board of Directors approved the establishment of the two batches of Pre-IPO share option scheme with the purpose of which is to provide incentive for certain directors, senior management members and employees contributing to the Group.

The Group granted share options on 31 December 2011 and 31 December 2016 to certain directors, senior management members and employees of the Group, under Pre-IPO share option scheme, in exchange for their services to certain of the Group's subsidiaries, respectively. The exercise price of all granted options is RMB20.04 per ordinary share. All options granted expire in ten years from the respective grant date. The Pre-IPO share option scheme 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 option granted in 2016 shall vest on the first vesting date, and the remaining 75% options shall vest on a monthly basis over the next 36 months. The first vesting date is 30 days after qualified IPO.

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
At 1 January 2015 and 31 December 2015	20.04	<u>2,144,306</u>
At 1 January 2016	20.04	2,144,306
Granted	20.04	<u>2,767,194</u>
At 31 December 2016	20.04	<u>4,911,500</u>
At 1 January 2017 and 31 December 2017	20.04	<u>4,911,500</u>

As at 31 December 2015, 31 December 2016 and 31 December 2017, 2,144,306, 2,144,306, 2,144,306 outstanding options were exercisable.

The fair value of the Pre-IPO share options granted under Pre-IPO share option scheme 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.

The total expense recognised in the consolidated income statements from continuing operations for share options granted are nil, nil, and RMB3,207,000 for the years ended 31 December 2015, 31 December 2016 and 31 December 2017. The total expenses recognised in the consolidated income statements from discontinued operation for share options granted are nil, nil, and RMB841,000 for the years ended 31 December 2015, 31 December 2016 and 31 December 2017.

26 DIVIDENDS

No dividend has been paid or declared by the Company or the companies now comprising the Group during each of the years ended 31 December 2015, 2016 and 2017.

27 PREPAYMENTS FROM CUSTOMERS, TRADE AND OTHER PAYABLES

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Trade payables	60,504	62,393	52,610
Other payables			
Deposits payables (i)	165,133	207,804	135,341
Quality and performance guarantee deposits from customers	57,730	73,224	52,986
Payables for purchases of property, plant and equipment	15,116	6,245	876
Payables for listing expenses	–	–	12,046
Other accrued expenses and payables	18,602	18,453	7,674
Total other payables	256,581	305,726	208,923
Others			
Staff salaries and welfare payables	80,902	99,444	96,787
Prepayments from customers (ii)	69,265	144,041	115,990
Accrued taxes other than income tax	14,332	22,417	24,346
	481,584	634,021	498,656

Notes:

- (i) Deposits payables mainly represent the quality guarantee pledge received from service providers on our platform and security deposits from users of our escrow payment services.
- (ii) Prepayments from customers mainly represent the prepayments from service providers on our platform and prepayments from customers of our self-operated interior design and construction business.

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

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Within 1 month	37,223	29,918	30,918
Over 1 month and within 3 months	10,627	14,913	3,673
Over 3 months and within 1 year	12,436	11,396	10,142
Over 1 years	218	6,166	7,877
	60,504	62,393	52,610

28 DEFERRED REVENUE

Deferred revenue consists of government grants related to income, recorded as deferred income and recognised in the consolidated income statements in the period in which the related expenses are recognised if the grants are intended to compensate for future expenses or losses within 1 year as at 31 December 2015, 2016 and 2017, classified as current liabilities in the consolidated balance sheet.

29 NET CASH USED IN OPERATION

(a) Reconciliation from loss before income tax to cash used in operating activities:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Loss before income tax expense	(344,524)	(377,136)	(847,875)
– Loss before income tax expense from continuing operations	(168,167)	(257,223)	(837,253)
– Loss before income tax expense from discontinued operation (Note 32)	(176,357)	(119,913)	(10,622)
Adjustment for:			
Finance income	(6,350)	(10,237)	(10,440)
Depreciation of property, plant and equipment (Note 11)	15,766	26,125	26,410
Amortisation of intangible assets (Note 12)	1,345	1,960	2,075
Provision for impairment of trade and other receivables (Note 20)	10,455	13,556	334
Loss on disposals of property, plant and equipment	11	8	246
Share of profit of investments accounted for using equity method (Note 15)	(806)	(3,341)	(3,968)
Dilution gain arising on a reduced interest in an associate (Note 15)	(5,806)	–	(11,034)
Fair value loss of financial assets at fair value through profit or loss (Note 7)	1,225	–	–
Fair value loss of preferred shares and convertible liabilities (Note 24)	7,836	112,927	742,974
Gain on sale of financial assets at fair value through profit or loss (Note 7)	–	(20,449)	–
Gain on disposal of a subsidiary (Note 7)	–	–	(160)
Loss on disposal of an associate (Note 7)	–	–	852
Share-based compensation (Note 25)	–	–	4,048
	<u> </u>	<u> </u>	<u> </u>
<i>Changes in working capital:</i>			
Increase in inventories	(5,436)	(1,874)	(4,065)
Decrease/(increase) in trade and other receivables	21,648	(4,240)	(10,459)
Decrease in amount due from related parties	1,473	2,024	3,381
Increase in amount due from directors	(280)	(146)	(49)
Increase/(decrease) in prepayments from customers, trade and other payables	212,776	150,458	(15,899)
(Increase)/decrease in term deposits	(10,000)	–	10,000
	<u> </u>	<u> </u>	<u> </u>
Cash used in operations	<u>(100,667)</u>	<u>(110,365)</u>	<u>(113,629)</u>

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

	Year ended 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Net book amount	35	57	1,935
Net loss on disposal of property, plant and equipment	(11)	(8)	(246)
	<u> </u>	<u> </u>	<u> </u>
Proceeds from disposal of property, plant and equipment	24	49	1,689
	<u> </u>	<u> </u>	<u> </u>

(c) **Non-cash investing and financing activities**

For the years ended 31 December 2015, 2016 and 2017, other than the issuance of Class B ordinary shares, Series A preferred shares and convertible liabilities for the Reorganisation, the Group did not have any material non-cash investing and financing activities.

30 OPERATING LEASE COMMITMENTS

The Group leases office buildings and showroom under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

At the balance sheet dates, the future aggregate minimum lease payments under non-cancellable operating leases for office and warehouse facilities payable by the Group were as follows:

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
<i>Continuing operations:</i>			
No later than 1 year	2,334	6,156	8,001
Later than 1 year and no later than 5 years	3,189	16,555	19,659
Later than 5 years	–	6,396	4,830
	<u> </u>	<u> </u>	<u> </u>
	<u>5,523</u>	<u>29,107</u>	<u>32,490</u>
<i>Discontinued operation:</i>			
No later than 1 year	78,067	57,481	48,999
Later than 1 year and no later than 5 years	169,870	131,942	97,960
Later than 5 years	32,394	16,268	1,251
	<u> </u>	<u> </u>	<u> </u>
	<u>280,331</u>	<u>205,691</u>	<u>148,210</u>

31 BUSINESS COMBINATION

(a) **Acquisition of Fujian Brausen**

In August 2015, the Group acquired 69.89% equity interests in Fujian Brausen, an unlisted entity located in the PRC and engaged in self-operated interior design and construction services, for a purchase consideration of RMB26,652,000 and at that time obtained control over Fujian Brausen.

As a result of the acquisition, the Group is expected to increase its presence in that industry, and to reduce costs through economies of scale. The goodwill of RMB6,627,000 arising from the acquisition is attributable to the economies of scale and synergy expected from combining the operations of the Group and Fujian Brausen. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarised the consideration paid for Fujian Brausen, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date:

	<i>RMB'000</i>
Purchase consideration:	
Total cash consideration transferred	26,652
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment (<i>Note 11</i>)	1,962
Intangible assets (<i>Note 12</i>)	6,080
Inventories	499
Trade and other receivables	9,244
Cash and cash equivalents	26,192
Trade and other payables	(13,798)
Deferred tax liabilities	(1,418)
Current income tax liabilities	(55)
Total identifiable net assets	28,706
Non-controlling interest	(8,681)
Goodwill (<i>Note 13</i>)	6,627
	26,652

The acquisition-related costs are minimal for the year ended 31 December 2015.

For the non-controlling interests in Fujian Brausen, the Group recognised the non-controlling interests on a non-controlling interests proportion of total identifiable net assets.

The revenue included in the consolidated income statement for the year ended 31 December 2015 since the date of acquisition contributed by Fujian Brausen was RMB16,993,000. Fujian Brausen also contributed losses of RMB3,889,000 over the same period.

Had Fujian Brausen been consolidated from 1 January 2015, the consolidated income statement for the year ended 31 December 2015 would show pro-forma revenue from continuing operations of RMB156,077,000 and a loss from continuing operations of RMB349,760,000.

(b) Step up acquisitions of Xiamen Brausen and Luoyuan Brausen

The Group previously held 42% and 35% equity interests in Xiamen Brausen and Luoyuan Brausen, respectively (*Note 15(c)*). In May 2016, the Group further acquired 9% equity interests in Xiamen Brausen and 20% equity interests in Luoyuan Brausen for a purchase consideration of RMB120,000 and RMB112,000 respectively and at that time obtained control over Xiamen Brausen and Luoyuan Brausen.

As a result of the acquisition, the Group is expected to increase its presence in that industry, and to reduce costs through economies of scale. The goodwill of RMB540,000 and RMB629,000 arising from the acquisition of Xiamen Brausen and Luoyuan Brausen respectively is attributable to the economies of scale and synergy expected from combining the operations. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarised the consideration paid for Xiamen Brausen, the fair value of assets acquired and liabilities assumed at the acquisition date:

	<i>RMB'000</i>
Purchase consideration:	
Total cash consideration transferred	120
	<u>120</u>
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment (<i>Note 11</i>)	880
Intangible assets (<i>Note 12</i>)	12
Inventories	59
Trade and other receivables	334
Cash and cash equivalents	1,652
Trade and other payables	(3,761)
	<u>(3,761)</u>
Total identifiable net liabilities	(824)
	<u>(824)</u>
Non-controlling interests	404
Goodwill (<i>Note 13</i>)	540
	<u>540</u>
	<u>120</u>
	<u>120</u>

The acquisition-related costs are minimal for the year ended 31 December 2016.

The revenue included in the consolidated income statement for the year ended 31 December 2016 since the date of acquisition contributed by Xiamen Brausen was RMB4,312,000. Xiamen Brausen also contributed losses of RMB836,000 over the same period.

Had Xiamen Brausen been consolidated from 1 January 2016, the consolidated income statement for the year ended 31 December 2016 would show pro-forma revenue from continuing operations of RMB302,977,000 from continuing operations and a loss from continuing operations of RMB265,522,000.

The following table summarised the consideration paid for Luoyuan Brausen, the fair value of assets acquired and liabilities assumed at the acquisition date:

	<i>RMB'000</i>
Purchase consideration:	
Total cash consideration transferred	112
	<u>112</u>
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment (<i>Note 11</i>)	608
Intangible assets (<i>Note 12</i>)	6
Inventories	34
Trade and other receivables	622
Cash and cash equivalents	373
Trade and other payables	(2,518)
Current income tax liabilities	(65)
	<u>(65)</u>
Total identifiable net liabilities	(940)
	<u>(940)</u>
Non-controlling interests	423
Goodwill (<i>Note 13</i>)	629
	<u>629</u>
	<u>112</u>
	<u>112</u>

The acquisition-related costs are minimal for the year ended 31 December 2016.

The revenue included in the consolidated income statement for the year ended 31 December 2016 since the date of acquisition contributed by Luoyuan Brausen was RMB4,000,000. Luoyuan Brausen also contributed losses of RMB705,000 over the same period.

Had Luoyuan Brausen been consolidated from 1 January 2016, the consolidated income statement for the year ended 31 December 2016 would show pro-forma revenue from continuing operations of RMB304,116,000 and a loss from continuing operations of RMB265,570,000.

32 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

(a) Description

In December 2017, pursuant to a board resolution, the Group determined to dispose its Discontinued Business to Mr. Deng at a consideration of RMB18,010,000. The transaction was subsequently completed on 28 March 2018.

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2017:

	<i>RMB'000</i>
Assets classified as held for sale	
Property, plant and equipment	18,231
Trade and other receivables	16,775
Cash and cash equivalents	6,020
	<hr/>
Total assets of disposal group held for sale	41,026
	<hr/> <hr/>
Liabilities directly associated with assets classified as held for sale	
Prepayments from customers, trade and other payables	113,247
	<hr/>
Total liabilities of disposal group held for sale	113,247
	<hr/> <hr/>

(b) Financial performance and cash flow information

The financial performance and cash flow information of the Discontinued Business for the years ended 31 December 2015, 2016 and 2017 was presented below:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Revenue	297,657	267,687	198,789
Cost of sales	(161,961)	(163,140)	(108,689)
Selling and marketing expenses	(258,337)	(156,402)	(76,640)
Administrative expenses	(55,550)	(57,434)	(10,909)
Research and development expenses	(16,041)	(14,526)	(13,851)
Other gains – net	13,076	187	703
Operating loss	(181,156)	(123,628)	(10,797)
Finance income	4,799	3,715	175
Loss before income tax	(176,357)	(119,913)	(10,622)
Income tax expense	–	(25,063)	–
Loss after income tax of discontinued operation	(176,357)	(144,976)	(10,622)
Loss and other comprehensive income from discontinued operation	(176,357)	(144,976)	(10,622)
Net cash inflow/(outflow) from operating activities	21,113	52,546	(36,075)
Net cash outflow from investing activities	(21,113)	(7,150)	(3,301)
Net increase/(decrease) in cash generated by the subsidiary	–	45,396	(39,376)

33 RELATED PARTY TRANSACTIONS

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

- (a) Save 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 Track record Period:

Name of related parties	Relationship with the Group
Mr. Deng	Controlling shareholder and executive director of the Company
Mr. Chen Yangui (陳言貴)	Minority shareholder
Mr. Zuo Hanrong (左漢榮)	Minority shareholder
SIP Oriza PE Fund Management Co., Ltd (蘇州工業園區元禾重元股權投資基金管理有限公司, “SIP Oriza Fund”)	Onshore company of Oriza Fund
SIP Oriza Qijia PE Enterprise (Limited Partnership) (蘇州工業園區重元齊家股權投資企業(有限合夥), “SIP Oriza”)	One investor of Series B preferred shares

(b) Transactions with related parties

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
<i>Loans provided by the Group</i>			
Mr. Deng	280	146	49
<i>Repayment/increase of loans by the Group</i>			
Mr. Chen Yangui	(1,468)	(3,546)	(1,682)
Mr. Zuo Hanrong	(5)	1,522	(1,699)
	<u>(1,473)</u>	<u>(2,024)</u>	<u>(3,381)</u>

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

(c) Year-end balances with related parties

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
<i>Amount due from related parties:</i>			
SIP Oriza	324,680	346,850	325,315
Mr. Chen Yangui	5,228	1,682	–
Mr. Zuo Hanrong	177	1,699	–
	<u>330,085</u>	<u>350,231</u>	<u>325,315</u>
<i>Amount due from directors:</i>			
Mr. Deng (a)	5,502	5,648	5,697
<i>As at 31 December</i>			
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
<i>Amount due to related parties:</i>			
SIP Oriza Fund	310,090	310,090	310,090

Receivables and payables from/(to) the above related parties were unsecured, interest-free, non-trade 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, except amount due from SIP Oriza which is denominated in USD.

(a) Subsequently in April 2018, receivables due from Mr. Deng was settled.

(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		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Salaries, wages and bonus	1,888	2,581	2,937
Pension cost – defined contribution plan	150	164	170
Other social security costs, housing benefits and other employee benefits	156	167	170
Share-based compensation expenses	–	–	131
	<u>2,194</u>	<u>2,912</u>	<u>3,408</u>

34 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 2015					
	Director's fee	Salaries, wages and bonus	Pension cost-defined contribution plan	Other social security costs, housing benefits and other employee benefits	Share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors:</i>						
Mr. Deng	–	424	40	40	–	504
Mr. GAO Wei (高巍)	–	366	23	20	–	409
Mr. TIAN Yuan (田原)	–	120	33	30	–	183
	<u>–</u>	<u>910</u>	<u>96</u>	<u>90</u>	<u>–</u>	<u>1,096</u>

	For the year ended 31 December 2016					
	Director's fee	Salaries, wages and bonus	Pension cost-defined contribution plan	Other social security costs, housing benefits and other employee benefits	Share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors:</i>						
Mr. Deng	–	750	42	41	–	833
Mr. GAO Wei (高巍)	–	450	23	20	–	493
Mr. TIAN Yuan (田原)	–	450	33	32	–	515
	<u>–</u>	<u>1,650</u>	<u>98</u>	<u>93</u>	<u>–</u>	<u>1,841</u>

	For the year ended 31 December 2017					Total RMB'000
	Director's fee RMB'000	Salaries, wages and bonus RMB'000	Pension cost- defined contribution plan RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based compensation expenses RMB'000	
<i>Executive directors:</i>						
Mr. Deng	–	1,270	43	40	–	1,353
Mr. GAO Wei (高巍)	–	465	22	20	–	507
Mr. TIAN Yuan (田原)	–	447	43	41	–	531
	–	2,182	108	101	–	2,391

Mr. LI Gabriel (李基培), Mr. SHENG Gang (盛剛) and Mr. WU Haifeng (吳海鋒) were appointed as non-executive directors of the Company in April 2018. During the Track Record Period, the non-executive directors have not yet been appointed and received nil directors' remuneration in the capacity of directors.

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 in June 2018. During the Track Record Period, the independent non-executive directors have not yet been appointed and received nil directors' remuneration in the capacity of directors.

No retirement or termination benefits have been paid to the Company's directors for the years ended 31 December 2015, 2016 and 2017, respectively.

Except for the loan 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 2015, 2016 and 2017, 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 Track Record Period.

No consideration was provided to third parties for making available directors' services during the Track Record Period.

(b) Five highest paid individuals' emoluments

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2015, 2016 and 2017 include nil, 1 and 3 directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 5, 4 and 2 individuals during the years ended 31 December 2015, 2016 and 2017, respectively are as follows:

	Year ended 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Salaries, wages and bonuses	3,335	2,468	1,039
Pension costs – defined contribution plans	168	121	28
Other social security costs, housing benefits and other employee benefits	171	120	36
Share-based compensation expenses	–	–	67
	<u>3,674</u>	<u>2,709</u>	<u>1,170</u>

The emoluments of these individuals are within the following bands:

	Number of individuals		
	Year ended 31 December		
	2015	2016	2017
HKD			
500,000 – 1,000,000	4	4	2
1,000,001 – 1,500,000	1	–	–
	<u>5</u>	<u>4</u>	<u>2</u>

35 CONTINGENT LIABILITIES

As at 31 December 2015, 2016 and 2017, the Group did not have any material contingent liabilities.

36 SUBSEQUENT EVENTS

- (a) In March 2018, the Company issued 3,080,050 Series A preferred shares to Cachet Special at a consideration of USD12,307,000 (equivalent to RMB77,500,000). The Company settled the convertible liabilities of RMB147,897,000 with CDH Weixin and CDH Weisen by using the consideration received from Series A preferred shares issuance.
- (b) In March 2018, the Company issued 1,134,014 Series C preferred shares to Cachet Special at a consideration of USD10,000,000 (equivalent to RMB63,095,000). The Series C preferred shares can be automatically converted into the Company's ordinary shares on an one-to-one basis upon listing.

37 HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

(a) Investments in subsidiaries

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Investment in subsidiaries	244,727	244,727	244,727
Deemed investment arising from share-based compensation	1,666	1,666	5,714
	<u>246,393</u>	<u>246,393</u>	<u>250,441</u>

(b) Trade and other receivables

	As at 31 December		
	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>
Prepaid listing expenses	—	—	2,927

The carrying amounts of other receivables are denominated in the following currencies:

	As at 31 December		
	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>
USD	—	—	2,927

(c) Cash and cash equivalents

	As at 31 December		
	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>
Cash at bank	150,173	160,443	151,129

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December		
	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>
USD	150,173	160,443	151,129

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

	As at 31 December		
	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>
Cash at bank	150,173	160,443	151,129

(d) *Other reserves*

	Capital reserve <i>RMB'000</i>	Currency translation differences <i>RMB'000</i>	Preferred shares reserve <i>RMB'000</i>	Share option reserve <i>RMB'000</i>	Total <i>RMB'000</i>
As of 1 January 2015	267,421	–	–	1,666	269,087
Currency translation differences	–	(4,290)	–	–	(4,290)
Issuance of Class B ordinary shares	(15,955)	–	–	–	(15,955)
Repurchase of share capital in Shanghai Qijia before Reorganisation	(23,000)	–	–	–	(23,000)
Repurchase of Class B ordinary shares	(30,269)	–	–	–	(30,269)
Issuance of Series A preferred shares for the Reorganisation	(386,692)	–	319,889	–	(66,803)
As of 31 December 2015	(188,495)	(4,290)	319,889	1,666	128,770
Currency translation differences	–	(11,164)	–	–	(11,164)
As of 31 December 2016	(188,495)	(15,454)	319,889	1,666	117,606
Currency translation differences	–	34,174	–	–	34,174
Pre-IPO share option plan	–	–	–	4,048	4,048
As of 31 December 2017	(188,495)	18,720	319,889	5,714	155,828

(e) *Other payables*

	As at 31 December		
	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>
Payables for listing expense	–	–	2,927

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

	As at 31 December		
	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>
Within 1 month	–	–	2,927

39 SUBSIDIARIES

(a) Particulars of the subsidiaries of the Group during the Track Record Period are set out below:

Company name	Country/ place and date of incorporation	Issued and paid up capital or registered capital ('000)	Effective interests held by the Group %			Direct or Indirect	Principle activities
			At 31 December 2015	2016	2017		
Qijia Holding Limited	BVI, 25 November 2014	USD50	100%	100%	100%	Direct	Investment holding company
Jia (Hong Kong) Limited	HK, 9 December 2014	HKD10	100%	100%	100%	Indirect	Investment holding company
Qijia (Shanghai) Network Technology Co., Ltd.	PRC, 16 April 2015	USD20,000	100%	100%	100%	Indirect	Provision of Platform Service
Qi Home (Shanghai) Information Technology Co., Ltd.	PRC, 5 June 2015	USD50,000	100%	100%	100%	Indirect	Provision of Platform Service
Shanghai Qijia Network Information Technology Co., Ltd.	PRC, 09 August 2007	50,265	100%	100%	100%	Indirect	Provision of Platform Service
Shanghai Qiyi Information Technology Co., Ltd.	PRC, 8 September 2011	5,000	100%	100%	100%	Indirect	Provision of Platform Service
Shanghai Qijia E-commerce Co., Ltd.	PRC, 22 September 2016	10,000	N/A	100%	100%	Indirect	Electronic Commerce
Suzhou Qijia E-commerce Co., Ltd.	PRC, 14 November 2016	2,000	N/A	100%	100%	Indirect	Electronic Commerce
Fujian Qiyi Information Technology Co., Ltd.	PRC, 28 December 2016	20,000	N/A	N/A	100%	Indirect	Provision of Platform Service
Shanghai Qiyu Information Technology Co., Ltd.	PRC, 23 September 2015	5,000	N/A	100%	100%	Indirect	Provision of Self-operated interior design and construction services
Shanghai Jinjie Furniture and Decorations Co., Ltd.	PRC, 4 May 2009	1,000	100%	100%	100%	Indirect	Furnishings Wholesale
Shanghai Qijia Qianbao Financial Information Service Co., Ltd.	PRC, 2 December 2013	6,000	75%	75%	75%	Indirect	Financial Information Service

Company name	Country/ place and date of incorporation	Issued and paid up capital or registered capital (<i>'000</i>)	Effective interests held by the Group %			Direct or Indirect	Principle activities
			At 31 December 2015	2016	2017		
Fuzhou Qijia Information Technology Co., Ltd.	PRC, 3 December 2012	500	100%	100%	100%	Indirect	Provision of Platform Service
Shanghai Qixu Investment and Management Co., Ltd.	PRC, 22 September 2014	1,000	100%	100%	100%	Indirect	Investment Management
Tianjin Qijia Information Co., Ltd.	PRC, 21 October 2014	2,000	100%	100%	100%	Indirect	Provision of Platform Service
Sanming Qijia Network Information Technology Co., Ltd.	PRC, 19 November 2012	5,000	100%	100%	100%	Indirect	Provision of Platform Service
Chongqing Qijin Science and Technology Co., Ltd.	PRC, 19 November 2013	2,000	100%	100%	N/A	Indirect	Provision of Platform Service
Shanghai Qisheng E-Commerce Co., Ltd.	PRC, 24 March 2010	5,000	100%	100%	100%	Indirect	Electronic Commerce
Shanghai Qijia Internet Financial Information Service Co., Ltd.	PRC, 10 August 2015	10,000	70%	70%	70%	Indirect	Financial Information Service
Qijiabao Payment Co., Ltd.	PRC, 10 July 2015	100,000	95%	95%	95%	Indirect	Payment System
Fujian Qijia Network Information Technology Co., Ltd.	PRC, 9 January 2015	20,000	100%	100%	100%	Indirect	Provision of Platform Service
Brausen (Fujian) Decoration Engineering Co., Ltd.	PRC, 23 June 2006	11,250	69.89%	69.89%	69.89%	Indirect	Provision of Self-operated interior design and construction services
Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.	PRC, 30 August 2016	10,000	N/A	55%	55%	Indirect	Provision of Self-operated interior design and construction services

Company name	Country/ place and date of incorporation	Issued and paid up capital or registered capital ('000)	Effective interests held by the Group %			Direct or Indirect	Principle activities
			At 31 December 2015	2016	2017		
Suzhou Qijia Jumei Supply Chain Management Co., Ltd. (Previous name: Suzhou Tea Horse Road Trading Co., Ltd.)	PRC, 22 February 2017	1,000	N/A	N/A	100%	Indirect	Provision of Self-operated interior design and construction services
Henan Qijia Jumei Decoration Design Engineering Co., Ltd.	PRC, 26 May 2017	2,000	N/A	N/A	100%	Indirect	Provision of Self-operated interior design and construction services
Nanping Jianyang District Brausen Decoration Engineering Co., Ltd.	PRC, 7 April 2016	1,000	N/A	80%	70%	Indirect	Provision of Self-operated interior design and construction services
Zhangzhou Brausen Decoration Engineering Co., Ltd.	PRC, 18 July 2016	1,300	N/A	80%	76.15%	Indirect	Provision of Self-operated interior design and construction services
Quanzhou Brausen Decoration Engineering Co., Ltd.	PRC, 10 June 2014	1,520	62.50%	57.50%	62.50%	Indirect	Provision of Self-operated interior design and construction services
Luoyuan Brausen Decoration Engineering Co., Ltd.	PRC, 21 July 2014	5,000	N/A	55%	55%	Indirect	Provision of Self-operated interior design and construction services
Sanming Brausen Decoration Engineering Co., Ltd.	PRC, 25 December 2015	1,300	60%	60%	60%	Indirect	Provision of Self-operated interior design and construction services
Putian Brausen Decoration Engineering Co., Ltd.	PRC, 12 January 2016	1,300	N/A	60%	60%	Indirect	Provision of Self-operated interior design and construction services

Company name	Country/ place and date of incorporation	Issued and paid up capital or registered capital ('000)	Effective interests held by the Group %			Direct or Indirect	Principle activities
			At 31 December 2015	2016	2017		
Brausen (Xiamen) Decoration Engineering Co., Ltd.	PRC, 10 November 2014	1,000	N/A	51%	51%	Indirect	Provision of Self-operated interior design and construction services
Gutian Brausen Decoration Engineering Co., Ltd.	PRC, 28 November 2016	800	N/A	60%	60%	Indirect	Provision of Self-operated interior design and construction services
Pingtian Brausen Decoration Engineering Co., Ltd.	PRC, 28 February 2017	800	N/A	N/A	60%	Indirect	Provision of Self-operated interior design and construction services
Yunnan Brausen Decoration Engineering Co., Ltd.	PRC, 14 March 2017	5,000	N/A	N/A	51%	Indirect	Provision of Self-operated interior design and construction services
Xiapu Brausen Decoration Engineering Co., Ltd.	PRC, 27 April 2017	800	N/A	N/A	51%	Indirect	Provision of Self-operated interior design and construction services
Ningde Brausen Decoration Engineering Co., Ltd.	PRC, 23 August 2016	1,300	N/A	70%	70%	Indirect	Provision of Self-operated interior design and construction services
Ninghua Brausen Decoration Engineering Co., Ltd.	PRC, 24 March 2017	800	N/A	N/A	51%	Indirect	Provision of Self-operated interior design and construction services
Fujian Brausen Information Technology Co., Ltd.	PRC, 24 March 2017	20,000	N/A	N/A	100%	Indirect	Provision of Self-operated interior design and construction services
Changle Brausen Decoration Engineering Co., Ltd.	PRC, 25 April 2017	800	N/A	N/A	80%	Indirect	Provision of Self-operated interior design and construction services

Company name	Country/ place and date of incorporation	Issued and paid up capital or registered capital (‘000)	Effective interests held by the Group %			Direct or Indirect	Principle activities
			2015	2016	2017		
Fuzhou No. 10 Soft Decoration Co., Ltd.	PRC, 01 August 2017	1,000	N/A	N/A	60%	Indirect	Provision of Self-operated interior design and construction services
Shanghai Brausen Decoration Engineering Co., Ltd.	PRC, 25 August 2017	3,000	N/A	N/A	100%	Indirect	Provision of Self-operated interior design and construction services
Fuzhou Qimeiju Decoration Engineering Co., Ltd.	PRC, 21 July 2017	1,000	N/A	N/A	100%	Indirect	Provision of Self-operated interior design and construction services
Beijing Brausen Home Furnishing Decoration Co., Ltd.	PRC, 06 September 2017	5,000	N/A	N/A	100%	Indirect	Provision of Self-operated interior design and construction services
Shunchang Brausen Decoration Engineering Co., Ltd.	PRC, 14 December 2016	800	N/A	55%	55%	Indirect	Provision of Self-operated interior design and construction services

As of the date of this report, other than Shanghai Qijia E-commerce Co., Ltd., which was reclassified as assets held for sale in the year ended 31 December 2017 and disposed subsequently in March 2018, the equity interests held in the above subsidiaries were the same as 31 December 2017.

The statutory auditors of the subsidiaries of the Group during the Track Record Period are set out below:

Company name	Name of statutory auditors		
	2015	2016	2017
Jia (Hong Kong) Limited	KEN T. W. NG CPA LIMITED (吳子榮 會計師行有限公司)	KEN T. W. NG CPA LIMITED	In the progress
Qijia (Shanghai) Network Technology Co., Ltd.	Shanghai Huaju Certified Public Accountants Co., Ltd. (上海華炬會計 師事務所有限公司, “Shanghai Huaju”)	Shanghai Huaju	Shanghai Huaju
Shanghai Qijia Network Information Technology Co., Ltd.	Shanghai Huaju	Shanghai Huaju	Shanghai Huaju
Shanghai Qiyi Information Technology Co., Ltd.	Shanghai Huaju	Shanghai Huaju	Shanghai Huaju

Company name	2015	Name of statutory auditors	
		2016	2017
Shanghai Qijia E-commerce Co., Ltd.	N/A	Shanghai Huaju	Shanghai Chenghui Certified Public Accountants Co., Ltd. (上海誠匯會計師事務所有限公司, “Shanghai Chenghui”)
Shanghai Qiyu Information Technology Co., Ltd.	N/A	Shanghai Huaju	Shanghai Chenghui
Shanghai Jinjie Furniture and Decorations Co., Ltd.	Shanghai Huaju	Shanghai Huaju	Shanghai Huaju
Shanghai Qijia Qianbao Financial Information Service Co., Ltd.	Shanghai Huaju	Shanghai Huaju	Shanghai Huaju
Shanghai Qixu investment and management Co., Ltd.	Shanghai Huaju	Shanghai Huaju	Shanghai Huaju
Shanghai Qijia Internet Financial Information Service Co., Ltd.	Shanghai Huaju	Shanghai Huaju	Shanghai Huaju
Qijiabao Payment Co., Ltd.	Shanghai Huaju	Shanghai Huaju	Shanghai Huaju
Qi Home (Shanghai) Information Technology Co., Ltd.	Shanghai Huaju	Shanghai Huaju	Shanghai Huaju
Fujian Qijia Network Information Technology Co., Ltd.	N/A	N/A	Shanghai Huaju
Fujian Qiyi Information Technology Co., Ltd.	N/A	N/A	Shanghai Huaju
Suzhou Qijia E-commerce Co., Ltd.	N/A	Shanghai Huaju	Shanghai Chenghui

Except for the above companies, no audited statutory financial statements were prepared for other subsidiaries as they such are either not required to issue audited financial statements under the local statutory requirements or newly established that their first statutory audits have yet to be completed. As the date of this report, the statutory audit of Jia (Hong Kong) Limited for the year ended 31 December 2017 is still in the progress.

The English names of the PRC companies and statutory auditors referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

(b) Material non-controlling interests

Summarized financial information on subsidiaries with material non-controlling interests for the year ended 31 December 2015 is as follows:

	Assets RMB'000	Liabilities RMB'000	Revenues RMB'000	Losses RMB'000	Net assets RMB'000
Brausen (Fujian) Decoration Engineering Co., Ltd.	44,462	19,645	16,993	(3,593)	24,817

Summarized financial information on subsidiaries with material non-controlling interests for the year ended 31 December 2016 is as follows:

	Assets <i>RMB'000</i>	Liabilities <i>RMB'000</i>	Revenues <i>RMB'000</i>	Losses <i>RMB'000</i>	Net assets <i>RMB'000</i>
Brausen (Fujian) Decoration Engineering Co., Ltd.	<u>64,950</u>	<u>51,620</u>	<u>75,180</u>	<u>(9,394)</u>	<u>13,330</u>
Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.	<u>6,139</u>	<u>3,022</u>	<u>2,349</u>	<u>(3,778)</u>	<u>3,117</u>

Summarized financial information on subsidiaries with material non-controlling interests for the year ended 31 December 2017 is as follows:

	Assets <i>RMB'000</i>	Liabilities <i>RMB'000</i>	Revenues <i>RMB'000</i>	Losses <i>RMB'000</i>	Deficits <i>RMB'000</i>
Brausen (Fujian) Decoration Engineering Co., Ltd.	<u>78,904</u>	<u>119,030</u>	<u>155,908</u>	<u>(47,146)</u>	<u>(40,126)</u>
Qijia Jumei (Suzhou) Refined Construction Technology Co., Ltd.	<u>9,255</u>	<u>17,160</u>	<u>25,908</u>	<u>(12,995)</u>	<u>(7,905)</u>

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2017 and up to the date of this report. No dividend or distribution has been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2017.

The information set out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I in this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the equity holders of the Company as of 31 December 2017 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at 31 December 2017 or at any future dates.

	Audited consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2017 (Note 1) RMB'000	Conversion of preferred shares (Note 2) RMB'000	Estimated net proceeds from the Global Offering (Note 3) RMB'000	Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company RMB'000	Unaudited pro forma adjusted net tangible assets per Share (Note 5) RMB HK\$	
Based on an Offer Price of HK\$6.80 per Share	(1,480,497)	1,804,607	1,254,087	1,578,197	1.30	1.60
Based on an Offer Price of HK\$9.00 per Share	(1,480,497)	1,804,607	1,670,663	1,994,773	1.65	2.02

Notes:

- (1) The audited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at 31 December 2017 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated deficits of the Group attributable to the equity holders of the Company as at 31 December 2017 of RMB1,466,965,000 with adjustments for the intangible assets as at 31 December 2017 of RMB5,736,000 attributable to equity holders and goodwill as at 31 December 2017 of RMB7,796,000.
- (2) The Company's Series A preferred shares, Series B preferred shares and Series C preferred shares are all required to be converted into ordinary shares upon the Listing. The adjustment represents the impact of the conversion of all these preferred shares into ordinary shares, issued up to the date of this prospectus, on the net tangible assets attributable to the equity holders. The estimated impact is calculated for 32,730,531 Series A preferred shares and 21,434,013 Series B preferred shares outstanding as at 31 December 2017 based on their respective carrying value as of that date, and 1,134,014 Series C preferred shares issued in March 2018 based on the issuance consideration of RMB63,095,000.
- (3) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$6.80 and HK\$9.00 per Share, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB9,403,000 which have been accounted for during the Track Record Period) payable by the Company and takes no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the General Mandate and the Repurchase Mandate.
- (4) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,210,124,090 Shares (including the completion of the conversion of the preferred shares into ordinary shares as mentioned above and the Capitalization Issue to be effective upon Listing) were in issue assuming that the Global Offering has been completed on 31 December 2017 but takes no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the General Mandate and the Repurchase Mandate.
- (5) Except as disclosed above, no adjustment has been made to reflect to any trading results of other transactions entered into subsequent to 31 December 2017.
- (6) For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at the rate of HK\$1.00 to RMB0.8167.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Qeeka Home (Cayman) Inc.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Qeeka Home (Cayman) Inc. (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted net tangible assets as at 31 December 2017, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 21 June 2018, in connection with the proposed initial public offering of shares (the "Listing") of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Listing on the Group's financial position as at 31 December 2017 as if the Listing had taken place at 31 December 2017. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the year ended 31 December 2017, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Listing at 31 December 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers*Certified Public Accountants*

Hong Kong, 21 June 2018

SUMMARY OF THE CONSTITUTION OF THE COMPANY**1 Memorandum of Association**

The Memorandum of Association of the Company was conditionally adopted on June 4, 2018 and will become effective on the Listing and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in “Appendix V – Documents Delivered to the Registrar of Companies and Available for Inspection – Documents Available for Inspection” to this prospectus.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on June 4, 2018 and will become effective on the Listing and include provisions to the following effect:

2.1 Classes of Shares

The authorised share capital of the Company consists of ordinary shares. The authorised share capital of the Company at the date of adoption of the Articles is US\$200,000 divided into 2,000,000,000 shares of US\$0.0001 each.

2.2 Directors*(a) Power to allot and issue Shares*

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
 - (B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) *Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The majority of the Board, acting upon the recommendation of the Nomination Committee, shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

Any Director (including a Managing Director or other executive Director) may be removed before the expiration of his period of office (i) by the Company by ordinary resolution upon the Board's proposal pursuant to the recommendation of the Nomination Committee; or (ii) by a three-quarters majority of the Board, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution, upon the Board's proposal pursuant to the Nomination Committee's recommendation, appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. No person shall, unless proposed by the Directors pursuant to the recommendation of the Nomination Committee, be eligible for election to the office of Director at any general meeting unless, (i) during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected, and (ii) the appointment of such person as a Director has been approved by our Board upon the recommendation of the Nomination Committee.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;
- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
- (vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office, provided that such removal has been recommended by the Nomination Committee; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of the Company upon the Board's proposal, pursuant to the recommendation of the Nomination Committee under the Articles of Association.

At every annual general meeting of the Company 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 retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Members of the Nomination Committee shall be decided, appointed or removed by a majority of the Board.

The Nomination Committee shall ensure that (i) the majority of the Board will comprise of PRC nationals at all times; (ii) the Nomination Committee will comprise of three members; and (iii) the chairman of the Nomination Committee shall be a PRC Investor.

The chairman of the Nomination Committee shall be a PRC Investor. The quorum of a meeting of the Nomination Committee shall be two persons (including the chairman). Any resolution to be passed at a meeting of the Nomination Committee shall be approved by a majority (including the affirmative vote of the chairman) of the members of the Nomination Committee who attend and vote at such meeting. In the event of an equality of votes at any meeting of the Nomination Committee, the chairman will have a casting vote in addition to any other vote he may have. Alternatively, a resolution of the Nomination Committee may be approved by way of a written resolution signed unanimously by every member of the Nomination Committee.

“PRC Investor” is defined under the Draft FIL as (a) a PRC national; (b) a PRC governmental entity; or (c) a PRC-incorporated entity that is “controlled” by PRC nationals and/or PRC governmental entities.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 *Alteration of capital*

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution – majority required

A “special resolution” is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Law and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 20 November 2014 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking if any will be for a period of twenty years.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to "Appendix V – Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated under the laws of the Cayman Islands on November 20, 2014 as an exempted company with limited liability. Our Company's registered office address is at the offices of Sertus Incorporations (Cayman) Limited, Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands. A summary of various parts of the Memorandum and Articles of Association is set out in Appendix III to this prospectus.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on March 28, 2018. Our registered place of business in Hong Kong is at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Ms. So Shuk Yi Betty has been appointed as our authorized representative for the acceptance of service of process in Hong Kong. The address for service of process is 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

Our Company's head office is located at No. 6 Building, 3131 Jinshajiang Road, Jiading District, Shanghai, PRC.

2. Changes in share capital of our Company

Our authorized share capital as of the Latest Practicable Date was US\$50,000 divided into (i) a total of 443,601,441 authorized Shares of par value US\$0.0001 each, consisting of 401,257,257 authorized Class A Ordinary Shares of par value US\$0.0001 each and 42,344,184 authorized Class B Ordinary Shares of par value US\$0.0001 each; (ii) a total of 32,730,531 authorized Series A Preferred Shares of par value US\$0.0001 each, consisting of 10,191,275 Series A-1 Preferred Shares of par value US\$0.0001 each, 4,755,882 Series A-2 Preferred Shares of par value US\$0.0001 each, 3,850,041 Series A-3 Preferred Shares of par value US\$0.0001 each, and 13,933,333 Series A-4 Preferred Shares of par value US\$0.0001 each; (iii) a total of 22,534,014 authorized Series B Preferred Shares of par value US\$0.0001 each; and (iv) a total of 1,134,014 authorized Series C Preferred Shares of par value US\$0.0001 each.

- Upon our incorporation on November 20, 2014, our Company issued one ordinary share with a par value of US\$0.0001 to Sertus Nominees (Cayman) Limited, an Independent Third Party, which was subsequently transferred to Qeeka Holding on the same day.
- On November 20, 2014, our Company issued 999,999 ordinary shares with a par value of US\$0.0001 each to Qeeka Holding. As a result, Qeeka Holding held 1,000,000 ordinary shares, which were later re-designated into 1,000,000 Class B Ordinary Shares on April 30, 2015. Each Class B Ordinary Share carries two votes.
- On April 30, 2015, our Company repurchased a total of 833,333 Class B Ordinary Shares with a par value of US\$0.0001 each from Qeeka Holding at a consideration of US\$5,000,000.

- On April 30, 2015, our Company issued a total of 13,933,333 Series A-4 Preferred Shares to Baidu HK, 1,698,560 Series A-2 Preferred Shares to Cowin, 10,191,275 Series A-1 Preferred Shares to Hua Yuan International, 3,057,322 Series A-2 Preferred Shares to Guangfa Xinde Capital, 769,991 Series A-3 Preferred Shares to Qianrong Capital, 10,000,000 Series B Preferred Shares to Orchid Asia and 833,333 Series B Preferred Shares to Jianxin Capital, with a par value of US\$0.0001 each.
- On December 14, 2015, our Company issued 2,267,347 Series B Preferred Shares to Seagull, with a par value of US\$0.0001 each.
- On December 24, 2015, our Company issued 8,333,333 Series B Preferred Shares to SIP Oriza, with a par value of US\$0.0001 each.
- On March 1, 2018, our Company issued 3,080,050 Series A-3 Preferred Shares with a par value of US\$0.0001 each and 1,134,014 Series C Preferred Shares with a par value of US\$0.0001 each to Cachet Special.
- On March 26, 2018, Qeeka Holding transferred an aggregate of 11,275,898 Class B Ordinary Shares to the Nine BVI Companies.

Immediately following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme are not exercised), the authorized share capital of our Company will be US\$200,000 divided into 2,000,000,000 Shares, of which 1,210,124,090 Shares will be issued fully paid or credited as fully paid, and 789,875,910 Shares will remain unissued.

Save as disclosed herein, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in share capital of our subsidiaries and PRC Operating Entities

Our Company's subsidiaries and the PRC Operating Entities are set out in the Accountant's Report in Appendix I to this prospectus.

The following alterations in the share capital or registered capital (as the case may be) of our subsidiaries and PRC Operating Entities have taken place within the two years immediately preceding the date of this prospectus:

Zhangzhou Brausen

On July 18, 2016, Zhangzhou Brausen was established under the PRC laws with a registered share capital of RMB1,300,000.

Ningde Brausen

On August 23, 2016, Ningde Brausen was established under the PRC laws with a registered share capital of RMB1,300,000.

Jumei

On August 30, 2016, Jumei was established under the PRC laws with a registered share capital of RMB10,000,000.

Shanghai Qijia E-commerce Co., Ltd.* (上海齊家電子商務有限公司)

On September 22, 2016, Shanghai Qijia E-commerce Co., Ltd. was established under the PRC laws with a registered share capital of RMB10,000,000.

Suzhou Qijia E-commerce Co., Ltd.* (蘇州齊家電子商務有限公司)

On November 14, 2016, Suzhou Qijia E-commerce Co., Ltd., a subsidiary of Shanghai Qijia E-commerce Co., Ltd., was established under the PRC laws with a registered share capital of RMB2,000,000.

Gutian Brausen

On November 28, 2016, Gutian Brausen was established under the PRC laws with a registered share capital of RMB800,000.

Fujian Qiyi

On December 28, 2016, Fujian Qiyi was established under the PRC laws with a registered share capital of RMB20,000,000.

Pingtian Brausen

On February 28, 2017, Pingtian Brausen was established under the PRC laws with a registered share capital of RMB800,000.

Suzhou Jumei Supply Chain

On February 22, 2017, Suzhou Jumei Supply Chain was established under the PRC laws with a registered share capital of RMB1,000,000.

Yunnan Brausen

On March 14, 2017, Yunnan Brausen was established under the PRC laws with a registered share capital of RMB5,000,000.

Ninghua Brausen

On March 24, 2017, Ninghua Brausen was established under the PRC laws with a registered share capital of RMB800,000.

Brausen Info

On March 24, 2017, Brausen Info was established under the PRC laws with a registered share capital of RMB20,000,000.

Changle Brausen

On April 25, 2017, Changle Brausen was established under the PRC laws with a registered share capital of RMB800,000.

Xiapu Brausen

On April 27, 2017, Xiapu Brausen was established under the PRC laws with a registered share capital of RMB800,000.

Henan Jumei

On May 26, 2017, Henan Jumei was established under the PRC laws with a registered share capital of RMB2,000,000.

Fuzhou Qimeiju

On July 21, 2017, Fuzhou Qimeiju was established under the PRC laws with a registered share capital of RMB1,000,000.

Fuzhou Shihao

On August 1, 2017, Fuzhou Shihao was established under the PRC laws with a registered share capital of RMB1,000,000.

Shanghai Brausen

On August 25, 2017, Shanghai Brausen was established under the PRC laws with a registered share capital of RMB3,000,000.

Beijing Brausen

On September 6, 2017, Beijing Brausen was established under the PRC laws with a registered share capital of RMB5,000,000.

Xiamen Zhuozhuang

On December 8, 2017, Xiamen Zhuozhuang was established under the PRC laws with a registered share capital of RMB1,000,000.

Suzhou Xuchang

On March 13, 2018, Suzhou Xuchang was established under the PRC laws with a registered share capital of RMB2,200,000.

Qijia Network Technology

On March 19, 2018, the registered capital of Qijia Network Technology increased from US\$20,000,000 to US\$70,000,000.

Shanghai Qiyu

On March 23, 2018, the registered capital of Shanghai Qiyu increased from RMB5,000,000 to RMB5,050,000.

Save as disclosed above, there have been no alterations in the share capital of our subsidiaries and PRC Operating Entities within the two years immediately preceding the date of this prospectus.

4. Reorganization

For details of the Reorganization which was effected in preparation for the Listing, see “History and Corporate Structure.”

5. Summary of the material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) an exclusive technological services agreement entered into by Shanghai Qijia with Qijia Network Technology on February 26, 2018, as further described in the section headed “Contractual Arrangements”;
- (b) an exclusive option agreement entered into by Shanghai Qijia and each of the Relevant Shareholders with Qijia Network Technology on February 26, 2018, as further described in the section headed “Contractual Arrangements”;

- (c) an equity pledge agreement entered into among Qijia Network Technology, Shanghai Qijia and Mr. Deng on February 26, 2018, as further described in the section headed “Contractual Arrangements”;
- (d) an equity pledge agreement entered into among Qijia Network Technology, Shanghai Qijia and Shanghai Qixin on February 26, 2018, as further described in the section headed “Contractual Arrangements”;
- (e) an equity pledge agreement entered into among Qijia Network Technology, Shanghai Qijia and Shanghai Qisong on February 26, 2018, as further described in the section headed “Contractual Arrangements”;
- (f) an equity pledge agreement entered into among Qijia Network Technology, Shanghai Qijia and Beijing Baidu on February 26, 2018, as further described in the section headed “Contractual Arrangements”;
- (g) an equity pledge agreement entered into among Qijia Network Technology, Shanghai Qijia and Cowin Venture on February 26, 2018, as further described in the section headed “Contractual Arrangements”;
- (h) an equity pledge agreement entered into among Qijia Network Technology, Shanghai Qijia and GF Xinde Investment on February 26, 2018, as further described in the section headed “Contractual Arrangements”;
- (i) an equity pledge agreement entered into among Qijia Network Technology, Shanghai Qijia and Cowin Jinqu on February 26, 2018, as further described in the section headed “Contractual Arrangements”;
- (j) an equity pledge agreement entered into among Qijia Network Technology, Shanghai Qijia and Suzhou Kunrong on February 26, 2018, as further described in the section headed “Contractual Arrangements”;
- (k) a power of attorney entered into by Shanghai Qijia, each of the Relevant Shareholders and Qijia Network Technology on February 26, 2018, as further described in the section headed “Contractual Arrangements”;

- (l) a preferred share purchase agreement entered into by our Company and Cachet Multi Strategy Fund SPC on behalf of Cachet Special on February 26, 2018, as further described in the section headed “History and Corporate Structure – Pre-IPO Investments”;
- (m) the loan agreement dated February 26, 2018, entered into between Qijia Network Technology and Mr. Deng as further described in the section headed “Contractual Arrangements”;
- (n) the loan agreement dated February 26, 2018, entered into between Qijia Network Technology and Shanghai Qixin as further described in the section headed “Contractual Arrangements”;
- (o) the undertaking letter dated May 27, 2018 given by Mr. Deng, to our Company and the Stock Exchange, as further described in the section headed “Contractual Arrangements”;
- (p) the undertaking letter dated May 27, 2018 given by Ms. Sun, to our Company and the Stock Exchange, as further described in the section headed “Contractual Arrangements”;
- (q) the undertaking letter dated May 27, 2018 given by Mr. Gao Wei, to our Company and the Stock Exchange, as further described in the section headed “Contractual Arrangements”;
- (r) a cornerstone investment agreement dated June 16, 2018, entered into between our Company, Goldman Sachs (Asia) L.L.C., CLSA Capital Markets Limited, CLSA Limited and Zhejiang Meida, as further described in the section headed “Cornerstone Investors”;
- (s) a cornerstone investment agreement dated June 16, 2018, entered into between our Company, Goldman Sachs (Asia) L.L.C., CLSA Capital Markets Limited, CLSA Limited, Sea Wise and Mr. Xia Ding, as further described in the section headed “Cornerstone Investors”;
- (t) the Deed of Indemnity; and
- (u) the Hong Kong Underwriting Agreement.

6. Resolutions of our Shareholders dated June 4, 2018

Written resolutions of our Shareholders were passed on June 4, 2018, pursuant to which, among others:

- (a) conditional on (i) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as to be stated in this prospectus and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange; (ii) the Offer Price having been determined; (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements; and (iv) the Underwriting Agreements having been duly executed by the Underwriters and the Company:
 - (1) the Global Offering (including the Over-allotment Option) was approved, and the proposed allotment and issue of the Offer Shares under the Global Offering were approved, and the Directors were authorized to determine the Offer Price for, and to allot and issue the Offer Shares;
 - (2) a general and unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the Global Offering, rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by the Company from time to time or, pursuant to an award which may be granted under the Pre-IPO Share Option Scheme or allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering, (excluding any Shares which may be issued under the Over-allotment Option and any Shares to be allotted and issued upon the exercise of the options which has been granted under the Pre-IPO Share Option Scheme that remain unexercised immediately following the completion of the Capitalization Issue and the Global Offering);

- (3) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase its own Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering, (excluding any Shares which may be issued under the Over-allotment Option and any Shares to be allotted and issued upon the exercise of the options which has been granted under the Pre-IPO Share Option Scheme that remain unexercised immediately following the completion of the Capitalization Issue and the Global Offering); and
- (4) the general unconditional mandate as mentioned in paragraph (2) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (3) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering, excluding any Shares which may be issued under the Over-allotment Option and any Shares to be allotted and issued upon the exercise of the options which has been granted under the Pre-IPO Share Option Scheme that remain unexercised immediately following the completion of the Capitalization Issue and the Global Offering);
- (5) on the Listing Date, all of the authorised Class A Ordinary Shares, Class B Ordinary Shares and Preferred Shares (including all the then existing issued and outstanding Class A Ordinary Shares, Class B Ordinary Shares and Preferred Shares) be converted into ordinary Shares of our Company by way of redesignation on a one for one basis such that the authorised share capital of the Company is US\$50,000 divided into 500,000,000 ordinary shares with a par value of US\$0.0001 each (the “Re-designation”);
- (6) immediately upon the Re-designation, the authorised share capital of our Company be increased from US\$50,000 divided into 500,000,000 ordinary shares of a par value of US\$0.0001 each into US\$200,000 divided into 2,000,000,000 ordinary shares with a par value of US\$0.0001 each, by the creation of an additional 1,500,000,000 ordinary shares of a par value of US\$0.0001 each; and

- (7) conditional on the share premium account of our Company being credited by an amount of US\$87,128.47 as a result of the issue of the Offer Shares pursuant to the Global Offering, our Company will, on the Listing Date allot and issue a total of 871,284,681 Shares credited as fully paid at par to the holders of Class B Ordinary Shares and Preferred Shares whose names appear on the register of members of our Company on the day preceding the Listing Date in proportion to their then existing shareholdings in our Company by capitalizing the sum of US\$87,128.47 from the share premium account of our Company. The Shares allotted and issued pursuant to the above capitalization issue will rank *pari passu* in all respects with the existing issued Shares.
- (b) our Company conditionally approved and adopted the Memorandum and Articles of Association with effect from the Listing.

Each of the general mandates referred to in paragraphs (a)(2), (a)(3) and (a)(4) above will remain in effect until whichever is the earliest of:

- the conclusion of the next annual general meeting of our Company;
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or
- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

B. PURCHASE BY THE COMPANY OF ITS OWN SECURITIES

This section includes information required by the Stock Exchange to be included in this prospectus concerning the purchase by us of our own securities.

1. Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to purchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(a) Shareholders' approval

The Listing Rules provide that all purchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

(b) Source of funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Under Cayman Islands law, any repurchase by the Company may be made out of profits of the Company, out of the Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorized by the Articles of Association and subject to the Companies Law, out of capital if the Company can, immediately following such payment, pay its debt as they fall due in the ordinary course of business. Any premium payable on a repurchase over the par value of the Shares to be repurchased must be provided for out of either or both of the profits or the share premium account of the Company or, if authorized by the Articles of Association and subject to the Companies Law, out of capital.

(c) Status of repurchased shares

The listing of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under Cayman Islands law, unless prior to the purchase, the Directors of the Company resolve to hold the Shares purchased by the Company as treasury shares, Shares purchased by the Company will be treated as cancelled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of Shares shall not be taken as reducing the amount of the Company's authorized share capital under Cayman Islands law.

(d) Connected parties

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) and a connected person shall not knowingly sell his securities to the company.

2. Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

3. General

- (a) None of our Directors, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to our Company.
- (b) Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of Hong Kong.
- (c) If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.
- (d) No connected person (as defined in the Listing Rules) has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

C. INTELLECTUAL PROPERTY RIGHTS OF OUR GROUP

1. Trademarks

As of the Latest Practicable Date, the Group had registered the following trademarks which we believe are material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (dd/mm/yyyy)
1.		PRC	Shanghai Qijia	21	20646306	06/11/2027
2.		PRC	Shanghai Qijia	42	17362967A	20/09/2026
3.		PRC	Shanghai Qijia	42	16829121A	20/09/2026
4.		PRC	Shanghai Qijia	37	16828897A	27/06/2026
5.		PRC	Shanghai Qijia	35	15006373	13/08/2026
6.		PRC	Shanghai Qijia	42	15006373	13/08/2026
7.		PRC	Shanghai Qijia	42	14840078	20/07/2025
8.		PRC	Shanghai Qijia	35	14840078	20/07/2025
9.		PRC	Shanghai Qijia	42	14350671	20/05/2025
10.		PRC	Shanghai Qijia	38	14350537	20/05/2025
11.		PRC	Shanghai Qijia	37	14350417	20/05/2025
12.		PRC	Shanghai Qijia	36	14349263	13/07/2025
13.		PRC	Shanghai Qijia	35	14344714	20/05/2025
14.		PRC	Shanghai Qijia	42	9909702	06/11/2022
15.		PRC	Shanghai Qijia	38	9909671	06/11/2022
16.		PRC	Shanghai Qijia	37	9909640	06/11/2022

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (dd/mm/yyyy)
17.	齐家保	PRC	Shanghai Qijia	36	9909594	06/11/2022
18.	齐家宝	PRC	Shanghai Qijia	35	9909572	06/11/2022
19.	齐家网	PRC	Shanghai Qijia	35	9909545	27/11/2022
20.	齐家保	PRC	Shanghai Qijia	35	9909530	06/11/2022
21.		PRC	Shanghai Qijia	42	8823201	13/08/2022
22.		PRC	Shanghai Qijia	35	8823136	06/03/2022
23.	tg.com.cn	PRC	Shanghai Qijia	42	8403278	06/10/2022
24.	tg.com.cn	PRC	Shanghai Qijia	38	8403266	13/06/2022
25.	tg.com.cn	PRC	Shanghai Qijia	35	8403249	13/07/2021
26.		PRC	Shanghai Qijia	42	6414687	13/09/2020
27.	齐 家	PRC	Shanghai Qijia	35	4679593	27/01/2019
28.		PRC	Brausen	37	20313975	20/10/2027
29.		PRC	Brausen	37	20313955	20/10/2027
30.		PRC	Brausen	35	20313791	20/10/2027
31.		PRC	Brausen	35	20313753	20/10/2027
32.		PRC	Brausen	20	20313697	20/10/2027

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (dd/mm/yyyy)
33.		PRC	Brausen	20	20313675	20/10/2027
34.	博若森	PRC	Brausen	42	8304075	20/05/2021
35.	博若森	PRC	Brausen	37	8304046	13/09/2021
36.	博若森	PRC	Brausen	20	6302180	20/02/2020
37.	齐煜	PRC	Shanghai Qiyu	37	23219068	06/03/2028
38.	齐煜	PRC	Shanghai Qiyu	42	23219402	06/03/2028

2. Patents

As of the Latest Practicable Date, the Group had registered and maintained the following patents which we believe are material to our business:

No.	Patent	Patentee	Place of Registration	Patent Number	Registration Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
1	An O2O members' information interactive terminal (一種O2O會員信息交互終端)	Shanghai Qijia	PRC	ZL201220641839.X	05/06/2013	04/06/2023

3. Copyright

As of the Latest Practicable Date, we had registered the following copyrights in the PRC which are material in relation to our Group's business:

No.	Copyright	Licensee	Certificate Number	Date of Registration (dd/mm/yyyy)
1.	Qiyi decoration services e-commerce platform V1.0 (齊屹裝修服務電子商務平台軟件V1.0)	Shanghai Qiyi	2012SR028324	12/04/2012
2.	Qijia Network decoration platform content management software V1.0 (齊家網裝修平台內容管理軟件V1.0)	Shanghai Qiyi	2012SR114645	27/11/2012
3.	Qijia Network decoration public services platform software V1.0 (齊家網裝修公共服務平台軟件V1.0)	Shanghai Qiyi	2012SR137617	31/12/2012
4.	Qijia Network group-buying management software V1.0 (齊家網團購活動管理軟件V1.0)	Shanghai Qiyi	2013SR007066	23/01/2013
5.	Qijia Network payment management software V1.0 (齊家網交付款管理軟件V1.0)	Shanghai Qiyi	2013SR017999	27/02/2013
6.	Qijia Network decoration platform customer services center software V1.0 (齊家網裝修平台客服中心軟件V1.0)	Shanghai Qiyi	2013SR062076	25/06/2013
7.	Qijia Network SMS software V1.0 (齊家網短信管理軟件V1.0)	Shanghai Qiyi	2013SR061941	25/06/2013
8.	Qijia online decoration store management software V1.0 (齊家網裝修店鋪管理軟件V1.0)	Shanghai Qiyi	2013SR062089	25/06/2013

No.	Copyright	Licensee	Certificate Number	Date of Registration (dd/mm/yyyy)
9.	Qijia Network decoration platform operation software V1.0 (齊家網裝修平台運營中心軟件V1.0)	Shanghai Qiyi	2013SR068325	18/07/2013
10.	Qijia cloud decoration e-commerce platform software V1.0 (齊家雲裝修電子商務平台軟件V1.0)	Shanghai Qiyi	2015SR176516	11/09/2015
11.	Qijia decoration operation management software V1.0 (齊家裝修運營管理軟件V1.0)	Shanghai Qiyi	2015SR230850	24/11/2015
12.	Qijia decoration atlas management software V1.0 (齊家裝修圖集管理軟件V1.0)	Shanghai Qiyi	2015SR230640	24/11/2015
13.	Qijia decoration order tracking system of user service software V1.0 (齊家裝修用戶服務跟單系統軟件V1.0)	Shanghai Qiyi	2015SR233178	26/11/2015
14.	Qijia electronic contract management software V1.0 (齊家電子合同管理軟件V1.0)	Shanghai Qiyi	2016SR197534	28/07/2016
15.	Qijia project schedule software V1.0 (齊家工程排期軟件V1.0)	Shanghai Qiyi	2016SR197485	28/07/2016
16.	Qijia project material management software V1.0 (齊家工程物料管理軟件V1.0)	Shanghai Qiyi	2016SR196692	28/07/2016
17.	Qijia designer partnership management software V1.0 (齊家設計師合夥人管理軟件V1.0)	Shanghai Qiyi	2016SR196508	28/07/2016

No.	Copyright	Licensee	Certificate Number	Date of Registration (dd/mm/yyyy)
18.	Qijia ERP software for synergistic decoration project management V1.0 (齊家裝修工程協同管理ERP軟件V1.0)	Shanghai Qiyi	2016SR207989	08/08/2016
19.	Qijia integrated decoration budget management software V1.0 (齊家裝修預算綜合管理軟件V1.0)	Shanghai Qiyi	2016SR208610	08/08/2016
20.	Qijia decoration construction progress interacting management software (Android) V1.0.1 (齊家施工進程互動管理軟件(Android版)V1.0.1)	Shanghai Qiyi	2016SR230251	23/08/2016
21.	Qijia decoration construction progress interacting management software (IOS) V1.0.1 (齊家施工進程互動管理軟件(IOS版)V1.0.1)	Shanghai Qiyi	2016SR229308	22/08/2016
22.	Qijia decoration assistant software (Android) V1.0.1 (齊家裝修助手軟件(Android版)V1.0.1)	Shanghai Qiyi	2016SR229306	22/08/2016
23.	Qijia decoration assistant software (IOS) V1.0.1 (齊家裝修助手軟件(IOS版)V1.0.1)	Shanghai Qiyi	2016SR230329	23/08/2016
24.	Qijia e-commerce platform software V1.0 (齊家電子商務平台軟件V1.0)	Shanghai Qijia	2008SR27562	03/11/2008
25.	Qijia user relationship management software V1.0 (齊家用戶關係管理軟件V1.0)	Shanghai Qijia	2010SR003031	19/01/2016

No.	Copyright	Licensee	Certificate Number	Date of Registration (dd/mm/yyyy)
26.	Qijia artistic decoration e-commerce platform software V1.0 (齊家裝潢服務電子商務平台軟件V1.0)	Shanghai Qijia	2010SR002908	19/01/2010
27.	Qijia information management software V1.0 (齊家資訊管理軟件V1.0)	Shanghai Qijia	2010SR003074	19/01/2010
28.	Qijia online class interaction platform software V1.0 (齊家課堂在線互動平台軟件V1.0)	Shanghai Qijia	2010SR003032	19/01/2010
29.	Qijia property information management software V1.0 (齊家房產信息管理軟件V1.0)	Shanghai Qijia	2010SR003076	19/01/2010
30.	Qijia mobile e-commerce platform software V1.0 (齊家移動電子商務平台軟件V1.0)	Shanghai Qijia	2012SR014713	29/02/2012
31.	Qijia Network content management software V1.0 (齊家網內容管理軟件V1.0)	Shanghai Qijia	2012SR034735	03/05/2012
32.	Qijia Network sales management software V1.0 (齊家網銷售管理軟件V1.0)	Shanghai Qijia	2012SR040321	17/05/2012
33.	Qijia Network genetic image retrieval & 3D scenario construction-based online shopping directory software V1.0 (齊家網基於圖像檢索和3D場景構建的互聯網導購服務軟件V1.0)	Shanghai Qijia	2012SR028331	12/04/2012

No.	Copyright	Licensee	Certificate Number	Date of Registration (dd/mm/yyyy)
34.	Public service platform software of Qijia mall public service platform software V1.0 (齊家商城公共服務平台軟件 V1.0)	Shanghai Qijia	2012SR047158	06/06/2012
35.	Qijia Network electronic clock in system V1.0 (齊家網電子簽到軟件 V1.0)	Shanghai Qijia	2012SR050985	15/06/2012
36.	Qijia Network customer service and management software V1.0 (齊家網客戶服務管理軟件V1.0)	Shanghai Qijia	2012SR053808	20/06/2012
37.	Qijia Network contract management software V1.0 (齊家網合同管理軟件V1.0)	Shanghai Qijia	2012SR069396	01/08/2012
38.	Qijia Network archive management software V1.0 (齊家網檔案管理軟件V1.0)	Shanghai Qijia	2012SR070186	02/08/2012
39.	Qijia Network resources management software V1.0 (齊家網資源管理軟件V1.0)	Shanghai Qijia	2012SR092363	27/09/2012
40.	Qijia Network financial management software V1.0 (齊家網財務管理軟件V1.0)	Shanghai Qijia	2012SR137673	31/12/2012
41.	Qijia Network administrative and human resources management software V1.0 (齊家網行政人事管理軟件V1.0)	Shanghai Qijia	2012SR137424	31/12/2012
42.	Qijia Network operation and management software V1.0 (齊家網運營管理軟件V1.0)	Shanghai Qijia	2013SR000078	04/01/2013

No.	Copyright	Licensee	Certificate Number	Date of Registration (dd/mm/yyyy)
43.	Qijia Network OA portal system software V1.0 (齊家網OA門戶系統 V1.0)	Shanghai Qijia	2013SR015551	21/02/2013
44.	Qijia Network time clock software V1.0 (齊家網人事考勤管理軟件V1.0)	Shanghai Qijia	2013SR032732	10/04/2013
45.	Qijia Network digital field software V1.0 (齊家網數字現場軟件V1.0)	Shanghai Qijia	2013SR052838	31/05/2013
46.	Qijia Network WAP group buying software V1.0 (齊家網WAP團購軟件V1.0)	Shanghai Qijia	2013SR052834	31/05/2013
47.	Qijia Network online shop management software V1.0 (齊家網在線店鋪管理軟件V1.0)	Shanghai Qijia	2013SR053887	03/06/2013
48.	Qijia Network capital management software V1.0 (齊家網資金管理軟件V1.0)	Shanghai Qijia	2013SR054176	03/06/2013
49.	Qijia Network advertisement approval software V1.0 (齊家網廣告審批管理軟件V1.0)	Shanghai Qijia	2013SR054245	04/06/2013
50.	Qijia decoration partnership software (IOS) V1.1.3 (齊家裝修夥伴IOS版軟件V1.1.3)	Shanghai Qijia	2014SR204946	22/12/2014
51.	Qijia decoration partnership software (Android) V1.1.3 (齊家裝修夥伴Android版軟件V1.1.3)	Shanghai Qijia	2014SR204741	22/12/2014
52.	Qijia Network APP (Android) V1.1.6 (齊家網APP安卓版軟件 V1.1.6)	Shanghai Qijia	2014SR206506	23/12/2014
53.	Qijia atlas (IOS) V1.0.1 (齊家圖庫IOS軟件 V1.0.1)	Shanghai Qijia	2014SR207949	24/12/2014

No.	Copyright	Licensee	Certificate Number	Date of Registration (dd/mm/yyyy)
54.	Qijia Network APP (IOS) V1.1.6 (齊家網APP IOS版軟件V1.1.6)	Shanghai Qijia	2014SR211330	26/12/2014
55.	Qijia Zui Mei Zhuang Xiu (Android) V1.4.0 (齊家最美裝修Android版軟件V1.4.0)	Shanghai Qijia	2015SR137179	20/07/2015
56.	Qijia Zui Mei Zhuang Xiu (IOS) V1.4.0 (齊家最美裝修IOS版軟件V1.4.0)	Shanghai Qijia	2015SR149762	04/08/2015
57.	Qijia social and cultural Q&A management software V1.0 (齊家社交化問答管理軟件V1.0)	Shanghai Qijia	2015SR163377	24/08/2015
58.	Qijia online outlets software V1.0 (齊家在線商城品牌特賣軟件V1.0)	Shanghai Qijia	2015SR163374	24/08/2015
59.	Qijia resource bidding and management software V1.0 (齊家資源競價管理軟件V1.0)	Shanghai Qijia	2015SR163458	24/08/2015
60.	Qijia decoration resources management software V1.0 (齊家裝修資源管理軟件V1.0)	Shanghai Qijia	2015SR165680	26/08/2015
61.	Qijia Wechat official account resource management software V1.0 (齊家公眾號資源管理軟件V1.0)	Shanghai Qijia	2015SR174494	09/09/2015
62.	Qijia coupon code marketing and management software V1.0 (齊家券碼營銷管理軟件V1.0)	Shanghai Qijia	2015SR176381	11/09/2015
63.	Qijia home decorating e-commerce O2O software V1.0 (齊家O2O家裝電子商務服務平台軟件V1.0)	Shanghai Qijia	2015SR178980	15/09/2015

No.	Copyright	Licensee	Certificate Number	Date of Registration (dd/mm/yyyy)
64.	Qijia advertisement schedule management software V1.0 (齊家廣告排期管理軟件V1.0)	Shanghai Qijia	2015SR187307	25/09/2015
65.	Qijia new media integrated analysis software V1.0 (齊家新媒體集成分析軟件V1.0)	Shanghai Qijia	2015SR194483	10/10/2015
66.	Qijia order tracking software for designers (Android) V1.0.1 (齊家設計師跟單軟件 (Android版)V1.0.1)	Shanghai Qijia	2016SR186703	19/07/2016
67.	Qijia order tracking software for designers (IOS) V1.0.1 (齊家設計師跟單軟件(IOS版)V1.0.1)	Shanghai Qijia	2016SR190450	22/07/2016
68.	Qijia Zhuangxiu Toutiao (IOS) V1.0.1 (齊家裝修頭條IOS版軟件V1.0.1)	Shanghai Qijia	2016SR208307	08/08/2016
69.	Qijia Zhuangxiu Toutiao (Android) V1.0.1 (齊家裝修頭條Android版軟件V1.0.1)	Shanghai Qijia	2016SR208152	08/08/2016
70.	Qijia Fulishe (Android) V1.0.1 (齊家福利社軟件(Android版)V1.0.1)	Shanghai Qijia	2016SR264260	19/09/2016
71.	Qijia Fulishe (IOS) V1.0.1 (齊家福利社軟件(IOS版)V1.0.1)	Shanghai Qijia	2016SR264250	19/09/2016
72.	Qijia Fulishe operation and management software V1.0.1 (齊家福利社運營管理軟件 V1.0.1)	Shanghai Qijia	2016SR264253	19/09/2016
73.	Qisheng E-commerce collaborative management software V1.0 (齊盛電子商務協同管理平臺軟件V1.0)	Shanghai Qisheng	2011SR066670	19/09/2011

No.	Copyright	Licensee	Certificate Number	Date of Registration (dd/mm/yyyy)
74.	Qijia Jia Zhuang industry chain big data information management platform software V1.0 (齊家家裝產業鏈大數據信息管理平臺軟件V1.0)	Shanghai Qijia	2017SR335382	03/07/2017
75.	Qijia Jia Zhuang mobile E-commerce collaborative application system software V1.0 (齊家家裝移動電商協同應用系統軟件V1.0)	Shanghai Qijia	2017SR350181	06/07/2017
76.	Qijia cashier collection and payment inquiry software V1.0 (齊家出納收付款查詢軟件V1.0)	Shanghai Qijia	2016SR290009	12/10/2016
77.	Qijia Wallet digital scene IOS software V1.1.3 (齊家錢包數字現場IOS軟件V1.1.3)	Qijia Wallet Financial Information Service	2014SR211416	26/12/2014
78.	Qijia Wallet digital scene android software V1.1.3 (齊家錢包數字現場android軟件V1.1.3)	Qijia Wallet Financial Information Service	2014SR211005	26/12/2014
79.	Qijia field service management system software V1.0 (齊家現場服務管理系統V1.0)	Qijia Wallet Financial Information Service	2014SR211322	26/12/2014
80.	Qijia coupon management software V1.0 (齊家優惠券運營管理軟件V1.0)	Shanghai Qijia	2016SR289299	12/10/2016
81.	Qijia material library collaborative management software V1.0 (齊家材料庫協同管理軟件V1.0)	Shanghai Qijia	2016SR290086	12/10/2016

No.	Copyright	Licensee	Certificate Number	Date of Registration (dd/mm/yyyy)
82.	Qijia Zhuang Xiu meitu IOS software V1.0.1 (齊家裝修美圖IOS軟件 V1.0.1)	Shanghai Qijia	2016SR142246	15/06/2016
83.	Qijia Zhuang Xiu meitu Android software V1.0.1 (齊家裝修美圖 Android軟件V1.0.1)	Shanghai Qijia	2016SR142248	15/06/2016
84.	Qijia gallery Android software V1.0.1 (齊家圖庫Android軟件 V1.0.1)	Shanghai Qijia	2014SR211349	26/12/2014

4. Domain names

As of the Latest Practicable Date, the Group had registered and maintained the following domain names which we believe are material to our business:

No.	Domain Name	Registered Owner	Expiry Date (dd/mm/yyyy)
1.	shtuangou.com	Shanghai Qijia	02/02/2019
2.	qeeka.net	Shanghai Qijia	16/07/2019
3.	tg18.com	Shanghai Qijia	11/06/2019
4.	tg.com.cn	Shanghai Qijia	28/04/2019
5.	qeeka.org	Shanghai Qijia	04/06/2019
6.	Jia.com	Shanghai Qiyi	01/07/2020
7.	qeeka.com	Shanghai Qijia	20/10/2019
8.	qijiapay.com	Shanghai Wallet Financial Information Service	26/09/2019
9.	boruosen.com	Brausen	17/07/2020
10.	qijiajm.cn	Jumei	26/04/2019
11.	qjjumei.com	Jumei	26/04/2019

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our Group's business.

D. FURTHER INFORMATION ABOUT THE DIRECTORS, MANAGEMENT, STAFF, SUBSTANTIAL SHAREHOLDERS AND EXPERTS**1. Particulars of Directors' service contracts***(a) Executive Directors*

Each of our executive Directors has entered into a service contract with our 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 our Company since the Listing Date (whichever is sooner). Either party has the right to give not less than one month's written notice to terminate the agreement. Details of the Company's remuneration policy is described in section headed "Directors and Senior Management – Directors' and Senior Management's Remuneration."

(b) Non-executive Directors and Independent non-executive Directors

Each of our non-executive Directors and independent non-executive Directors has entered into an appointment letter with our Company. The term of office of our non-executive Director and independent non-executive Directors is three years or until the third annual general meeting of our Company since the Listing Date (whichever is sooner).

2. Remuneration of Directors

- (a) Remuneration and benefits in kind of approximately RMB1.1 million, RMB1.8 million, and RMB0.8 million in aggregate were paid and granted by our Group to our Directors in respect of the years ended December 31, 2015, 2016 and 2017.
- (b) Under the arrangements currently in force, our Directors will be entitled to receive remuneration and benefits in kind which, for the year ending December 31, 2018, is expected to be approximately RMB2.8 million in aggregate (excluding discretionary bonus).
- (c) Save as disclosed in this prospectus, none of our Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Disclosure of interests

(a) *Interests of the Directors and chief executives of our Company*

Immediately following completion of the Capitalization Issue and the Global Offering, without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or options which may be granted under Pre-IPO Share Option Scheme, the interests or short positions of our Directors and our chief executives in the shares, underlying Shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

(i) *Interest in the Shares*

Name of Director	Nature of interest	Number of Shares held after the Capitalization Issue and the Global Offering	Approximate percentage of interest in our Company immediately after the Capitalization Issue and the Global Offering ⁽¹⁾
Mr. Deng ⁽¹⁾	Interest in controlled corporation Interest of spouse	315,937,140	26.11%
Mr. Gao Wei ⁽²⁾	Interest in controlled corporation	28,639,970	2.37%
Mr. Tian Yuan ⁽³⁾	Interest in controlled corporation	6,219,490	0.51%

Notes:

- (1) Mr. Deng holds 100% equity interests of Qeeka Holding, which in turn directly holds 302,349,530 Shares of the Company immediately following the completion of the Capitalization Issue and the Global Offering. Accordingly, Mr. Deng is deemed to be interested in the 302,349,530 Shares held by Qeeka Holding. Mr. Deng is the spouse of Ms. Sun, and is deemed to be interested in the 13,587,610 Shares of Ms. Sun held through Sunjie Home, representing approximately 1.12% interest in our Company.

- (2) Mr. Gao Wei holds 100% equity interests in Josephine Holding, which in turn directly holds 28,639,970 Shares of the Company immediately following the completion of the Capitalization Issue and the Global Offering. Accordingly, Mr. Gao Wei is deemed to be interested in the 28,639,970 Shares held by Josephine Holding.
- (3) Mr. Tian Yuan holds 100% equity interests of Tianyuan Home, which in turn directly holds 6,219,490 Shares of the Company immediately following the completion of the Capitalization Issue and the Global Offering. Accordingly, Mr. Tian Yuan is deemed to be interested in the 6,219,490 Shares held by Tianyuan Home.

(ii) *Interests in associated corporations*

Name of Director	Name of associated corporation	Approximate percentage shareholding
Mr. Deng	Shanghai Qijia	54.46%

(b) *Interests of the Substantial Shareholders*

Save as disclosed in the section headed “Substantial Shareholders” in this prospectus, our Directors are not aware of any other person who will, immediately following the completion of the Capitalization Issue and the Global Offering have an interest or short position in the Shares or the underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or directly or indirectly, be interested in 10% of more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

4. Disclaimers

Save as disclosed in this prospectus:

- (a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation) between the Directors and any member of the Group;
- (b) none of the Directors or the experts named in the section headed “– E. Other Information – 9. Consents of experts” below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (c) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of the Company within the two years ended on the date of this prospectus;

- (d) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;
- (e) taking no account of any Shares which may be taken up under the Global Offering and allotted and issued pursuant to the exercise of the Over-Allotment Option or any options which may be granted under the Pre-IPO Share Option Scheme, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following completion of the Capitalization Issue and the Global Offering, have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group; and
- (f) none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange once the Shares are listed thereon.

E. OTHER INFORMATION

1. Litigation

Save as disclosed in this prospectus, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company's results of operations or financial condition.

2. Preliminary listing expenses

The preliminary listing expenses of the Global Offering are estimated to be approximately RMB108.6 million and are payable by our Company.

3. Agency fees or commissions

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries.

4. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein and any Shares falling to be issued pursuant to the Global Offering and the exercise of the Over-allotment Option. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Joint Sponsors' fee in relation to the Listing is US\$1,000,000 in aggregate.

5. No material adverse change

Our Directors believe that there has been no material adverse change in the financial or trading position since December 31, 2017 (being the date on which the latest audited consolidated financial statements of the Group were made up).

6. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

7. Miscellaneous

- (a) Save as disclosed in this prospectus:
 - (i) within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
 - (iii) our Company has no outstanding convertible debt securities or debentures.
- (b) Our Company has no founder shares, management shares or deferred shares in the capital of the Company.
- (c) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.
- (d) None of the equity and debt securities of our Company is listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

8. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Goldman Sachs (Asia) L.L.C.	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities (as defined in the SFO)
CLSA Capital Markets Limited	A licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities (as defined in the SFO)
PricewaterhouseCoopers	Certified Public Accountants
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Maples and Calder (Hong Kong) LLP	Cayman Islands legal advisers
Zhong Lun Law Firm	Qualified PRC lawyers

9. Consents of experts

Each of the experts listed in the section headed “– E. Other Information – 8. Qualifications of experts” has given and has not withdrawn their respective consents to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it appears.

As of the Latest Practicable Date and save as disclosed in the preceding paragraph, none of the experts named in the section headed “– E. Other Information – 8. Qualifications of experts” had any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

10. Promoter

We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus within the two years immediately preceding the date of this prospectus.

11. Pre-IPO Share Option Scheme

Summary

The following is a summary of the principal terms of our Pre-IPO Share Option Scheme, adopted in 2011 which was formalized in 2018. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Scheme will not involve the grant of options by us to subscribe for Shares with a par value of US\$0.0001 each once we have become a listed issuer.

(a) Purpose

The Pre-IPO Share Option Scheme is intended to provide incentives to the directors, management and employees of the Group by providing them with opportunities to (i) acquire options (“**Options**”, each an “**Option**”) granted hereunder to purchase Shares or share units (“**Share Units**”, each a “**Share Unit**”; a Share corresponds to 89.0731 Share Units), (ii) receive awards of a hypothetical number of Shares, to be settled upon vesting in either Shares or cash, as determined by the chief executive officer of the Company (“**Restricted Share Units**”, each a “**Restricted Share Unit**”), and/or (iii) make direct purchases of Shares issued subject to forfeiture or repurchase by the Company until vested (“**Restricted Shares**”, each a “**Restricted Shares**”). In addition to Options, Restricted Share Units, and Restricted Shares, other awards involving Shares and other awards that are valued in whole or in part by reference to, or are otherwise based upon or settled in, Shares, including (without limitation) unrestricted Shares, performance units, share appreciation rights, dividend equivalents, and convertible debentures (together with Options, Restricted Share Units and Restricted Shares, the “**Awards**”), may be granted or sold under this Pre-IPO Share Option Scheme.

(b) Who may join

Those eligible to participate in the Pre-IPO Share Option Scheme include Directors of the Company and any other person (including without limitation employees and consultants) employed by the Group (collectively, the “**Service Providers**” and each a “**Service Provider**”). The chief executive officer of the Company will have the authority in its discretion to select the Service Providers to participate in the Pre-IPO Share Option Scheme.

(c) Maximum number of Shares

The maximum number of Shares that may be subject to Awards granted and sold under this Pre-IPO Share Option Scheme is 165,919,510 with a par value of US\$0.0001 each assuming completion of the Capitalization Issue.

(d) 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 this scheme.

Subject to any specific provisions Pre-IPO Share Option Scheme and the approval of any relevant authorities, the chief executive officer of the Company will have the authority in its discretion to:

- (i). determine fair market value of Shares;
- (ii). determine the types of Awards to be granted;
- (iii). select the Service Providers to whom Awards may be made from time to time;
- (iv). determine the number of Shares, Share Units, Restricted Share Units or Restricted Shares to be covered by each Award granted;
- (v). approve forms of award agreement setting forth the terms and conditions of a specific Award (the “**Award Agreement**”);
- (vi). determine the terms and conditions of any Award. Such terms and conditions include, but are not limited to, the exercise price; the time or times when Options may be exercised, Restricted Share Units may be vested or Restricted Shares may no longer be subject to the forfeiture and repurchase right of the Company, or Options, Restricted Share Units or Restricted Shares may be forfeited (which in each case may be based on performance criteria); any vesting acceleration or waiver of restrictions; and any restriction or limitation regarding any Award, Shares or Share Units relating thereto, based in each case on such factors as the chief executive officer of the Company may determine; provided, that no Award granted under this Pre-IPO Share Option Scheme may be amended or otherwise be subject to any action that would be treated, for accounting purposes, as a “repricing” of such Award, unless such amendment or action is approved by the Board or the Company’s shareholders;
- (vii). determine whether and under what circumstances a Restricted Share Unit may be settled in cash instead of Shares;
- (viii). prescribe and amend provisions relating to this Pre-IPO Share Option Scheme, including provisions relating to subplans established for the purpose of qualifying for preferred tax treatment under applicable tax laws;

- (ix). allow holders of Options or other Awards to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option or other Award that number of Shares having a fair market value equal to the amount required to be withheld. The fair market value of the Shares to be withheld will be determined on the date that the amount of tax to be withheld is to be determined. All elections by holders of Awards to have Shares withheld for this purpose will be made in such form and under such conditions as the chief executive officer of the Company may deem necessary or advisable;
- (x). construe and interpret the terms of Pre-IPO Share Option Scheme and Awards granted hereunder; and
- (xi). make any other determination and take any other action that the chief executive officer of the Company deems necessary or desirable for the administration of the Pre-IPO Share Option Scheme and Awards granted hereunder.

(e) *Term of the Awards*

The term of each Option, Restricted Share Unit, and Restricted Share or other Award will be in the relevant Award Agreement, which sets forth the terms and conditions of a specific Award advised by the chief executive officer of the Company on behalf of the Company and accepted by the grantee of the award in accordance with the Pre-IPO Share Option Scheme.

(f) *Option exercise price, consideration for Restricted Share Unit grants, Restricted Share Purchase price, and form of consideration*

Unless otherwise provided in the Award Agreement, the exercise price for Shares to be issued upon exercise of an Option, the price to be paid for the granting of Restricted Share Units, and the purchase price of Restricted Shares will be such amounts as are determined by the chief executive officer of the Company. The exercise price for Shares, and the purchase price of Restricted Shares, shall be not less than the par value of such Shares.

The consideration to be paid for Shares to be issued upon exercise of an Option, the granting of a Restricted Share Unit, or the purchase of Restricted Shares, including the method of payment, will be determined by the chief executive officer of the Company. Such consideration may consist of (i) cash, (ii) check, (iii) such other method of payment as is approved by the chief executive officer of the Company, or (iv) any combination of the foregoing that is approved by the chief executive officer of the Company.

(g) *Vesting of Awards*

Any Options granted hereunder will vest and become exercisable, any Restricted Share Units granted hereunder will vest and be settled, and any Restricted Shares issued hereunder will vest and no longer be subject to forfeiture, according to the terms hereof at such times and under such conditions as determined by the chief executive officer of the Company and set forth in an Award Agreement.

Restricted Share Units that will be settled upon vesting, subject to the terms of the applicable Award Agreement, either by delivery to the holder of the number of Shares that equals the number of Restricted Share Units that then become vested or by the payment to the holder of cash equal to the then fair market value of that number of Shares.

An Option will be deemed exercised when the Company receives (i) written or electronic notice of exercise (in accordance with the Award Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares or Share Units with respect to which the Option is exercised.

(h) *Right on termination of employment*

If a holder of Options ceases to be a Service Provider, such holder may exercise his or her Options within such period of time as is specified in the Award Agreement to the extent that the Options are vested on the date of termination (but in no event later than the expiration of the term of the Options as set forth in the Award Agreement).

If the employment, directorship or services of a holder of an Option and/or Restricted Share Units are terminated by the Company or any subsidiary or consolidated affiliated entity of the Company for cause (as defined in the Pre-IPO Share Option Scheme), (i) all of the Option and/or Restricted Share Units, whether or not vested, will terminate effective immediately upon such termination and the holder shall have no further rights in respect of the Option or Restricted Share Units, (ii) all right, title and interest in and to any Shares or Share Units issued or transferred by the Company to the holder upon any exercise of the Option and/or settlement of Restricted Share Units that were held by the holder, including any dividend equivalents or other distributions received by the holder in respect of any such Shares or Share Units, and which Shares or Share Units are registered in the name of the holder as at the date of such termination, will be returned and transferred in full to the Company (whether by way of the forfeiture, repurchase, redemption or surrender of such Shares or Share Units, as may be determined by the chief executive officer of the Company in its sole and absolute discretion), automatically and without any action on the part of the Company or the holder (and the holder shall be deemed to have irrevocably agreed to the forfeiture, repurchase, redemption or surrender of such Shares or Share Units, as may be determined by the

chief executive officer of the Company in its sole and absolute discretion), provided that the chief executive officer of the Company may in its sole discretion decide to make payment to such holder in the amount of any exercise price previously paid by such holder to the Company in respect of such Shares or Share Units, (iii) the holder will be required to pay to the Company an amount equal to the aggregate amount of any gain that had been previously realized by the holder in respect of all Shares issued upon the exercise of the Option and/or settlement of Restricted Share Units (including without limitation the proceeds of any sale of such Shares by the holder to any person), and (iv) in the case of a holder of Restricted Share Units, the holder will be required to pay to the Company the aggregate amount of any cash payment previously made to the holder by the Company upon the settlement of the holder's Restricted Share Units.

(i) Rights on death or disability

If a holder of Options dies while a Service Provider, the Options may be exercised within such period of time as is specified in the Award Agreement to the extent that the Options are vested on the date of death (but in no event later than the expiration of the term of such Options as set forth in the Award Agreement) by the holder's estate or by a person who acquires the right to exercise the Options by bequest or inheritance.

If a holder of Options ceases to be a Service Provider as a result of the holder's disability, the holder may exercise his or her Options within such period of time as is specified in the Award Agreement to the extent the Options are vested on the date of termination (but in no event later than the expiration of the term of such Options as set forth in the Award Agreement).

(j) Non-transferability of Awards

Unless determined otherwise by the chief executive officer of the Company, Awards may not be transferred in any manner other than as provided in the applicable Award Agreement, this Pre-IPO Share Option Scheme, by will or by the laws of succession and may be exercised, during the lifetime of the holder, only by the holder.

(k) Amendment, modification and termination

The Board may at any time amend, suspend or terminate this Pre-IPO Share Option Scheme in accordance with the memorandum and articles of association then in effect. Except as may be required by applicable laws, no amendment, suspension or termination of this Pre-IPO Share Option Scheme will materially and adversely impair the rights of any holder of Awards, unless agreed otherwise in writing between the holder and the chief executive officer of the Company. Termination of this Pre-IPO Share Option Scheme will not affect the ability of the chief executive officer of the Company to exercise the powers granted to it hereunder with respect to Awards granted under this Pre-IPO Share Option Scheme prior to the date of such termination.

Outstanding Options granted

The overall limit on the number of shares to be granted under the Pre-IPO Share Option Scheme is 165,919,510 Shares (assuming completion of the Capitalization Issue), representing approximately 13.71% of the issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised, and Options granted under the Pre-IPO Share Option Scheme that remain unexercised immediately following the completion of the Capitalization Issue and the Global Offering are not exercised).

The number of Shares underlying the outstanding and unexercised Options granted under the Pre-IPO Share Option Scheme amounts to 49,115,000 Shares, representing approximately 4.05% of the issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised, and Options granted under the Pre-IPO Share Option Scheme that remain unexercised immediately following the completion of the Capitalization Issue and the Global Offering are not exercised). For illustration purpose only, our basic loss per Share from continuing operations for 2017 would have experienced a dilution, or a decrease, of 10.58%, should the number of Shares used for purposes of such calculation be increased by the number of shares underlying all Options outstanding as of the date of this prospectus and assuming no other changes occurred during the relevant period.

As of the Latest Practicable Date, we have conditionally granted Options to 188 participants under the Pre-IPO Share Option Scheme. All the Options under the Pre-IPO Share Option Scheme were granted between 2011 and 2016 and the Company will not grant further Options under the Pre-IPO Share Option Scheme. The exercise price of all the Options granted under the Pre-IPO Share Option Scheme is approximately RMB20.04 per Share (approximately RMB2.004 per Share assuming completion of the Capitalization Issue).

(a) Directors and senior management

Our Directors and senior management have been granted Options under the Pre-IPO Share Option Scheme to subscribe for a total of 23,800,690 Shares assuming completion of the Capitalization Issue as set out in the section headed “Share Capital – The Capitalization Issue”, and approximately 1.97% of the issued share capital of our Company upon completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised, and Options granted under the Pre-IPO Share Option Scheme that remain unexercised immediately following the completion of the Global Offering are not exercised).

Below is a list of the Directors and senior management who are grantees under the Pre-IPO Share Option Scheme:

Name of grantee	Role	Address	Number of underlying Shares subject to Option	Date of grant	Option period	Approximate percentage of issued shares immediately after completion of the Global Offering ⁽¹⁾
GAO Wei (高巍)	Executive Director	Room 1402, Block 4, Xinghai Community, Suzhou Industrial Park, Jiangsu, PRC	8,981,390	December 31, 2011	10 years from grant date	0.74%
LIN Jinsong (林勁松)	Chief Technology Officer	Room 2004, 14 Xitinanli, Siming District, Xiamen, Fujian, PRC	12,461,680	December 31, 2011	10 years from grant date	1.03%
			1,347,210	December 31, 2016	10 years from grant date	0.11%
WANG Wenfei (王文飛)	Chief Financial Officer	Room 302, 99 Fangli Road, Jiading, Shanghai, PRC	1,010,410	December 31, 2016	10 years from grant date	0.09%
Subtotal	three grantees		23,800,690			1.97%

Note:

- (1) Assuming the Over-allotment Option is not exercised, and Options granted under the Pre-IPO Share Option Scheme that remain unexercised immediately following the completion of the Global Offering are not exercised.

(b) Other grantees

As of the Latest Practicable Date, other than one Director and two members of senior management team, no Options were granted to any Directors, senior management or connected person of the Group under the Pre-IPO Share Option Scheme. Among the other grantees, 181 grantees have been granted Options under the Pre-IPO Share Option Scheme which are outstanding to subscribe for a total of 15,659,310 Shares, representing approximately 1.29% of the issued share capital of our Company upon completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised, and Options granted under the Pre-IPO Share Option Scheme that remain unexercised immediately following the completion of the Capitalization Issue and the Global Offering are not exercised) with the number of Shares to be issued upon exercise of the relevant Options ranging from 2,250 Shares to 2,694,420 Shares. The details of other grantees who have been granted options to subscribe for 1,000,000 shares of our Company or more, who provided long-term service to our Group and are not our connected persons, are disclosed below.

Name of grantee	Role	Address	Number of underlying Shares subject to Option	Date of grant	Option period	Approximate percentage of issued shares immediately after completion of the Global Offering ⁽¹⁾
SHEN Jingxian (沈靜嫻)	Senior director	Room 902, No. 1, Lane 336, Heyou Street, Jiading District, Shanghai	2,694,420	December 31, 2016	10 years from grant date	0.22%
PAN Ling (潘玲)	Regional general manager	Room 2602, Building 22, Tianyu Garden, Suzhou Industrial Park, Suzhou, Jiangsu Province	2,694,420	December 31, 2016	10 years from grant date	0.22%
ZHU Kai (朱凱)	Vice president	Room 604, Ziyou Shui Garden, Wuzhong District, Suzhou, Jiangsu Province	2,694,420	December 31, 2016	10 years from grant date	0.22%
YU Liping (俞麗萍)	Vice president	Room 102, No. 14 of Lane 365, Hewang Road, Jiangqiao Town, Jiading District, Shanghai	1,571,740	December 31, 2016	10 years from grant date	0.13%
Subtotal	Four grantees		9,655,000			0.79%

Note:

- (1) Assuming the Over-allotment Option is not exercised, and Options granted under the Pre-IPO Share Option Scheme that remain unexercised immediately following the completion of the Global Offering are not exercised.

The table below shows the details of Options granted to the 181 grantees under the Pre-IPO Share Option Scheme which are outstanding:

		Number of underlying Shares subject to Option	Date of grant	Option period	Approximate percentage of issued shares immediately after completion of the Global Offering ⁽¹⁾⁽²⁾
		15,659,310	December 31, 2016	10 years from grant date	1.29%
Subtotal	181 grantees	15,659,310 Shares			

Notes:

- (1) Assuming the Over-allotment Option is not exercised, and Options granted under the Pre-IPO Share Option Scheme that remain unexercised immediately following the completion of the Global Offering are not exercised.
- (2) No consideration has been paid as no Options have been exercised as of the Latest Practicable Date.

F. GENERAL

1. Taxation of Holder of our Shares

(a) *Hong Kong*

Dealings in Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) *Cayman Islands*

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands or if an instrument of transfer is executed in or brought within the Cayman Islands.

(c) *Consultation with professional advisors*

Potential investors in the Global Offering should consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and disposing of, or dealing in Shares. It is emphasized that none of us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors and the Underwriters and their respective directors or any other parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, persons resulting from the application for, or purchasing, holding and disposal of, or dealing in Shares.

2. Estate Duty

The Controlling Shareholders have entered into a deed of indemnity dated June 14, 2018 with and in favor of our Company (for itself and as trustee for its subsidiaries) whereby the Controlling Shareholders have given indemnities in connection with any liability for estate duty under the Estate Duty Ordinance, Chapter 111 of the Laws of Hong Kong, or legislation similar thereto in Hong Kong or any jurisdictions outside Hong Kong which might be incurred by any member of our Group on or before the Listing Date, or which may be suffered by any member of our Group in respect of, among other things, any income, profits or gains earned, accrued or received on or before the Listing Date, save:

- (a) to the extent that specific provision or reserve has been made for such estate duty in the audited consolidated financial information of our Group as set out in Appendix I (the “Accounts”);
- (b) to the extent that the liability for such estate duty would not have arisen but for any act or omission of, or delay by, any member of our Group after the Listing Date;
- (c) to the extent such loss arises or is incurred only as a result of a retrospective change in law or regulations or the interpretation or practice thereof by any relevant authority coming into force after the Listing Date.

3. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the section headed “Appendix IV – Statutory and General Information – E. Other Information – 9. Consents of experts” to this prospectus; and
- (c) copies of the material contracts referred to in the section headed “Appendix IV – Statutory and General Information – A. Further Information about our Company – 5. Summary of the material contracts” to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Kirkland & Ellis at 26th Floor, Gloucester Tower, The Landmark, 15 Queen’s Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (a) our Memorandum and Articles of Association;
- (b) the Accountant’s Report from PricewaterhouseCoopers, the text of which are set out in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of our Company for the three financial years ended December 31, 2015, 2016 and 2017;
- (d) the report from PricewaterhouseCoopers on unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (e) the Companies Law;
- (f) the material contracts referred to in the section headed “Appendix IV – Statutory and General Information – A. Further Information about our Company – 5. Summary of the material contracts” to this prospectus;
- (g) the service contracts with Directors, referred to in the section headed “Appendix IV – Statutory and General Information – D. Further Information about the Directors, Management, Staff, Substantial Shareholders and Experts – 1. Particulars of Directors’ service contracts” to this prospectus;
- (h) the written consents referred to in the section headed “Appendix IV – Statutory and General Information – E. Other Information – 9. Consents of experts” to this prospectus;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE FOR INSPECTION**

- (i) the legal opinions dated this prospectus date prepared by Zhong Lun Law Firm, our Legal Advisor as to PRC law, in respect of certain aspects of our Group and our property interests;
- (j) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisor on Cayman Islands Law, summarizing the constitution of the Company and certain aspects of the Companies Law referred to in Appendix III;
- (k) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed “Industry Overview”; and
- (l) the terms of the Pre-IPO Share Option Scheme and a list of grantees under the Pre-IPO Share Option Scheme.

Qeeka Home (Cayman) Inc.
齊屹科技(開曼)有限公司

