

# 车市科技 Cheshi Technology Inc.

(Incorporated in the Cayman Islands with limited liability)

C H E S H I T E C H Stock Code: 1490



2022  
Interim Report



# Corporate Information



## DIRECTORS

### Executive Directors

Mr. Xu Chong (徐翀) (*Chairman and chief executive officer*)  
Mr. Liu Lei (劉磊)  
Mr. Lin Yuqi (林渝奇)

### Non-executive Director

Mr. Zhu Boyang (朱博揚)

### Independent Non-executive Directors

Mr. Xu Xiangyang (徐向陽)  
Mr. Li Ming (李明)  
Mr. Ng Jack Ho Wan (alias Ng Jacky) (吳浩雲)

## AUDIT COMMITTEE

Mr. Ng Jack Ho Wan (alias Ng Jacky) (吳浩雲) (*Chairman*)  
Mr. Xu Xiangyang (徐向陽)  
Mr. Li Ming (李明)

## REMUNERATION COMMITTEE

Mr. Xu Xiangyang (徐向陽) (*Chairman*)  
Mr. Lin Yuqi (林渝奇)  
Mr. Ng Jack Ho Wan (alias Ng Jacky) (吳浩雲)

## NOMINATION COMMITTEE

Mr. Xu Chong (徐翀) (*Chairman*)  
Mr. Xu Xiangyang (徐向陽)  
Mr. Li Ming (李明)

## AUTHORISED REPRESENTATIVES

Ms. Leung Shui Bing (梁瑞冰) (ACG, HKACG)  
Mr. Xu Chong (徐翀)

## COMPANY SECRETARY

Ms. Leung Shui Bing (梁瑞冰) (ACG, HKACG)

## AUDITOR

Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## COMPLIANCE ADVISER

Somerley Capital Limited  
20th Floor, China Building  
29 Queen's Road Central  
Hong Kong

## HONG KONG LEGAL ADVISER

Tian Yuan Law Firm LLP  
Suites 3304-3309, 33/F, Jardine House  
One Connaught Place, Central  
Hong Kong

## REGISTERED OFFICE

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

## PLACE OF BUSINESS IN THE PRC

Room 401, Block C, Shuguang Tower  
No. 5 Jingshun Road Chaoyang District  
Beijing, China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square  
1 Matheson Street, Causeway Bay  
Hong Kong

## PRINCIPAL SHARE REGISTRAR

Appleby Global Services (Cayman) Limited  
71 Fort Street PO Box 500, George Town  
Grand Cayman KY-1-1106  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor Hopewell Center  
183 Queen's Road East, Wanchai  
Hong Kong

## PRINCIPAL BANKERS

Bank of Communications, Beijing Sanyuan branch  
MCC Building  
28 Shuguangxili Street  
Chaoyang District  
Beijing, China

## COMPANY WEBSITE

[www.cheshi.com](http://www.cheshi.com)

## STOCK CODE

1490



# Management Discussion and Analysis

## MARKET OVERVIEW

The first half of 2022 is full of challenges and opportunities for the automobile industry. In the first half of 2022, China's automobile industry was confronted with the triple pressure of supply shocks, shrinking demand and weakening expectations, and the upstream and downstream enterprises in the automobile industry chain encountered great difficulties in their normal operation. On one hand, the production and supply of automobiles was affected by the shortage of chips and the rising price of raw materials for power batteries. On the other hand, the outbreak of the COVID-19 epidemic in Shanghai, Jilin and other regions caused a serious impact on the supply chain of automobile in China. Subsequently, the government launched a series of policies to promote automobile consumption, and the Chinese automobile industry began to emerge from the trough and recover gradually. According to the data of China Association of Automobile Manufacturers, China's automobile sales in the first half of 2022 were 12.1 million units, representing a period-on-period decrease of 6.6%.

According to the CIC Report, based on the gradual recovery of the overall automobile market and the emergence of online advertising, automobile advertising expenditure is forecasted to reach RMB49.4 billion by 2024, representing a CAGR of 3.3% from 2019, while the expenditure of the automobile online advertising market is expected to reach RMB28.9 billion by 2024, representing a CAGR of 8.6% from 2019. Furthermore, it was noted from public sources that online auto advertisements penetration, in terms of online auto advertisements spending as a percentage of total auto advertisements spending, has increased from 33.7% in 2015 to 55.3% in 2020 and is expected to increase further in the future. Following the continuous shift of automobile marketing budget from offline to online and the emergence and development of 5G technology, artificial intelligence, big data and algorithms, innovative and interactive online advertising tools and given the Group's sophisticated and strong in-house technology capabilities, the Company believes that it is in an advantageous position to develop its business and capture new business opportunities.

## GROUP OVERVIEW

Founded in September 2015, the Group has developed into one of the leading automobile vertical media advertising platforms in China and is committed to provide its business partners and end users with comprehensive and high-quality automobile content and one-stop marketing solutions. The automobile content is produced by the Group's in-house content team and distributed across its proprietary platforms, comprising the Group's PC websites, mobile websites and mobile applications and a network of over 1000 business partner platforms. The Group's widely distributed content drives high user traffic which in turn attracts automobile advertisers to use its advertising services and which in turn would solidify the Group's market position in the automobile vertical media advertising industry.

Following the listing of the Shares on the Main Board of the Stock Exchange on the Listing Date, the Company has gained to access the capital markets in Hong Kong, thereby enhancing its financial position and brand awareness. In September 2021, the Company was renamed as "Cheshi Technology Inc.", showing the Company's entrepreneurial spirit and culture focusing on perseverance, breakthroughs and innovation. In 2021, the Company officially enters the mobility business market. By implementing the planning of industrial internet and business digitalization, leveraging the dual-driven mode of technology and service and adhering to the development strategy of digitalization, collaboration and intelligentization, the Company strives to establish an efficient industrial collaboration network and full-chain service ecosystem in the form of an internet platform for the automobile industry and achieve the strategic goal of becoming a "super connector" of China's automobile industry.



### BUSINESS OVERVIEW

For the six months ended June 30, 2022, the Group recorded a decrease of revenue generated from the Group's Online Advertising Service by approximately 27.5% from approximately RMB67.9 million as compared to approximately RMB93.6 million for its corresponding period in 2021. This was due to the ongoing chip shortage and the impact of the COVID-19 epidemic in some first tier cities in the first half of 2022, which has led to a decrease in the advertising of automobile companies. In respect of new business, for the six months ended June 30, 2022, the Group recorded revenue from mobility business of approximately RMB6.9 million. As a result, the Group's revenue for the six months ended June 30, 2022 was approximately RMB74.8 million, representing a decrease of approximately 20.6% as compared to the six months ended June 30, 2021, and gross profit for the six months ended June 30, 2022 was approximately RMB53.8 million, representing a decrease of approximately 29.9% from the corresponding period in 2021. For the six months ended June 30, 2022, the Group's net profit was approximately RMB13.0 million, representing a decrease of 19.6% from the corresponding period in 2021, mainly due to a decrease in the average contribution of advertising revenue per automobile company.

Set out below are the important milestones of the Group's businesses for the six months ended June 30, 2022:

**(1) The Group continued to strengthen its leading market position in the automobile advertising industry in the PRC**

For the six months ended June 30, 2022, the Company continued to optimize and improve its automobile new media content matrix and focused on the "video-oriented" transformation, and had created a number of high-quality video columns for the automobile industry, covering industry insights, brand interviews, professional reviews and new car shopping guides.

**(2) The continual development of the Group's mobility business**

For the first six months of 2022, the Group has been actively expanding business opportunities in the field of automobile mobility business and has proposed partnerships with a number of enterprises upstream and downstream of the industry chain, including automobile manufacturers, financial institutions and professional service enterprises. Among them, the Company has successfully entered into a partnership with a well-known automobile auction platform in the PRC to actively explore the used car business.

### OUTLOOK

In the second half of 2022, the Company intends to continue to build on its future business plans and strategies. Such development initiatives include:

**(1) Solidifying the Group's market position in the automobile vertical media advertising industry**

The Group plans to enhance the quality and quantity of its PGC, enhance its brand awareness and collaboration with KOLs, strengthen the collaboration with its business partners and expand its geographical coverage and user base in tier three and lower cities and extend the Company's customer base, especially for new energy vehicle brand business opportunities.



### (2) Strengthening the Group's research and development and further enhancing its IT systems, products development and SaaS services

The Group plans to optimize its Picker engine, enhance its IT systems infrastructure by installing new computer servers, improve its SaaS services and develop new and efficient technological products and tools, which could help automakers and auto dealers in their R&D and marketing processes as well as providing them with targeted and precise one-stop marketing and after-sales services.

The Company also aims to provide automakers and auto dealers in China with high-quality technical services and SaaS services, which helps them in their provision of R&D, marketing, sales and after-sales services throughout the automobile life cycle. The Company's provision of SaaS services also collects useful user data and information on its end-to-end delivery capabilities which in doing so the Company can improve its service delivery to meet the different needs of its users and customers and add value for its own business development.

### (3) Selectively pursuing strategic alliance, investment and acquisition opportunities

The Group plans to evaluate and selectively pursue strategic alliance, investment and acquisition opportunities to complement its existing services and strategies. Its search criteria for suitable targets include PGC producers, we – media advertising platforms and enterprises in automobile technology and new energy fields, etc., which (i) can create synergy with the business of the Group through their services and core technologies; (ii) have good user traffic; and (iii) are in sound and stable financial conditions.

### (4) Actively promoting commercial layout in the automobile industrial internet

The Group plans to actively provide platform and technology empowerment to upstream and downstream enterprises in the industry chain through model innovation and business optimization, and accelerate business deployment and business promotion in the business areas of automobile travel, supply chain finance and automobile transaction services.

## FINANCIAL SUMMARY

	Six months ended June 30,		
	2022	2021	Changes
	RMB'000	RMB'000	%
Revenue	<b>74,793</b>	94,165	(20.6)
Gross profit	<b>53,803</b>	76,734	(29.9)
Profit for the period attributable to owners of the Company	<b>12,956</b>	16,114	(19.6)
Adjusted net profit <sup>(1)</sup>	<b>13,070</b>	32,687	(60.0)

(1) Adjusted net profit is defined as profit for the period adjusted by adding back or excluding share-based compensation expenses and listing expense.

## Management Discussion and Analysis



### FINANCIAL REVIEW

#### Revenue

For the six months ended June 30, 2022, the Group's total revenue was approximately RMB74.8 million, representing a decrease of approximately RMB19.4 million, or approximately 20.6%, from approximately RMB94.2 million for the six months ended June 30, 2021. In particular, (1) revenue generated from the Group's Online Advertising Service decreased by approximately RMB25.7 million, or approximately 27.5%, from approximately RMB93.6 million for the six months ended June 30, 2021 to approximately RMB67.9 million for the six months ended June 30, 2022; (2) revenue from a new business, the mobility business, was approximately RMB6.9 million; and (3) revenue excluded Transaction Facilitation Services and SaaS services, primarily due to the adjustment of business structure. The decrease in total revenue was mainly due to the ongoing chip shortage and the impact of the COVID-19 epidemic in some first tier cities in the first half of 2022, which has led to a decrease in the advertising of automobile companies.

#### Cost of sales

The Group's cost of sales increased by approximately RMB3.6 million, or approximately 20.4%, from approximately RMB17.4 million for the six months ended June 30, 2021 to approximately RMB21.0 million for the six months ended June 30, 2022. Such increase was mainly due to the increase in the (i) costs on "video-oriented transformation" of our automobile advertising business and (ii) relevant costs on mobility business.

#### Gross profit and gross profit margin

As a result of the above, gross profit decreased by approximately RMB22.9 million, or approximately 29.9%, from approximately RMB76.7 million for the six months ended June 30, 2021 to approximately RMB53.8 million for the six months ended June 30, 2022. Gross profit margin decreased to approximately 71.9% for the six months ended June 30, 2022 from approximately 81.5% for the six months ended June 30, 2021.

#### Other income

The Group's other income decreased by approximately RMB9.6 million, or approximately 89.5%, to approximately RMB1.1 million for the six months ended June 30, 2022 from approximately RMB10.7 million for the six months ended June 30, 2021 mainly due to the global economy was in a downturn due to the epidemic and the Company did not launch new business.

#### Other losses and gains

The Group recorded other net gains of approximately RMB10.1 million for the six months ended June 30, 2022 as compared to other net losses of approximately RMB1.1 million for the six months ended June 30, 2021 which was mainly attributable to fluctuations and changes in the exchange rate of the Company's cash and cash equivalents denominated in U.S. dollars. For the six months ended June 30, 2022, the exchange gains was approximately RMB9.4 million as compared to the exchange loss of approximately RMB1.9 million for the six months ended June 30, 2021.

#### Selling and distribution expenses

For the six months ended June 30, 2022, the Group's selling and distribution expenses amounted to approximately RMB25.5 million, representing an increase of approximately RMB0.2 million, or approximately 0.9%, from approximately RMB25.2 million for the six months ended June 30, 2021 mainly due to the increase in marketing and network operating expenses corresponding to the transformation of automobile advertising business into "video-oriented".



### Administrative expenses

For the six months ended June 30, 2022, the Group's administrative expenses amounted to approximately RMB17.5 million, representing a decrease of approximately RMB11.1 million, or approximately 38.7%, from approximately RMB28.6 million for the six months ended June 30, 2021 mainly due to the decrease in equity incentive expenses.

### Research and development expenses

For the six months ended June 30, 2022, the Group's research and development expenses amounted to approximately RMB7.2 million, representing a decrease of approximately RMB2.1 million, or approximately 22.8%, from approximately RMB9.3 million for the six months ended June 30, 2021 mainly due to the corresponding decrease in research and development expenses as a result of the slowdown in our main business expansion for the six months ended June 30, 2022.

### Finance costs

For the six months ended June 30, 2022, the Group's finance costs amounted to approximately RMB0.5 million, representing an increase of RMB0.2 million from approximately RMB0.2 million for the six months ended June 30, 2021, mainly due to the increase of interest expense on loan from a shareholder.

### Income tax expense

For the six months ended June 30, 2022, the Group's income tax expense amounted to approximately RMB1.8 million, representing a decrease of approximately RMB4.4 million, or approximately 70.7% from approximately RMB6.3 million for the six months ended June 30, 2021.

### Profit for the period

For the six months ended June 30, 2022, profit attributable to owners of the Company was approximately RMB14.1 million (June 30, 2021: approximately RMB16.1 million) representing a decrease of approximately RMB2.0 million, or approximately 12.7%, from the corresponding period in 2021, mainly due to the slowdown in our main business revenue as a result of the shortage of automotive chips and the impact of the COVID-19 epidemic.

### Other Financial Information (Non-IFRS measures): Adjusted net profit

To supplement the Group's consolidated results which are prepared and presented in accordance with International Financial Reporting Standards, the Company utilized non-IFRS adjusted net profit as an additional financial measure. Adjusted Net Profit is defined as profit for the period, as adjusted by adding back or excluding (i) share-based compensation expenses, and (ii) listing expenses.

Adjusted net profit is not required by, or presented in accordance with, IFRS. The Company believes that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management regarding financial and business trends in relation to their financial condition and results of operations, by eliminating any potential impact of items that the Group's management does not consider to be indicative of the Group's operating performance. The Company also believes that the non-IFRS measures are appropriate for evaluating the Group's operating performance. However, the use of this particular non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, the Group's results of operations or financial conditions as reported under IFRS. In addition, this non-IFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.



## Management Discussion and Analysis

The following tables set forth reconciliations of the Group's non-IFRS measures for the six months ended June 30, 2022 and 2021 to the nearest measures prepared in accordance with IFRS.

	For the six months ended June 30,				
	2022 RMB'000	% of total revenue	2021 RMB'000	% of total revenue	% of period-over- period change
Profit for the period	<b>12,956</b>	<b>17.3</b>	16,114	17.1	(19.6)
Add back					
Share-based compensation expenses	<b>114</b>	<b>0.2</b>	14,486	15.4	(99.2)
Listing expenses	-	-	2,087	2.2	(100.0)
Non-IFRS measure adjusted net profit	<b>13,070</b>	<b>17.5</b>	32,687	34.7	(60.0)

### Liquidity and capital resources

As of June 30, 2022, the Group had current assets of approximately RMB509.2 million (December 31, 2021: approximately RMB499.2 million) and current liabilities of approximately RMB58.1 million (December 31, 2021: approximately RMB63.2 million). The current ratio was 8.8 times as of June 30, 2022 as compared with 7.9 times as of December 31, 2021.

As of June 30, 2022, the Group's cash and cash equivalents amounted to approximately RMB333.4 million which is mainly funded from the net cash flows generated from operating activities. The cash and cash equivalents as of June 30, 2022 denominated in RMB, HK\$ and US\$ amounted to approximately RMB147.9 million, approximately HK\$199.0 million and approximately US\$2.2 million, respectively. As of June 30, 2022, the Group did not have any bank borrowings (December 31, 2021: nil) and the Group's gearing ratio (gearing ratio is defined as the ratio of total liabilities to total equity) is 15.0% (December 31, 2021: 16.7%). The Group monitors and maintains cash and cash equivalents to a level that management believes to be sufficient to meet the Group's operating needs.

	For the six months ended June 30,	
	2022 RMB'000	2021 RMB'000
Net cash generated from operating activities	<b>20,254</b>	8,901
Net cash (used in)/generated from investing activities	<b>(19,768)</b>	52,066
Net cash (used in)/generated from financing activities	<b>(4,879)</b>	186,951
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,393)</b>	247,918
Cash and cash equivalents as of the beginning of the period	<b>328,675</b>	27,382
Effect of exchange rate difference	<b>9,099</b>	(1,945)
<b>Cash and cash equivalents as of June 30</b>	<b>333,381</b>	273,355

### Operating activities

For the six months ended June 30, 2022, net cash generated from operating activities was approximately RMB20.3 million, which primarily included cash generated from operations of approximately RMB20.4 million for the six months ended June 30, 2022 offset by the income tax paid of approximately RMB1.2 million for the six months ended June 30, 2022. For the six months ended June 30, 2021, net cash generated from operating activities was approximately RMB8.9 million.

### Investing activities

For the six months ended June 30, 2022, net cash used in investing activities was approximately RMB19.8 million which primarily included proceeds from disposal of financial assets at fair value through profit or loss of approximately RMB11.5 million, offset primarily by the purchase of financial assets at fair value through profit or loss of approximately RMB30.0 million. For the six months ended June 30, 2021, net cash generated from investing activities was approximately RMB52.1 million.

### Financing activities

For the six months ended June 30, 2022, net cash used in financing activities was approximately RMB4.9 million which primarily included capital contribution from non-controlling shareholders of approximately RMB2.0 million, offset by (i) repayment of loan from a shareholder approximately RMB2.0 million; (ii) repurchase of shares for employee share scheme approximately RMB2.4 million; and (iii) the payment of lease liabilities of approximately RMB2.4 million. For the six months ended June 30, 2021, net cash generated from financing activities was approximately RMB187.0 million.

### Capital expenditure

The Group's capital expenditures mainly included (i) purchase of property, plant and equipment such as computer and electronic equipment and office furniture and equipment; and (ii) intangible assets such as computer software. Capital expenditures for the six months ended June 30, 2021 and 2022 are set out below:

	For the six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Property, plant and equipment	<b>424</b>	791
Intangible assets	–	135

### Exposure to Fluctuations in Foreign Exchange Rates

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

For the six months ended June 30, 2022, the Group neither took part in any derivatives activities nor entered into any hedging activities in respect of foreign exchange risk.

## Management Discussion and Analysis



### Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies. Substantial amounts of the Group's cash and cash equivalent are held in major financial institutions located in the PRC. The Group seeks to maintain strict control over its outstanding receivables and the senior management of the Company reviews and assesses the creditworthiness of the Group's existing customers on an ongoing basis. To manage liquidity risk, the Group monitors its exposure to a shortage of funds by considering the maturity of both its financial liabilities and financial assets and projected cash flows from operations. Cash and cash equivalents of the Group are mainly denominated in RMB.

### Pledge of Assets

As of June 30, 2022, the Group did not pledge any assets as collateral for bank borrowings or any other financing activities (December 31, 2021: nil).

### Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets

The financial assets that we invested mainly include investments in unlisted investment funds and wealth management products. The Board confirmed that the transactions in these financial assets whether on a standalone or on an aggregate basis during the Reporting Period did not constitute notifiable transactions under Chapter 14 of the Listing Rules.


On October 13, 2021, Changxing Weinete Congyue Equity Investment Partnership (L.P.)\* (長興微網縱躍股權投資合夥企業(有限合夥)) ("Weinete Fund") (as limited partner), Wang Yuanshu (a natural person as limited partner) and Gongqingcheng Taoyuan Investment Management Co., Ltd.\* (共青城韜遠投資管理有限公司) (now known as Shanghai Xintong Boda Private Equity Fund Management Co., Ltd.\* (上海新瞳博達私募基金管理有限公司)) ("Taoyuan Investment") (as general partner) entered into a partnership agreement in respect of Gongqingcheng Ruibo Equity Investment Partnership (L.P.)\* (共青城銳博股權投資合夥企業(有限合夥)) (the "Ruibo Fund"), pursuant to which Weinete Fund agreed to subscribe for the limited partnership interests in the Ruibo Fund, for a capital commitment of RMB30 million, representing 59.99% of the registered capital of the Ruibo Fund as of June 30, 2022. Such fund is managed by Taoyuan Investment with a view to make equity or quasi-equity investment into private equity projects.

For details, please refer to the announcements of the Company dated May 12, 2021, October 13, 2021 and November 16, 2021.

For the six months ended June 30, 2022, the Group had the following significant investment:

	Percentage of interest held		Investment costs		Gains recognized in other gains*	Fair value	
	As of June 30, 2022	As of December 31, 2021	As of June 30, 2022	As of December 31, 2021		as of June 30, 2022	as of December 31, 2021
	%	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Ruibo Fund	58.79	58.79	30,000	30,000	8,935	38,935	38,935

\* includes unrealised gains recognised in profit or loss attributable to balances held as of December 31, 2021. For the six months ended June 30, 2022 the Group had no gains recognized in other gains.



As of June 30, 2022, the percentage to total assets value of the Company is approximately 6.9%, representing a decrease of approximately 0.1% from approximately 7.0% as of December 31, 2021, mainly due to the increase of the Company's total assets.

Save as disclosed above, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates and joint ventures, during the Reporting Period. Apart from those disclosed in this report, there was no plan authorized by the Board for other material investments or addition of capital assets at the date of this report.

### Contingent Liabilities

As of June 30, 2022, the Group did not have any material contingent liabilities (December 31, 2021: nil).

### Employees and Remuneration Policies

As of June 30, 2022, the Group had 137 full-time employees, all of whom were based in China (June 30, 2021: 223). For the six months ended June 30, 2022, the Group's employee benefit and expenses amounted to approximately RMB29.0 million (including salary, wages, and bonuses, pension costs and other social security costs, housing benefits, other employee benefits and share-based compensation).

The Company has established effective employee performance evaluations system and employee incentive schemes to correlate the remuneration of the Group's employees with their overall performance and contribution to the business operation results, and have established a merit-based remuneration awards system. Employees are promoted not only in terms of position and seniority, but also in terms of professional qualifications.

## Management Discussion and Analysis



### USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Company issued 204,000,000 Shares at HK\$1.2 which were listed on the Main Board of the Stock Exchange on the Listing Date and issued 30,600,000 Shares at HK\$1.2 upon the full exercise of the over-allotment option. The market price of the Shares as of January 26, 2021, the date of the full exercise of the over-allotment option, was HK\$1.4 per Share. The nominal value of the Share is US\$0.0001 per Share. The net proceeds from the Listing (after deducting the underwriting fees and related cost and expenses) amounted to approximately HK\$246.8 million. The net price to the Company of each Share (which was calculated by dividing the net proceeds by the number of shares issued in connection with the Listing of the Shares) was approximately HK\$1.1. As of June 30, 2022, the details of utilization of net proceeds from the Listing are set out as follows:

Item	Approximate % of total net Proceeds (%)	Net proceeds		Expected timeline of full utilisation of the unutilised proceeds
		from the Global Offering (HK\$ million)	Utilised as of June 30, 2022 (HK\$ million)	
Solidify the Company's market position and quantity of its PGC ( <i>Note 1</i> )	39.8	98.2	<b>40.6</b>	<b>57.6</b> By the end of 2023
Strengthen R&D and IT system and develop and promote new products ( <i>Note 2</i> )	36.1	89.1	<b>47.9</b>	<b>41.2</b> By the end of 2023
Future investments and acquisitions ( <i>Note 3</i> )	14.1	34.8	<b>11.6</b>	<b>23.2</b> By the end of 2023
Working capital	10.0	24.7	<b>14.6</b>	<b>10.1</b> By the end of 2023
<b>Total</b>	<b>100.0</b>	<b>246.8</b>	<b>114.7</b>	<b>132.1</b>

#### Notes:

- Solidify the Company's market position and quantity of its PGC by (i) enhancing quality and quantity of the Company's PGC; (ii) strengthening collaboration with business partners with content distribution focus and coverage in tier three and below cities and enhance our brand awareness in first tier cities; and (iii) capturing new customers and business opportunities.
- Strengthen R&D and IT system and develop and promote new products by (i) optimizing the Company's Picker engine; (ii) enhancing the Company's existing IT systems and infrastructure by installing new computer servers; and (iii) developing new products including Vehicle Owner Service (車主服務), Cheshi Hao (車市號), Cheshi Mall (車市商城) and Cheshi VR (車市 Virtual Reality).
- Engage in future investments and acquisitions by investing in targets including PGC producers and we-media advertising companies with (i) capability to produce content with good quality and quantity that can supplement and enrich PGC, such as daily vehicle usage and maintenance, new energy vehicles and used vehicles; (ii) have good user traffic; and (iii) in sound and stable financial condition. The Company also considers to invest in companies which provide technology and service solutions that the Company believes can generate synergy with the Company's Transaction Facilitation Services.

The unutilised net proceeds are placed in licensed banks in Hong Kong as of the date of this report.





### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

#### Change of Auditor

Reference is made to the change of auditor as set out in the Company's announcement dated July 22, 2022 that the audit appointment of PricewaterhouseCoopers ("PwC") was terminated with effect from July 22, 2022. The Board resolved to, having regard to the recommendation from the Audit Committee, approve the appointment of Ernst & Young as the auditor of the Company to fill the casual vacancy following the termination of PwC and to hold office until the conclusion of the next annual general meeting of the Company.

Apart from those disclosed above, there are no material events subsequent to June 30, 2022 which could have a material impact on our operating and financial performance as of the date of this report.

#### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended June 30, 2022 (June 30, 2021: Nil).

# Other Information



## CORPORATE GOVERNANCE

The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Save as disclosed below, the Company had complied with all applicable code provisions set forth in the CG Code during the six months ended June 30, 2022.

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The role of Chairman and chief executive officer of the Company are both performed by Mr. Xu Chong. Given that Mr. Xu is one of the Group's founders who had provided strategic guidance and leadership throughout the development of its business, the Board believes that vesting the roles of both Chairman and chief executive officer of the Company in Mr. Xu has the benefit of ensuring consistent leadership within the Group, and providing more effective and efficient overall strategic planning and management oversight for the Group. The Board considers that Mr. Xu's dual roles at this stage is conducive to maintaining the continuity of the Company's policies and the operation efficiency and stability of the Company, which is appropriate and in the best interest of the Company. The Board will continue to review and consider segregating the roles of the Chairman and chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group.

The Directors will continue to review and monitor the corporate governance practices of the Group for the purpose of complying with the CG Code and maintaining a high standard of corporate governance of the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions since the Listing Date.

Having made specific enquiry with the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended June 30, 2022.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any listed securities of the Company during the six months ended June 30, 2022.

## AUDIT COMMITTEE

The Board has established the Audit Committee, which comprises three independent non-executive Directors, namely, Mr. Ng Jack Ho Wan (chairman), Mr. Xu Xiangyang and Mr. Li Ming. The Audit Committee has also adopted written terms of reference for the Audit Committee which clearly set out its duties and obligations (the terms of reference for the Audit Committee are available on the websites of the Company and the Stock Exchange).

The Audit Committee has reviewed the accounting principles and practices adopted by the Group as well as the unaudited interim condensed consolidated financial statements and the interim report of the Group for the six months ended June 30, 2022 and is of the view that Group's the interim results for the six months ended June 30, 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of June 30, 2022, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been 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 they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

### (i) Interests in the Shares and underlying Shares

Name of Director	Capacity/Nature of Interest	Number of Shares held/interested <sup>(1)</sup>	Approximate percentage of shareholding <sup>(2)</sup>
Mr. Xu <sup>(3)</sup>	Interest in controlled corporation	802,500,000 (L)	65.0%
Mr. Liu Lei	Beneficial interest <sup>(4)</sup>	15,000,000 (L)	1.2%
Mr. Lin Yuqi	Beneficial interest <sup>(4)</sup>	7,500,000 (L)	0.6%

#### Notes:

- The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.
- There were 1,234,600,000 Shares in issue as of June 30, 2022.
- Mr. Xu beneficially owns 100% of the issued shares of Cheshi Holdings. Mr. Xu is deemed, or taken to be, interested in 802,500,000 Shares held by Cheshi Holdings for the purpose of the SFO.
- Mr. Liu Lei and Mr. Lin Yuqi were granted restricted share awards under the SA Scheme. They are deemed to be interested in the issued share capital of our Company for the restricted share awards that have been granted to them pursuant to Part XV of the SFO.

## Other Information

### (ii) Interest in the shares of the associated corporation

Name of Director	Associated Corporation	Capacity/Nature of Interest	Approximate amount of contribution to registered capital/ no. of share held	Approximate percentage of shareholding in the associated corporation
Mr. Xu	Congshu Beijing	Nominee shareholder whose shareholders' rights are subject to contractual arrangements	RMB35,750,000	95.0%
	Cheshi Holdings	Beneficial owner	1 share	100.0%

Save as disclosed above, as of June 30, 2022, none of the Directors or the chief executives of the Company had or was deemed to have 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) that was required 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 they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company or its subsidiaries were granted to any Directors or their respective spouse or children under the age of 18, nor were any such rights exercised by them. Neither the Company nor any of its subsidiaries was a party to any arrangement to enable the Directors, or their respective spouse or children under the age of 18, to acquire such rights in any other body corporate for the six months ended June 30, 2022.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2022, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Director	Capacity/Nature of Interest	Number of Shares/ underlying Shares held/interested <sup>(1)</sup>	Approximate percentage of shareholding <sup>(2)</sup>
Cheshi Holdings <sup>(3)</sup>	Beneficial owner	802,500,000 (L)	65.0%
Ms. Ma Yuanyuan <sup>(4)</sup>	Interest of spouse	802,500,000 (L)	65.0%
The Core Trust Company Limited <sup>(5)</sup>	Trustee of a trust	80,000,000 (L)	6.5%
TCT (BVI) Limited <sup>(5)</sup>	Nominee for another person	80,000,000 (L)	6.5%

### Notes:

- The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.
- There were 1,234,600,000 Shares in issue as of June 30, 2022.
- Mr. Xu beneficially owns 100% of the issued shares of Cheshi Holdings. Mr. Xu is deemed, or taken to be, interested in 802,500,000 Shares held by Cheshi Holdings for the purpose of the SFO.
- Ms. Ma Yuanyuan is spouse of Mr. Xu. Ms. Ma Yuanyuan is deemed to be interested in all the Shares that Mr. Xu is interested in pursuant to the SFO.
- The Core Trust Company Limited, as a trustee, initially holds 80,000,000 shares in aggregate on trust under the SA Scheme and the RSU Scheme through SA Nominee and RSU Nominee. Each of the SA Nominee and RSU Nominee is directly wholly-owned by TCT (BVI) Limited, which is in turn indirectly wholly-owned by The Core Trust Company Limited.

Save as disclosed above, as of June 30, 2022, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.



## Other Information



### RSU Scheme and SA Scheme

The Company adopted the RSU Scheme and the SA Scheme on June 25, 2019. The purpose of the RSU Scheme and the SA Scheme is to incentivise Directors, senior management and employees of the Group for their contribution, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of our Group by providing them with the opportunity to own equity interests in our Company.

On September 30, 2021, the Company has adopted a Post-IPO RSU Scheme, pursuant to which a scheme custodian will purchase Shares out of a contributed amount settled or contributed by the Company and such Shares will be held on trust in accordance with the term of the Post-IPO RSU Scheme. The purpose of the Post-IPO RSU Scheme is to drive performance within the Group by focusing on core key performance indicators that align with the Group's overall performance, to engage, attract and retain skilled and experienced personnel, and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. For details, please refer to the Company's announcement dated September 30, 2021.

As of June 30, 2022, the Board granted 80,000,000 restricted share awards (representing 80,000,000 underlying shares of the Company) to certain of the executive Directors and selected employees of the Group, and 2,170,000 RSUs (representing 2,170,000 underlying Shares) under the RSU Scheme to selected employees of the Group. On February 4, 2021, SA Nominee transferred 20,000,000 Shares to one of the executive directors; Save as disclosed herein, as of June 30, 2022, all Shares underlying the restricted share awards and the RSUs are held by the SA Nominee and the RSU Nominee, respectively and none of the restricted share awards and RSUs have been exercised by the grantees.

## CHANGES IN DIRECTORS, JOINT COMPANY SECRETARY AND AUTHORIZED REPRESENTATIVE AND PROCESS AGENT

### Re-designated of Director

With effect from May 17, 2022, Mr. Zhu Boyang has been re-designated from an executive Director to a non-executive Director due to work arrangements to focus more on the business of the Group.

### Resignation in Joint Company Secretary, Authorized Representative and Process Agent

With effect from May 17, 2022, Mr. Zhu Boyang has resigned as the joint company secretary of the Company, and ceased to be an authorized representative of the Company under Rule 3.05 of the Listing Rules and the Process Agent, chief financial officer of the Company and the chief financial officer of Congshu Beijing.

### Appointment of Authorized Representative and Process Agent

With effect from May 17, 2022, Mr. Xu has been appointed as an authorized representative and Ms. Leung Shui Bing has been appointed as the Process Agent.

# Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>REVENUE</b>	4	74,793	94,165
Cost of sales		(20,990)	(17,431)
<b>Gross profit</b>		53,803	76,734
Other income	5	1,122	10,680
Other gains/(losses), net	6	10,074	(1,142)
Net impairment loss on financial and contract assets		(558)	(640)
Selling and distribution expenses		(25,463)	(25,235)
Administrative expenses		(17,537)	(28,591)
Research and development expenses		(7,179)	(9,302)
<b>Operating income</b>		14,262	22,504
Finance income		986	108
Finance costs		(455)	(218)
Finance costs, net		531	(110)
<b>PROFIT BEFORE TAX</b>	7	14,793	22,394
Income tax expense	8	(1,837)	(6,280)
<b>PROFIT FOR THE PERIOD</b>		12,956	16,114
<b>Attributable to:</b>			
Owners of the parent		14,068	16,114
Non-controlling interests		(1,112)	–
		12,956	16,114

# Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Note	For the six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Fair value gain on financial asset at fair value through other comprehensive income		–	3
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>12,956</b>	<b>16,117</b>
Attributable to:			
Owners of the parent		14,068	16,117
Non-controlling interests		(1,112)	–
		<b>12,956</b>	<b>16,117</b>
<b>EARNINGS PER SHARE</b>			
Basic	9	RMB0.01	RMB0.01
Diluted		RMB0.01	RMB0.01

# Interim Condensed Consolidated Statement of Financial Position

30 June 2022

		30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment and right-of-use assets	11	6,418	8,906
Intangible assets	12	9,506	10,048
Long-term deposits	13	–	1,600
Deferred tax assets		1,140	1,152
Financial assets at fair value through profit or loss	20	38,935	38,935
Financial asset at fair value through other comprehensive income	20	1,268	418
		<hr/>	<hr/>
Total non-current assets		57,267	61,059
<b>CURRENT ASSETS</b>			
Inventories		–	876
Prepayments, deposits and other receivables	13	21,537	25,241
Contract assets		10,648	2,207
Trade and bill receivables	14	101,914	119,644
Financial assets at fair value through profit or loss	20	40,254	21,153
Income tax recoverable		1,419	1,419
Cash and cash equivalents		333,381	328,675
		<hr/>	<hr/>
<b>Total current assets</b>		<b>509,153</b>	<b>499,215</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	15	2,529	1,270
Contract liabilities		6,442	9,086
Accruals and other payables	16	31,319	33,221
Lease liabilities		4,581	5,070
Loan from a shareholder		242	2,160
Dividend payable		–	–
Income tax payable		13,019	12,368
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>58,132</b>	<b>63,175</b>
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>451,021</b>	<b>436,040</b>
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>508,288</b>	<b>497,099</b>
		<hr/>	<hr/>

# Interim Condensed Consolidated Statement of Financial Position

30 June 2022

		30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
	<i>Note</i>		
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		32	1,848
Loan from a shareholder		13,345	12,974
Deferred tax liabilities		2,263	2,263
<b>Total non-current liabilities</b>		<u>15,640</u>	<u>17,085</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	17	840	840
Treasury shares		(22,423)	(20,032)
Other reserves		513,710	499,528
		<u>492,127</u>	<u>480,336</u>
Non-controlling interests		521	(322)
<b>Total equity</b>		<u>492,648</u>	<u>480,014</u>



# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the parent							Total Equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non- controlling interests RMB'000	
	<b>At 1 January 2022 (audited)</b>	840	246,004	(20,032)	81,486	172,038	480,336	
Profit and total comprehensive income for the period	-	-	-	-	14,068	14,068	(1,112)	12,956
Employee share-based compensation scheme:								
– value of employee services	-	-	-	114	-	114	-	114
Acquisition of shares by the share scheme custodian during the period	-	-	(2,391)	-	-	(2,391)	-	(2,391)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	1,955	1,955
<b>At 30 June 2022 (unaudited)</b>	840	246,004	(22,423)	81,600	186,106	492,127	521	492,648

	Attributable to owners of the parent						Total Equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Reserves RMB'000	Retained earnings RMB'000		
	<b>At 1 January 2021 (audited)</b>	655	-	(69)	65,785	132,002	
Profit for the period	-	-	-	-	16,114	16,114	
<b>Other Comprehensive income for the period:</b>							
Fair value gain on financial asset at fair value through other comprehensive income	-	-	-	3	-	3	
<b>Total comprehensive income for the period</b>	-	-	-	3	16,114	16,117	
Profit appropriations to statutory reserves	-	-	-	675	(675)	-	
Employee share-based compensation scheme:							
– value of employee services	-	-	14	14,486	-	14,500	
Issuance of ordinary shares upon initial public offering	153	240,998	-	-	-	241,151	
Shares issuance costs	-	(40,619)	-	-	-	(40,619)	
Issuance of ordinary shares on conversion of convertible redeemable preference shares	32	47,709	-	-	-	47,741	
<b>At 30 June 2021 (unaudited)</b>	840	248,088	(55)	80,949	147,441	477,263	

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	20,442	11,265
Interest received	986	108
PRC tax paid	(1,174)	(2,472)
Net cash flows from operating activities	20,254	8,901
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(424)	(791)
Purchase of intangible assets	–	(135)
Purchase of financial assets at fair value through profit or loss	(30,000)	(51,116)
Proceeds from disposal of financial assets at fair value through profit or loss	11,506	104,108
Investment in financial assets at fair value through other comprehensive income	(850)	–
Net cash (used in)/generated from investing activities	(19,768)	52,066
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of shares pursuant to the initial public offering	–	241,151
Transaction costs attributable to the initial public offering	–	(37,794)
Capital contribution from non-controlling shareholders	1,955	–
Repayment of loan from a shareholder	(2,000)	–
Repurchase of shares for employee share scheme	(2,391)	–
Principle elements of lease liabilities	(2,420)	(2,588)
Interest element of lease payments	(23)	(218)
Dividend paid	–	(13,600)
Net cash (used in)/generated from financing activities	(4,879)	186,951
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(4,393)	247,918
Cash and cash equivalents at beginning of period	328,675	27,382
Effect of foreign exchange rate changes, net	9,099	(1,945)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	333,381	273,355
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	333,381	273,355



# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

## 1. Corporate information

Cheshi Technology Inc.(the “Company”) was incorporated in the Cayman Islands on 22 November 2018 as an exempted company with limited liability under the Companies Act (Cap. 22, Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the automobile advertising service in the People’s Republic of China (the “PRC”) (the “Business”). The ultimate holding company of the Company is Cheshi Holdings Inc.(formerly named “X Technology Group Inc.”) The ultimate controlling party of the Group is Mr. Xu Chong (“Mr. Xu”).

The Company was listed on 15 January 2021 on the Main Board of The Stock Exchange of Hong Kong Limited.

## 2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for except for financial assets at fair value through profit or loss (“FVTPL”), financial assets at fair value through other comprehensive income (“FVOCI”), which have been measured at fair value. The interim condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

## 2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

Amendments to IFRS 3

Amendments to IAS 16

Amendments to IAS 37

Annual Improvements to  
IFRSs 2018-2020

*Reference to the Conceptual Framework*

*Property, Plant and Equipment: Proceeds before Intended Use*

*Onerous Contracts – Cost of Fulfilling a Contract*

*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying  
IFRS 16, and IAS 41*

## 2.2 Changes in accounting policies and disclosures (continued)

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

## 2.2 Changes in accounting policies and disclosures (continued)

The nature and impact of the revised IFRSs are described below: (continued)

- (d) Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

IFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

## 3 Segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company who make strategic decisions. The CODM considers that the Group has four operating and reporting segments and assesses the performance of these segments based on revenue. No information of segment results, segment assets and liabilities are presented since the resources allocation and performance assessment does not include the segment results, assets and liabilities.

As a result of this evaluation, the Group determined that it has operating segments as follows:

- the provision of automobile-related advertising service and publication of automobile-related articles and videos, both of which are published on the Group's online platform ("Online advertising service");
- the provision of transaction facilitation service, which the Group assists car dealers or marketing agents in hosting exhibitions and advertising campaigns, facilitating the target customers in purchasing automobiles; or trades automobiles to customers during the advertising campaign of car dealers, assists in logistic arrangements and quality inspection ("Transaction facilitation service");
- Mobility Business; and
- the provision of Software as a service ("SaaS") service income upon customer's request and charge its customers service fee based on the volume of data information provided to the customers.



# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

## 3 Segment information (continued)

### Geographical information

All the revenue of the Group was generated in the PRC for the six months ended 30 June 2022 and 2021. All non-current assets were kept in the PRC as at 30 June 2022 and 31 December 2021.

The revenue geographical information above is based on where the Company and its subsidiaries are located. The non-current asset information above is based on the locations of the assets.

## 4. Revenue

(a) An analysis of the Group's revenue for the six months ended 30 June 2022 and 2021 is as follows:

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue from contracts with customers:		
<i>Recognised over time</i>		
Online advertising service	67,886	93,583
<i>Recognised at a point in time</i>		
Mobility Business	6,907	–
Transaction facilitation service	–	582
	<u>74,793</u>	<u>94,165</u>

(b) Information about the major customer

Revenue from transactions with the external customer accounting for 10% or more of Group's total revenue is as follows:

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Customer A	12,434	N/A <sup>(1)</sup>
Customer B	N/A <sup>(1)</sup>	11,409

(1) The respective customers did not contribute over 10% of the total revenue of the Group in the corresponding periods.

## 5. Other income

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Government grant (Note (a))	636	5,380
Value added tax super credit	391	432
Consultancy income	–	4,555
Others	95	313
	<u>1,122</u>	<u>10,680</u>

(a) There are no unfulfilled conditions and other contingencies attached to the government grant.

## 6. Other gains/(losses), net

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Fair value gain on financial assets at FVTPL	664	803
Exchange gain/(loss), net	9,410	(1,945)
	<u>10,074</u>	<u>(1,142)</u>

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

## 7. Profit before tax

The Group's profit before tax is arrived after charging/(crediting):

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Cost of inventories	6,880	–
Marketing and promotion expenses	12,383	10,284
Amortization of intangible assets	542	534
Depreciation of property, plant and equipment	543	464
Depreciation of right-of-use assets	2,484	2,523
Employee benefit expenses	28,987	40,740
Expense of website maintenance and internet improvement	4,207	9,131
Advertisement production and other direct expenses	7,549	8,483
Listing expenses	–	2,087
Other taxes	1,701	1,200
Legal and professional fee	1,719	1,696
Provision for impairment of financial and contract assets	558	640
Auditors' remuneration	400	724

## 8. Income tax expense

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Current income tax	1,825	6,225
Deferred income tax	12	55
Income tax expense	1,837	6,280

## 8. Income tax expense (continued)

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

### (a) 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.

### (b) British Virgin Islands

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

### (c) Hong Kong

Hong Kong profits tax has not been provided as the Group entities incorporated in Hong Kong has no estimated assessable profit for the period ended 30 June 2022 (2021: Nil).

### (d) 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 statutory PRC CIT rate is 25% for the six months ended 30 June 2022 (2021: 25%).

A subsidiary of the Company established in the PRC has obtained approval from the in-charge tax authority in the PRC as High-New Technology Enterprise as defined under the New Enterprise Income Tax Law. Such entity is entitled to a reduced preferential enterprise income tax ("EIT") rate at 15% ("HNTE Preferential Tax Rate") for a 3-year period from October 2020 to October 2023. Accordingly, it was subject to the HNTE Preferential Tax Rate at 15% for the six months ended 30 June 2022 (2021: 15%).

### (e) Withholding tax on undistributed profits

According to CIT law, distribution of profits earned by PRC companies since 2008 is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies. During the six months ended 30 June 2022 and 2021, the Group does not have any profit distribution plan. Deferred income tax liabilities have not been recognised for the withholding tax that would be payable on the distributable retained profits amounting to RMB20,191,100 (31 December 2021: RMB19,177,000), as at 30 June 2022 of the Group's subsidiaries in Mainland China earned after 1 January 2008 because the Group does not have a plan to distribute these earnings from its PRC subsidiaries. The Group has the discretion to do so and it will re-invest in those PRC subsidiaries in the future.

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

## 9. Earnings per share

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the Group's profit attributable to equity owners of the Company by the weighted average number of outstanding ordinary shares in issue during the For the six months ended 30 June 2022 and 2021.

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Profit attributable to equity owners of the Company (RMB'000)	14,068	16,114
Weighted average number of ordinary shares in issue	1,118,335,249	1,131,039,779
Basic earnings per share (in RMB/share)	<u>0.01</u>	<u>0.01</u>

### (b) Diluted earnings per share

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

Diluted earnings per share equals to the basic earnings per share for the six months ended 30 June 2022 and 2021 as there were no potential dilutive ordinary shares outstanding during the period.

## 10. Dividends

The board of directors did not propose an interim dividend for the six months ended 30 June 2022 (2021: Nil).

## 11. Property, plant and equipment and right-of-use assets

	Computer and electronic equipment RMB'000	Office furniture and equipment RMB'000	Leasehold improvement RMB'000	Vehicles RMB'000	Property, plant and equipment Total RMB'000	Right- of-use assets RMB'000	Property, plant and equipment and right- of-use assets Total RMB'000
Year ended 31 December 2021							
Opening net book amount	738	53	761	357	1,909	11,705	13,614
Additions	765	34	–	593	1,392	–	1,392
Disposals	–	(2)	–	–	(2)	–	(2)
Depreciation	(493)	(25)	(323)	(172)	(1,013)	(5,085)	(6,098)
Closing net book amount	<u>1,010</u>	<u>60</u>	<u>438</u>	<u>778</u>	<u>2,286</u>	<u>6,620</u>	<u>8,906</u>
At 31 December 2021							
Cost	2,603	100	1,014	982	4,699	15,444	20,143
Accumulated depreciation	(1,593)	(40)	(576)	(204)	(2,413)	(8,824)	(11,237)
Net book amount	<u>1,010</u>	<u>60</u>	<u>438</u>	<u>778</u>	<u>2,286</u>	<u>6,620</u>	<u>8,906</u>
For the six months ended 30 June 2022							
Opening net book amount	1,010	60	438	778	2,286	6,620	8,906
Additions	155	–	269	–	424	115	539
Depreciation	(272)	(12)	(160)	(99)	(543)	(2,484)	(3,027)
Closing net book amount	<u>893</u>	<u>48</u>	<u>547</u>	<u>679</u>	<u>2,167</u>	<u>4,251</u>	<u>6,418</u>
At 30 June 2022							
Cost	2,757	100	1,283	982	5,122	15,559	20,681
Accumulated depreciation	(1,864)	(52)	(736)	(303)	(2,955)	(11,308)	(14,263)
Net book amount	<u>893</u>	<u>48</u>	<u>547</u>	<u>679</u>	<u>2,167</u>	<u>4,251</u>	<u>6,418</u>



# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

## 12. Intangible assets

	Goodwill RMB'000	Trademarks and domain names RMB'000	Customer relationship RMB'000	Computer software RMB'000	Total RMB'000
<b>Year ended 31 December 2021</b>					
Opening net book amount	6,153	4,514	–	169	10,836
Additions	–	–	–	284	284
Amortization	–	(935)	–	(137)	(1,072)
Closing net book amount	6,153	3,579	–	316	10,048
<b>At 31 December 2021</b>					
Cost	6,153	9,345	1,273	542	17,313
Accumulated amortization	–	(5,766)	(1,273)	(226)	(7,265)
Net book amount	6,153	3,579	–	316	10,048
<b>For the six months ended 30 June 2022</b>					
Opening net book amount	6,153	3,579	–	316	10,048
Additions	–	–	–	–	–
Amortisation	–	(468)	–	(74)	(542)
Closing net book amount	6,153	3,111	–	242	9,506
<b>At 30 June 2022</b>					
Cost	6,153	9,345	–	542	16,040
Accumulated amortisation	–	(6,234)	–	(300)	(6,534)
Net book amount	6,153	3,111	–	242	9,506

**13. Prepayments, deposits and other receivables**

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
<b>Non-current portion</b>		
Rental deposits	—	1,600
<b>Current portion</b>		
Prepayment	8,103	13,459
Rental deposits	2,147	316
Other tax receivables	9,797	11,388
Others	1,490	78
	<u>21,537</u>	<u>25,241</u>
Total	<u>21,537</u>	<u>26,841</u>

**14. Trade and bill receivables**

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Bill receivables	27,864	11,514
Trade receivables	<u>81,475</u>	<u>115,169</u>
	109,339	126,683
Less: allowance for impairment	<u>(7,425)</u>	<u>(7,039)</u>
Total trade and bill receivables, net	<u>101,914</u>	<u>119,644</u>

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

### 14. Trade and bill receivables (continued)

The credit terms of trade receivables granted by the Group is generally 180 days. The ageing analysis based on recognition date of the gross trade receivables is as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within 30 days	35,525	22,513
31 to 90 days	11,090	30,567
91 to 180 days	21,178	30,853
181 to 365 days	8,155	25,662
Over 1 year	5,527	5,574
Total	<u>81,475</u>	<u>115,169</u>

Ageing of bill receivables was within 6 months as at 30 June 2022 and 31 December 2021.

### 15. Trade payables

Trade payables are non-interest-bearing.

The ageing analysis of trade payables based on recognition date is as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within 90 days	1,560	1,055
91 to 180 days	92	–
181 to 360 days	872	70
Over 360 days	5	145
	<u>2,529</u>	<u>1,270</u>

The carrying amounts of the Group's trade payables were denominated in RMB and approximated to their fair values as at 30 June 2022 and 31 December 2021.

## 16. Accruals and other payables

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
<b>Current portion</b>		
Payroll and welfare payable	7,222	12,457
Other taxes payable	13,117	15,632
Trading deposits received	2,609	598
Rebate payables	3,366	425
Others payables	5,005	4,109
	<hr/>	<hr/>
Total	31,319	33,221
	<hr/>	<hr/>

The carrying amounts of the Group's accruals and other payables approximated to their fair values and were denominated in the following currencies:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
RMB	30,896	33,063
US\$	423	158
	<hr/>	<hr/>
	31,319	33,221
	<hr/>	<hr/>

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

## 17. Share capital

	Number of ordinary shares '000 (Unaudited)	Nominal value of ordinary shares USD'000 (Unaudited)
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Authorized:

10,000,000,000 ordinary shares of US\$0.0001 each as at 30 June 2022 (2021: 10,000,000,000 ordinary shares)	10,000,000	1,000
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	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
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Issued and fully paid:

1,234,600,000 ordinary shares as at 30 June 2022 (2021: 1,234,600,000 ordinary shares)	840	840
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## 18. Contingencies

As at 30 June 2022 and 31 December 2021, the Group did not have any material contingent liabilities.

## 19. Related party transactions

### (a) Names and relationships with related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to joint control over the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

### (b) Transactions with related parties

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Interest expense for loan from a shareholder	593	–

## 19. Related party transactions (continued)

### (c) Key management compensation

Key management includes Executive Directors and senior management of the Group.

Compensation of the key management personnel of the Group, including directors' remuneration was as follows:

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Wages, salaries and bonuses	3,367	967
Pension costs – defined contribution plans	92	78
Other social security costs, housing benefits and other employee benefits	102	98
	<u>3,561</u>	<u>1,143</u>

## 20. Fair value and fair value hierarchy of financial instruments

The carrying amount and fair value of the Group's financial instruments, other than those with carrying amount that reasonably approximate to fair value, are as follows:

	Carrying amounts		Fair value	
	30 June 2022 RMB'000	31 December 2021 RMB'000	30 June 2022 RMB'000	31 December 2021 RMB'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	79,189	60,088	79,189	60,088
Financial asset at fair value through other comprehensive income	<u>1,268</u>	<u>418</u>	<u>1,268</u>	<u>418</u>
	<u>80,457</u>	<u>60,506</u>	<u>80,457</u>	<u>60,506</u>

Management has assessed that the fair values of cash and cash equivalents, trade and bill receivables, contract assets, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, dividend payable approximate to their carrying amounts largely due to the short term maturities of these instruments.

## 20. Fair value and fair value hierarchy of financial instruments (continued)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the value of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group has used the income approach to determine the fair value of the FVOCI. A discounted cash flows model is adopted, with key assumptions such as revenue growth, gross profit margin, and discount rate being incorporated in determining the fair value of the FVOCI as at the date of acquisition and at the end of each reporting period.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

As at 30 June 2022

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Financial assets at fair value through profit or loss	–	40,254	38,935	79,189
Financial asset at fair value through other comprehensive income	–	–	1,268	1,268
	–	40,254	40,203	80,457



**20. Fair value and fair value hierarchy of financial instruments (continued)**

## Fair value hierarchy (continued)

## Assets measured at fair value: (continued)

As at 31 December 2021

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
Financial assets at fair value through profit or loss	–	21,153	38,935	60,088
Financial asset at fair value through other comprehensive income	–	–	418	418
	–	21,153	39,353	60,506

The Group did not have any financial liabilities measured at fair value as at 30 June 2022 (31 December 2022: Nil).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into and out of Level 3 for both financial assets and financial liabilities (For the six months ended 30 June 2021: Nil).

**21. Subsequent events**

The Group has no significant events after 30 June 2022 which are required to be disclosed as at the date of this report.

**22. Approval of the interim condensed consolidated financial statements**

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 30 August 2022.

# Definitions



In this interim report, the following expressions have the meanings set out below unless the context otherwise requires:


“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	board of directors of the Company
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, as amended and supplemented from time to time, where references to code provisions in this report refer to code provisions in the CG Code that came into effect on January 1, 2022
“Chairman”	chairman of the Board
“Cheshi Holdings”	Cheshi Holdings Inc., formerly known as X Technology Group Inc., a BVI business company incorporated under the laws of the BVI with liability limited by shares on November 19, 2018, which is wholly-owned by Mr. Xu
“China” or “PRC”	the People’s Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of China herein
“CIC”	China Insights Industry Consultancy Limited, a market research and consulting company to conduct research and analysis of, and to produce an industry report of the automobile vertical media advertising industry in China
“CIC Report”	an industry report prepared by CIC on the automobile vertical media advertising industry in China in relation to the Global Offering of the Company
“Company” or “the Company”	Cheshi Technology Inc. (車市科技有限公司) (previously known as Cheshi Holdings Limited), an exempted company incorporated in the Cayman Islands on November 22, 2018 with limited liability and the Shares are listed on the Main Board of the Stock Exchange on January 15, 2021 (Stock code: 1490)
“Congshu Beijing”	Congshu Beijing Technology Company Limited (縱樹(北京)科技有限公司), a limited liability company established under the laws of the PRC on September 28, 2015, one of the Company’s Consolidated Affiliated Entities and is deemed to be an indirect wholly owned subsidiary of the Company pursuant to the contractual arrangements

“Consolidated Affiliated Entities”	the entities the Group controls through the Contractual Arrangements, namely Congshu Beijing and its wholly-owned subsidiaries, Congshu Hubei Technology Company Limited (縱樹(湖北)科技有限公司), Beihai April Digits Technology Co., Ltd (北海四月行數字科技有限公司) and Beihai Congshu Advertising Media Co., Ltd (北海縱樹廣告傳媒有限公司), details of which are set out in “History, Reorganization and Corporate Structure” of the Prospectus
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, Congshu Beijing, Congshu Beijing Internet Technology Company Limited (北京縱樹互聯科技有限公司) and the Registered Shareholders, details of which are described in “Contractual Arrangements” of the Prospectus
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules and in the context of this report, refers to the controlling shareholders of our Company, being Mr. Xu and Cheshi Holdings
“COVID-19”	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
“Director(s)”	director(s) of the Company
“Global Offering”	the Hong Kong Public Offering of 20,400,000 Shares for subscription by the public in Hong Kong and the International Offering (as defined respectively in the Prospectus) of initially 183,600,000 Shares for subscription by the institutional, professional, corporate and other investors
“Group”, “the Group”, “we”, “us”, or “our”	the Company, its subsidiaries and its consolidated affiliated entities, or where the context refers to any time prior to the Company becoming the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$” or “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“ISACA”	Information Systems Audit and Control Association
“IT”	information technology

## Definitions



“KOL”	Key opinion leader
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	January 15, 2021, the date on which the Shares of the Company were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Mr. Xu”	Mr. Xu Chong (徐翀), a founder, an executive Director, chairman of the Board, the chief executive officer of the Company and a Controlling Shareholder
“Online Advertising Service”	one of the Group’s two business segments, in which revenue is generated primarily by providing a range of advertising services and advertising solutions to our advertising agency, automaker and autodealer customers
“PC”	personal computer
“PGC”	professionally-generated content
“Picker”	the intelligent internet platform that serves content distribution
“Post-IPO RSU Scheme”	the post-IPO RSU scheme approved and conditionally adopted by the Board on September 30, 2021
“Process Agent”	an authorized representative under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for acceptance of service of process and notices on behalf of the Company
“Prospectus”	the prospectus of the Company dated December 31, 2020
“R&D”	research and development
“Reporting Period”	the six months ended June 30, 2022
“RMB”	Renminbi, the lawful currency of the PRC



“RSU”	restricted share unit
“RSU Nominee”	Glory Tower Investments Limited, a BVI business company incorporated under the laws of the BVI on May 30, 2019 and an indirect wholly-owned subsidiary of the Core Trust Company Limited, which holds the Shares underlying the RSUs for the benefit of eligible participants pursuant to and under the RSU Scheme
“RSU Scheme”	the RSU scheme approved and conditionally adopted by the Shareholders on June 25, 2019, the principal terms of which are set forth in “Statutory and General Information – G. RSU Scheme and SA Scheme – 1. RSU Scheme” in Appendix IV to the Prospectus
“Ruibo Fund”	Gongqingcheng Ruibo Equity Investment Partnership (L.P.)* (共青城銳博股權投資合夥企業(有限合夥)), a partnership established and registered in the PRC
“SaaS”	software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
“SA Nominee”	Colourful Sky International Limited, a BVI business company incorporated under the laws of the BVI on May 29, 2019 and an indirect wholly-owned subsidiary of the Core Trust Company Limited, which holds the shares underlying the restricted share awards for the benefit of eligible participants pursuant to and under the SA Scheme
“SA Scheme”	the restricted share award scheme approved and conditionally adopted by the Shareholders on June 25, 2019, the principal terms of which are set forth in “Statutory and General Information – G. RSU Scheme and SA Scheme – 2. SA Scheme” in Appendix IV to the Prospectus
“Share(s)”	ordinary share(s) in the issued capital of the Company with nominal value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

## Definitions



“Taoyuan Investment”	Gongqingcheng Taoyuan Investment Management Co., Ltd.* (共青城韜遠投資管理有限公司) (now known as Shanghai Xintong Boda Private Equity Fund Management Co., Ltd.* (上海新瞳博達私募基金管理有限公司)), a partnership established and registered in the PRC
“Transaction Facilitation Service”	one of the Group’s two business segments, in which revenue is derived primarily by offering services and solutions to promote group-purchase events for autodealers and an insurance company
“United States”	the United States of America
“US\$”	U.S. dollars, the lawful currency of the United States of America
“Weinet Fund”	Changxing Weinet Congyue Equity Investment Partnership (L.P.)* (長興微網縱躍股權投資合夥企業(有限合夥)), a partnership established and registered in the PRC
“%”	per cent