Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

车市科技
CHESHI TECH

Cheshi Technology Inc.
車市科技有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1490)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

The board (the "**Board**") of directors (the "**Directors**") of Cheshi Technology Inc. (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2022 (the "**Reporting Period**") together with the comparative figures for the year ended December 31, 2021 as set out below.

FINANCIAL SUMMARY

	Year ended December 31,		
	2022	2021	Changes
	RMB'000	*RMB'000*	*%*
Revenue	**170,037**	197,185	-13.8
Gross profit	**129,205**	146,403	-11.7
Profit for the year attributable to owners of the parent	**16,396**	41,013	-60.0
Adjusted net profit(1)	**15,159**	58,816	-74.2

(1) Adjusted net profit is defined as profit for the year adjusted by adding back or excluding share-based compensation expenses which represent the expense on Post-IPO RSU Scheme.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	**2022**	2021
		RMB'000	*RMB'000*
Revenue	*4*	**170,037**	197,185
Cost of sales		**(40,832)**	(50,782)
Gross profit		**129,205**	146,403
Other income and gains	*4*	**24,896**	24,425
Selling and distribution expenses		**(70,169)**	(51,444)
Administrative expenses		**(30,969)**	(47,779)
Research and development expenses	*5*	**(17,922)**	(17,768)
Impairment losses on financial and contract assets	*5*	**(10,214)**	(235)
Finance costs		**(949)**	(839)
Other expenses		**(9,724)**	–
PROFIT BEFORE TAX		**14,154**	52,763
Income tax expense	*6*	**875**	(11,930)
PROFIT FOR THE YEAR		**15,029**	40,833
Attributable to:			
Owners of the parent		**16,396**	41,013
Non-controlling interests		**(1,367)**	(180)
		15,029	40,833
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	*7*	**RMB0.01**	RMB0.04
Diluted	*7*	**RMB0.01**	RMB0.04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**15,029**	40,833
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive (loss)/income		
Change in fair value	**(1,039)**	30
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(1,039)**	30
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(1,039)**	30
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**13,990**	40,863
Attributable to:		
Owners of the parent	**15,357**	41,043
Non-controlling interests	**(1,367)**	(180)
	13,990	40,863

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property and equipment		**4,416**	2,286
Intangible assets		**2,823**	3,895
Goodwill		**6,153**	6,153
Right-of-use assets		**1,856**	6,620
Financial assets at fair value through profit or loss	*11*	**30,228**	38,935
Equity instruments designated at fair value through other comprehensive income	*9*	**229**	418
Long-term prepayments, deposits and other receivables		**95**	1,600
Deferred tax assets		**1,598**	1,152
Total non-current assets		**47,398**	61,059
CURRENT ASSETS			
Inventories		**–**	876
Trade and bill receivables	*12*	**85,700**	119,644
Contract assets		**13,071**	2,207
Contract costs		**1,654**	–
Financial assets at fair value through profit or loss	*11*	**9,852**	21,153
Debt investments at fair value through other comprehensive income	*10*	**8,199**	–
Prepayments, deposits and other receivables		**20,321**	25,241
Income tax recoverable		**2,561**	1,419
Time deposits		**105,448**	–
Cash and cash equivalents		**278,216**	328,675
Total current assets		**525,022**	499,215
CURRENT LIABILITIES			
Trade payables	*13*	**7,208**	1,270
Contract liabilities		**7,166**	9,086
Other payables and accruals	*14*	**52,636**	33,221
Loans from a shareholder	*15*	**–**	2,160
Lease liabilities		**863**	5,070
Tax payable		**10,260**	12,368
Total current liabilities		**78,133**	63,175
NET CURRENT ASSETS		**446,889**	436,040
TOTAL ASSETS LESS CURRENT LIABILITIES		**494,287**	497,099

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AS AT DECEMBER 31, 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**980**	1,848
Loans from a shareholder	*15*	**2,659**	12,974
Deferred tax liabilities		**45**	2,263
Total non-current liabilities		**3,684**	17,085
NET ASSETS		**490,603**	480,014
EQUITY			
Equity attributable to owners of the parent			
Share capital		**840**	840
Treasury shares		**(23,563)**	(20,032)
Reserves		**515,015**	499,528
Non-controlling interests		**(1,689)**	(322)
Total equity		**490,603**	480,014

NOTES

1. CORPORATE AND GROUP 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."). And 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

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB"), the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income and debt investments at fair value through other comprehensive income, which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same Reporting Period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendment to IFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to the Group 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* (the "Conceptual Framework") 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 business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The Group has adopted the amendment on 1 January 2022. However, the Group did not receive any COVID-19-related rent concessions and therefore the amendment did not have any impact on the financial position and performance of the Group.

(c) 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 as determined by IAS 2 *Inventories*, 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 prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(d) 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.

(e) *Annual Improvements to IFRSs 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Among these, amendment to IFRS 9 are applicable to the Group, details of the amendment 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 from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. OPERATING 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 information reported to the CODM, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented. Revenue from external customers for each product and service is disclosed in note 5 to the financial statements.

Geographical information

During the Reporting Period, the Group operated within one geographical segment because all of its revenue was generated in Mainland China and all of its long-term assets/capital expenditure were located/incurred in Mainland China. Accordingly, no further geographical segment information is presented.

Information about major customers

Revenue from customers which amounted to more than 10% of the Group's revenue for the year ended 31 December 2022 is set out below:

	2022	2021
	RMB'000	*RMB'000*
Customer A (Online advertising service)	**23,915**	NA*

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the year ended 31 December 2021.

4. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2022

Revenue streams	**Online advertising service**	**Transaction facilitation service**	**SaaS service**	**Mobility business**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Timing of revenue recognition					
Services transferred at a point in time	**–**	**–**	**–**	**6,907**	**6,907**
Services transferred over time	**163,130**	**–**	**–**	**–**	**163,130**
	163,130	**–**	**–**	**6,907**	**170,037**

For the year ended 31 December 2021

Revenue streams	Online advertising service	Transaction facilitation service	SaaS service	Mobility business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Timing of revenue recognition					
Services transferred at a point in time	–	625	6,922	10,733	18,280
Services transferred over time	178,905	–	–	–	178,905
	178,905	625	6,922	10,733	197,185

The following table shows the amounts of revenue recognised in the current Reporting Period that were included in the contract liabilities at the beginning of the Reporting Period and recognised from performance obligations satisfied in previous periods:

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Online advertising service	**9,086**	2,280

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that from performance obligations satisfied in previous periods:		
Online advertising service not previous recognised due to constraints on variable consideration	**993**	2,544

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Online advertising services

Online advertising services income is recognised in which the advertisements are published over the stated display period on its own online platform, other linked online portals, or mobile applications. The payment is generally due within 30 to 180 days from the date of billing.

Transaction facilitation service

The performance obligation is satisfied when the automobiles the group facilitates are transferred to customers in accordance with the relevant contract terms. The payment is generally due within 30 to 180 days from the date of billing.

SaaS service

The performance obligation is satisfied when the services is completed without further unfulfilled obligation. The payment is generally due within 30 to 180 days from the date of billing.

Mobility business

The performance obligation is satisfied upon delivery of the automobiles and customers are usually required to pay in advance.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022	2021
	RMB'000	*RMB'000*
Within one year	**7,211**	9,086

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year and related to online advertising and Mobility business. The amounts disclosed above do not include variable consideration which is constrained.

Other income and gains

(1) Other income

	2022 RMB'000	2021 RMB'000
Interest income	**5,007**	617
Government grants*	**852**	6,876
Super deduction for input VAT	**1,097**	843
Consultancy income	**–**	6,535
Waiver of account payables	**–**	1,242
Others	**96**	405
	7,052	16,518

(2) Other gains

	2022 RMB'000	2021 RMB'000
Foreign exchange gains, net	**17,844**	(3,272)
Gains on financial assets at fair value through profit or loss	**–**	11,179
	17,844	7,907
	24,896	24,425

* The amount represents government grant received from cultural industry development guidance fund. There were no unfulfilled conditions and other contingencies relating to these grants.

5. PROFIT BEFORE TAX

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

	Note	2022 RMB'000	2021 RMB'000
Cost of inventories sold		**6,880**	10,700
Cost of services provided		**33,952**	40,082
Employee benefit expense (including directors' and chief executive's remuneration)			
Wages and salaries		**58,787**	49,565
Pension scheme contributions		**4,296**	4,502
Share-based compensation expense		**130**	14,708
		63,213	68,775
Loss on disposal of items of property, plant and equipment		**117**	2
Depreciation of property, plant and equipment		**1,126**	1,013
Depreciation of right-of-use assets		**2,097**	5,085
Amortisation of intangible assets*		**1,072**	1,072
Research and development costs:			
Current year expenditure		**17,922**	17,768
Lease payments not included in the measurement of lease liabilities		**29**	4
Foreign exchange differences, net		**(17,844)**	3,272
Impairment of financial and contract assets:			
Impairment of trade receivables	*12*	**10,005**	1,171
Impairment of contract assets		**209**	13
Reversal of bad debt previously written off		**–**	(949)
		10,214	235
Fair value losses/(gains), net:			
Financial assets at fair value through profit or loss		**9,162**	(11,179)
Bank interest income		**(5,007)**	(617)
Listing expenses		**–**	3,289
Auditor's remuneration		**1,792**	2,324

* The amortisation of intangible assets are included in "Administrative expenses" in the consolidated statement of profit or loss

6. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(a) Cayman Islands

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly is not subject to income tax.

(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 been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

A subsidiary of the Group in the PRC has obtained approved 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 a subject to the HNTE Preferential Tax Rate at 15% for the year ended 31 December 2022 (2021: 15%).

Pursuant to the PRC EIT Law and the respective regulations, the other PRC subsidiaries were subject to income tax at a statutory rate of 25% for the year.

	2022 ***RMB'000***	2021 *RMB'000*
Current – the PRC		
Charge for the year	**2,553**	9,162
Overprovision in prior years	**(764)**	(133)
Deferred	**(2,664)**	2,901
Total tax (credit)/charge for the year	**(875)**	11,930

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,115,678,915 (2021: 1,127,893,360) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculations of basic earnings per share are based on:

	2022	2021
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**16,396**	41,013

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,115,678,915**	1,127,893,360

8. DIVIDENDS

The board of directors of the Company does not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: Nil).

9. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	RMB'000	*RMB'000*
Unlisted equity investments, at fair value		
Leikewo (Beijing) Technology Limited	**229**	418
	229	418

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

10. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	RMB'000	*RMB'000*
Short-term debt instruments, at fair value		
Bill receivables	**8,199**	–
	8,199	–

Bill receivables are with a maturity period of within six months. As at 31 December 2022, the loss allowance was assessed to be minimal.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	RMB'000	*RMB'000*
Non-current portion		
Unlisted investment funds		
– Level 3 investment *(note (a))*	**30,186**	38,935
Unlisted equity investments		
– Level 3 investment *(note (b))*	**42**	–
	30,228	38,935
Current portion		
Unlisted investment funds		
– Level 2 investment *(note (c))*	**9,852**	21,153
	9,852	21,153
	40,080	60,088

(a) The Group has made an investment in a private equity fund in the PRC with fair value of RMB30,186,000 as at 31 December 2022 (2021: RMB38,935,000). The fair value is within level 3 of the fair value hierarchy. During the year ended 31 December 2022, a fair value loss of RMB8,749,000 (2021: a fair value gain of RMB8,935,000) is recognised in profit or loss.

(b) The Group has made an equity investment of a non-listed company. The Group holds non-controlling interests (20%) of the company. The equity investment was classified as financial assets at fair value through profit or loss as it was held for trading. The fair value is within level 3 of the fair value hierarchy. During the year ended 31 December 2022, a fair value loss of RMB958,000 (2021: Nil) is recognised in profit or loss.

(c) The Group has made an investment in a private fund which is registered in the PRC and in the Cayman Islands with fair value of RMB9,800,000 and nil, respectively, as at 31 December 2022 (2021: RMB10,190,000 and RMB10,963,000, respectively). The fair value is within level 2 of the fair value hierarchy. During the year ended 31 December 2022, a fair value gain of RMB52,000 (2021: RMB303,000) is recognised in profit or loss.

During the year, the following loss/(gain) was recognised in profit or loss:

	2022	2021
	RMB'000	*RMB'000*
Net fair value loss/(gain) on financial assets at fair value through profit or loss	**9,162**	(11,179)
	9,162	(11,179)

12. TRADE AND BILL RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Bill receivables	**–**	11,514
Trade receivables	**102,744**	115,169
Impairment	**(17,044)**	(7,039)
	85,700	119,644

The Group's trading terms with its customers are mainly on credit. The credit period is generally 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the recognition date of gross trade receivables and net of loss allowance, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 30 days	**25,819**	22,179
31 to 90 days	**21,329**	30,062
91 days to 180 days	**24,820**	30,086
181 to 365 days	**12,820**	23,185
Over 1 year	**912**	2,618
	85,700	108,130

Bill receivables are with a maturity period of within six months.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2022	**Amount**	**Expected credit loss rate**	**Impairment**
	RMB'000		***RMB'000***
Trade receivables aged:			
Within 30 days	**26,298**	**1.82%**	**479**
31 to 90 days	**21,786**	**2.10%**	**457**
91 days to 180 days	**25,636**	**3.18%**	**816**
181 to 365 days	**14,369**	**10.78%**	**1,549**
Over 1 year	**14,655**	**93.78%**	**13,743**
	102,744	**16.59%**	**17,044**

31 December 2021	Amount	Expected credit loss rate	Impairment
	RMB'000		*RMB'000*
Trade receivables aged:			
Within 30 days	22,513	1.48%	334
31 to 90 days	30,567	1.65%	505
91 days to 180 days	30,853	2.49%	767
181 to 365 days	25,662	9.65%	2,477
Over 1 year	5,574	52.99%	2,956
	115,169	6.11%	7,039

13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**7,013**	1,055
6 months to 1 year	**–**	70
Over 1 year	**195**	145
	7,208	1,270

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

14. OTHER PAYABLES AND ACCRUALS

	2022	2021
	RMB'000	*RMB'000*
Other tax payables	**15,778**	15,632
Salaries and welfare payables	**12,071**	12,457
Information technology service fees payable	**9,074**	288
Agency fee and labor wage	**5,060**	1,685
Rebate payables	**4,155**	425
Payable to other suppliers	**3,800**	600
Others	**2,698**	2,134
	52,636	33,221

* Other payables are non-interest-bearing and have an average term of three months.

15. LOANS FROM A SHAREHOLDER

On 25 June 2021, Mr. XU, the ultimate controlling shareholder of the group, granted a loan of RMB2,000,000 to Zhonganxin Zhixing (Beijing) Technology Co., Ltd., a subsidiary of the Group. The loan was unsecured, at 6% interest rate per annum, denominated in RMB and is repayable in one year from the drawdown date on 25 June 2021. In June 2022, the Group repaid the full amount of the loan to shareholder.

On 10 September 2021, a minority shareholder of a subsidiary of the Group has granted a loan of RMB12,740,000 to the subsidiary, in portion to its equity interest in this subsidiary. The minority shareholder is a company owned by Mr. XU. The loan was unsecured, at 6% interest rate per annum, denominated in RMB and is repayable in three years from the drawdown date on 10 September 2021. The loan matures on 9 September 2024. As of 31 December 2022, the Group has repaid the principal amount of RMB10,290,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

2022 was a year of challenges and opportunities for the automobile industry in China. As the impact of the COVID-19 epidemic continues to recur, China's automobile industry is facing the triple pressure of supply shock, shrinking demand and weakening expectations, and the normal operation of upstream and downstream enterprises in the automobile industry chain has encountered great difficulties. On the one hand, due to the shortage of chips and the rising price of power battery raw materials, the production and supply of automobiles have been affected. On the other hand, the outbreak of COVID-19 in Beijing, Shanghai, Jilin and other regions has seriously affected China's automobile supply chain. Afterwards, the government issued a series of policies to promote automobile consumption, thus China's automobile industry began to recover from the downturn. According to data from the CAAM, in 2022, China's automobile production and sales rose 3.4% and 2.1% year-on-year to 27.0 million units and 26.9 million units respectively, of which the growth rate has been slowed. With the easing of epidemic control and policy support, the market is expected to usher in a bottoming out and rebound in 2023.

According to the CIC report, based on the gradual recovery of the overall automobile market and the rise of online advertising, spending on automobile advertising is expected to reach RMB49.4 billion by 2024, with a compound annual growth rate of 3.3% since 2019; while spending on online automobile advertising market is expected to reach RMB28.9 billion in 2024, with a compound annual growth rate of 8.6% since 2019. In addition, according to public information, in terms of the proportion of online automobile advertising expenditures to the total automobile advertising expenditures, the penetration rate of online automobile advertising has increased from 33.7% in 2015 to 55.3% in 2020, and is expected to further increase in the future. As the automobile marketing budget continues to shift from offline to online and with the emergence and development of 5G technology, artificial intelligence ("**AI**"), and metaverse, innovative and interactive online advertising tools continue to involve and upgrade. In view of the fact that the Group has advanced and strong expertise in automotive content production and resource integration in the automotive industry chain, the Company believes that it is in a favorable position to develop 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 of the Group's PC websites, mobile websites and mobile applications and a network of over 1,000 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 accesses 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 travel service market. By implementing the planning of industrial internet and business digitalization, leveraging the duel-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

In 2022, affected by negative factors such as the COVID-19 pandemic, the chip shortage and the macroeconomic downturn, the Group has shown a strong resilience. For the year ended December 31, 2022, the Group's revenue amounted to approximately RMB170.0 million, representing a decrease of approximately 13.8% compared with approximately RMB197.2 million for the corresponding period of 2021 mainly due to the decrease in the advertising expenses of automobile enterprise customers and the obstruction of the automobile supply chain which affected the overall business revenue of the Company. Among them, for the year ended December 31, 2022, revenue from the Online Advertising Services of the Group was approximately RMB163.1 million, representing a decrease of approximately 8.8% compared to the corresponding period of 2021; revenue from the Mobility Business were approximately RMB6.9 million, representing a decrease of approximately 35.6% compared to the corresponding period of 2021.

Gross profit for the year ended December 31, 2022 was approximately RMB129.2 million, representing a decrease of approximately 11.7% compared with approximately RMB146.4 million for the corresponding period of 2021. For the year ended December 31, 2022, the Group's net profit was approximately RMB15.0 million, representing a decrease of approximately 63.2% compared to the corresponding period of 2021, which was mainly due to (i) the slowdown in the growth of the automobile industry resulted in the Group's revenue falling short of the same period; and (ii) the Group's continuous promotion of "video-oriented" business transformation and the deployment of travel business resulted in an increase in overall operating expenses.

Set out below are the important milestones of the Group's businesses for the year ended December 31, 2022:

(1) The Group further strengthened its leading market position in the automobile advertising industry in the PRC

During the year ended December 31, 2022, the Company continued to optimize and improve its automobile new media content matrix. The Company is able to publish contents across platforms throughout the whole internet by one click through Picker, an independently-developed vertical cloud service system of the Group. Meanwhile, the Company continued putting more investment in short-form video content creation and operation in 2022 to enhance the overall effectiveness and industry competitiveness of online advertising services.

(2) Optimization and upgrading of the Group's innovative business

For the year ended December 31, 2022, the Company has adjusted and upgraded its business structure in the technology and travel business segments, including organizational structure adjustments, product development and business model optimization, etc., to adapt to future market and customer needs.

(3) The Group has applied AI technology to automobile content production

AI technology has been used to assist in content creation through Baidu and related AI technology platforms to ensure the quality of professional content and enhance the efficiency of original work production. At the same time, the Company is also actively exploring cross-border cooperation with AI technology companies to launch in-depth cooperation around content technology, ecological creation and the empowerment of the entire industry chain, relying on the Company's massive user data and deep insights into the automotive industry to achieve a perfect integration and model innovation of intelligent AI technology with digital marketing and ecological service provision for automobiles.

Outlook

Throughout 2023, 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, improve brand awareness and deepen the collaboration with KOLs, strengthen the collaboration with its business partners and expand its geographical coverage and user base in tier three and lower cities, improve the quality of content services and influence in the industry and speed up the commercialization of content service.

(2) Stepping up efforts in the Group's technology research and development and further enhancing IT systems, products development and SaaS services

The Group plans to optimize the Picker engine, enhance IT systems infrastructure by installing new computer servers, improve its SaaS services and develop new and efficient technological products and tools which could help automobile manufacturers and dealers during research and development as well as marketing, and provide them with targeted and precise one-stop marketing and after-sales services. On the other hand, the Group will add a second-hand car revenue stream in 2023, and conduct system development and product information around car sources, transactions, and vehicle services.

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

The Company plans to evaluate and selectively pursue strategic alliance, investment and acquisition opportunities to complement its existing services and strategies. Its criteria for identifying suitable targets, including PGC producers, we-media advertising platforms and enterprises in automobile technology sector and new energy sector, are the following: (i) the services and core technologies provided can create synergy with the Group's business; (ii) it owns considerable user traffic; and (iii) it has a sound and stable financial condition.

(4) Actively expanding commercial presence in the automobile industrial internet

The Group plans to provide multi-dimensional business and technology empowerment to enterprises in the automobile industry chain through model innovation and business optimization. Adhering to the development strategy of digitalization, collaboration and intelligentization, the Group will establish an efficient industrial collaboration network and full-chain service ecosystem in the form of an internet platform for the automobile industry, and promote industrial upgrading and higher efficiency by adopting an innovative model in automobile leasing, centralized procurement and supply chain finance, etc.

FINANCIAL REVIEW

During the Reporting Period, the Group's total revenue was approximately RMB170.0 million, representing a decrease of approximately RMB27.1 million, or approximately 13.8%, from approximately RMB197.2 million for the year ended December 31, 2021. The decrease in revenue was mainly due to (i) for the year ended December 31, 2022, the decrease of the Mobility business contributing to revenue decline of approximately RMB3.8 million and the decrease of the Transaction facilitation services contributing to revenue decline of approximately RMB0.6 million mainly due to obstruction of supply chain and reduced market activities due to epidemic containment measures and shortage of automotive chips; (ii) the decrease of the Online advertising services contributing to revenue decline of approximately RMB15.8 million for the year ended December 31, 2022 mainly due to decreased advertising expenditure of car manufacturers as a result of the epidemic containment measures; and (iii) our SaaS services and Transaction facilitation services did not generate any revenue for the year ended December 31, 2022 due to the Group's business adjustment.

The table below sets forth a breakdown of revenue by our revenue streams, shown in actual amounts and as percentage to total revenue for the years indicated:

	Year ended December 31,				
	2022		2021		year-on-year
	RMB'000	*%*	*RMB'000*	*%*	*% change*
Online advertising services	**163,130**	95.9	178,905	90.8	-8.8
Transaction facilitation services	**–**	–	625	0.3	-100.0
SaaS services	**–**	–	6,922	3.5	-100.0
Mobility business					
– Sales of automobiles	**6,907**	4.1	10,733	5.4	-35.6
Total	**170,037**	100.0	197,185	100.0	-13.8

Cost of sales

During the Reporting Period, the Group's cost of principal operations decreased by approximately RMB10.0 million or 19.6% to approximately RMB40.8 million (for the year ended December 31, 2021: approximately RMB50.8 million). The decrease in cost of principal operations was due to the decline in the Company's business growth rate as the result of the continuous recurrence of the COVID-19 epidemic continues to recur and obstruction of the automobile supply chain.

Gross profit and gross profit margin

As a result of the above, gross profit decreased by approximately RMB17.2 million or approximately 11.7% from approximately RMB146.4 million for the year ended December 31, 2021 to approximately RMB129.2 million for the year ended December 31, 2022. Gross profit margin increased from approximately 74.2% for the year ended December 31, 2021 to approximately 76.0% for the year ended December 31, 2022. The increase in gross profit margin was due to (i) the continuous optimization of the Company's business structure; and (ii) the improvement of the Company's operational efficiency.

Other income and gains

Other income and gains of the Group increased by approximately RMB0.5 million or approximately 1.9% from approximately RMB24.4 million for the year ended December 31, 2021 to approximately RMB24.9 million for the year ended December 31, 2022 which is mainly comprised of (i) foreign exchange gains, net of approximately RMB17.8 million which represents the exchange gain on the Group's foreign currency deposits due to appreciation of the US dollar; (ii) interest income of approximately RMB5.0 million which represents interest income from time deposits due to the rise in US dollar interest rates; (iii) government grant of approximately RMB0.9 million due to the cultural industry development guidance subsidy from the Publicity Department and other government subsidies; (iv) deduction for input VAT of approximately RMB1.1 million; and (v) others of approximately RMB0.1 million which represents individual income tax refund.

Selling and distribution expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to approximately RMB70.2 million, representing an increase of approximately RMB18.7 million, or approximately 36.4%, from approximately RMB51.4 million for the year ended December 31, 2021, mainly due to the increase in promotion and marketing expenses incurred by the online advertising services.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to approximately RMB31.0 million, representing a decrease of approximately RMB16.8 million, or approximately 35.2%, from approximately RMB47.8 million for the year ended December 31, 2021, mainly due to (i) the decrease in equity incentive expenses; and (ii) the streamlining and optimisation of the Company's organizational structure.

Research and development expenses

During the Reporting Period, the Group's research and development expenses amounted to approximately RMB17.9 million, representing an increase of approximately RMB0.2 million or approximately 0.9% from approximately RMB17.8 million for the year ended December 31, 2021, mainly due to the Company's increasing investment in the research and development and the iterative upgrade of existing technology products.

Impairment losses on financial and contract assets

During the Reporting Period, the Group's impairment losses on financial and contract assets amounted to approximately RMB10.2 million, representing an increase of approximately RMB10.0 million or approximately 4,246.4% from approximately RMB0.2 million for the year ended December 31, 2021, mainly due to the poor operating conditions of certain customers which led to the increase in the impairment losses on contract assets.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB0.9 million, representing an increase of approximately RMB0.1 million or 13.1% from approximately RMB0.8 million for the year ended December 31, 2021, mainly due to the increase in interest expense.

Other expenses

During the Reporting Period, the Group's recorded other expenses amount to approximately RMB9.7 million (for the year ended December 31, 2021: nil) mainly represent decrease in the amount of financial assets measured at fair value held by the Group.

Income Tax expense

During the Reporting Period, the Group's income tax credit amounted to approximately RMB0.9 million (income tax expense for the year ended December 31, 2021: approximately RMB11.9 million). The decrease was mainly due to the decrease in operating profit compared with the corresponding period last year.

Profit for the year

During the Reporting Period, profit for the year was approximately RMB15.0 million (for the year ended December 31, 2021: approximately RMB40.8 million) representing a decrease of approximately RMB25.8 million, or 63.2% as compared with the year ended December 31, 2021 due to the decrease in revenue and the increase in selling and distribution expenses, impairment losses on financial and contract assets and other expenses due to the aforesaid reasons.

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

To supplement the Group's consolidated results which are prepared and presented in accordance with IFRSs, the Company utilized non-IFRSs adjusted net profit ("**Adjusted Net Profit**") as an additional financial measure. Adjusted Net Profit is defined as profit for the year, as adjusted by adding back share-based compensation expenses which represent the expense on Post-IPO RSU Scheme.

Adjusted Net Profit is not required by, or presented in accordance with, IFRSs. The Company believes that the presentation of non-IFRSs measures when shown in conjunction with the corresponding IFRSs 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-IFRSs measures are appropriate for evaluating the Group's operating performance. However, the use of this particular non-IFRSs 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 IFRSs. In addition, this non-IFRSs 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.

The following tables set forth reconciliations of the Group's non-IFRSs measures for the years ended December 31, 2022 and 2021 to the nearest measures prepared in accordance with IFRSs.

	For the year ended December 31,				
	2022	**% of total revenue**	2021	% of total revenue	year-on-year % change
	RMB'000	*%*	*RMB'000*	*%*	*%*
Profit for the year	**15,029**	**8.8**	40,833	20.7	-63.2
Add back:					
Share-based compensation expenses	**130**	**0.1**	14,694	7.5	-99.1
Non-IFRSs measure adjusted net profit	**15,159**	**8.9**	58,816	29.8	-74.2

Liquidity and financial resources and capital structure

As at December 31, 2022, the Group had current assets of approximately RMB525.0 million (December 31, 2021: approximately RMB499.2 million), representing an increase of approximately RMB25.8 million or 5.2%, mainly due to (i) the increase in contract assets due to the increase in execution revenue from online advertising services during the Reporting Period; (ii) debt investments at fair value through comprehensive income arising from the increase in bill receivables; and (iii) the increase in time deposits with original maturity of over three months due to the increased US dollar time deposits under the rise in US dollar interest rates; such increase was partially offset by (i) the decrease in trade and bill receivables due to the increase in advance receipts due to the favourable bill discounting policy; (ii) the decrease in financial assets at fair value through profit or loss due to the redemption of some of the Company's investment and wealth management products; and (iii) the decrease in cash and cash equivalents due to the increase in fixed deposits.

The Group had current liabilities of approximately RMB78.1 million as at December 31, 2022 (December 31, 2021: approximately RMB63.2 million), representing an increase of approximately RMB15.0 million or 23.7%, mainly due to the increase in trade payables and the increase in other payables and accruals due to the increase in the Company's marketing and promotion activities. The current ratio was 6.7 at December 31, 2022 as compared with 7.9 at December 31, 2021.

As of December 31, 2022, the Group's cash and cash equivalents amounted to approximately RMB278.2 million which is mainly funded from the net cash flows generated from operating activities (e.g. collection of accounts receivables). As at December 31, 2022, the Group did not have bank borrowings (December 31, 2021: Nil). 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.

The Shares have been listed on the Stock Exchange since the Listing Date. There has been no change in the capital structure of the Company since the Listing Date. The capital of the Company comprises ordinary shares.

Capital expenditure

The Group's capital expenditures mainly included property, plant and equipment and intangible assets. Capital expenditures for the year ended December 31, 2022 and 2021 are set out below:

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Property, plant and equipment	**3,373**	1,390
Intangible assets	**–**	284

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.

During the Reporting Period, the Group neither took part in any derivatives activities nor entered into any hedging activities in respect of foreign exchange risk.

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

Significant Investment, Material Acquisitions and Disposals of Subsidiaries and Capital Assets and Other Material Event During the Reporting Period

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 Weinet Congyue Equity Investment Partnership (L.P.)* (長興微網樅躍股權投資合夥企業(有限合夥)) ("**Weinet 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 Weinet 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 December 31, 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 year ended December 31, 2022, the Group had the following significant investment:

	Percentage of interest held		**Investment costs**		**Loss recognized in other expenses**	**Fair value**	
	As of December 31, 2022	As of December 31, 2021	**As of December 31, 2022**	As of December 31, 2021		**As of December 31, 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	8,749	**30,186**	38,935

As of December 31, 2022, the percentage to total assets value of the Company is approximately 5.27%, representing a decrease of approximately 1.68% from approximately 6.95% as of December 31, 2021, mainly due to the decrease of the valuation of Ruibo Fund.

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 announcement, there was no plan authorized by the Board for other material investments or addition of capital assets at the date of this announcement.

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.

Resignation of Non-executive Director

Mr. ZHU Boyang ("**Mr. ZHU**") had 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 on May 17, 2022, and later resigned as a non-executive Director on September 27, 2022. Mr. ZHU had confirmed that there is no disagreement between him and the Board and there is no issue relating to his re-designation and resignation that needs to be brought to the attention of the Stock Exchange and the Shareholders. For details, please refer to the announcements of the Company dated May 17, 2022 and September 27, 2022.

Save as disclosed above, for the year ended December 31, 2022 and up to date of this announcement, there was no important event affecting the Group.

Contingent Liabilities

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

Employees and Remuneration Policies

As of December 31, 2022, we had 114 full-time employees, most of whom were based in China. The number of employees employed by the Group may change from time to time as required and employee emoluments are determined with reference to market conditions and the performance, qualifications and experience of individual employees.

We have established effective employee performance evaluations system and employee incentive schemes to correlate the remuneration of our employees with their overall performance and contribution to the business operation results, and have established a merit-based remuneration awards system. On September 30, 2021, the Company has adopted the 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 announcement of the Company dated September 30, 2021. In addition, the Company had adopted a pre-IPO restricted share unit scheme and a restricted share award scheme on June 25, 2019. Employees are promoted not only in terms of position and seniority, but also in terms of professional qualifications.

USE OF PROCEEDS

Use of Proceeds from the Listing

The net proceeds from the Listing (after deducting the underwriting fees and related cost and expenses) amounted to approximately HK$246.8 million. As at December 31, 2022, the details of utilization of net proceeds from the Listing are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the Listing *(HK$ million)*	Utilised as at December 31, 2021 *(HK$ million)*	Utilised as at December 31, 2022 ***(HK$ million)***	Unutilised as at December 31, 2022 ***(HK$ million)***	Expected timeline of full utilisation of the unutilised proceeds
Solidify the Company's market position and quantity of PGC *(Note 1)*	39.8	98.2	25.5	**56.6**	**41.6**	By the end of 2023
Strengthen research and development and IT system and develop and promote new products *(Note 2)*	36.1	89.1	30.2	**58.5**	**30.6**	By the end of 2023
Future investments and acquisitions *(Note 3)*	14.1	34.8	11.6	**13.2**	**21.6**	By the end of 2023
Working capital	10.0	24.7	8.2	**16.4**	**8.3**	By the end of 2023
Total	100.0	246.8	75.5	**144.7**	**102.1**	

Notes:

(1) To solidify the Company's market position and quantity of PGC through the following measures: (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.

(2) To strengthen research and development and IT system and develop and promote new products through the following measures: (i) optimizing the Picker engine of the Company; (ii) enhancing existing IT systems and infrastructures of the Company 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).

(3) To make future investments and acquisitions by investing in target companies meeting the following conditions (including PGC producers and we-media advertising companies): (i) with 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) having 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 Transaction facilitation services.

As at December 31, 2022, the Group has unutilised net proceeds of approximately HK$102.1 million from the Listing. The unutilised net proceeds are placed in licensed banks in Hong Kong. The Group will use the remaining net proceedings progressively in the way described in the Prospectus, depending on actual business needs and to exhaust the remaining balance by the end of 2023. There is no change to the intended use of proceeds as disclosed in the Prospectus.

EVENT SUBSEQUENT TO THE REPORTING PERIOD

The Group is not aware of any significant events which could have a material impact on our operating and financial performance after the year ended December 31, 2022 and up to the date of this announcement.

DIVIDEND

The Company did not recommend any payment of dividends for the year ended December 31, 2022 (2021: Nil).

ANNUAL GENERAL MEETING

The AGM will be held on May 12, 2023. A notice convening the AGM will be published on April 17, 2023 and despatched to Shareholders in due course in the manner prescribed by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from May 9, 2023 to May 12, 2023, both days inclusive, in order to determine the identity of the shareholders of the Company who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on May 8, 2023.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the Reporting Period and up to the date of this announcement, the Company has complied with all applicable code provisions under the CG Code and adopted most of the best practices set out therein except for the deviation from code provision C.2.1.

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 CEO are both performed by Mr. XU. Given that Mr. XU is one of our founders who had provided strategic guidance and leadership throughout the development of the Group's business, our Board believes that vesting the roles of both Chairman and CEO in Mr. XU has the benefit of ensuring consistent leadership within our Group, and providing more effective and efficient overall strategic planning and management oversight for our Group. The Board considers that Mr. XU's dual role 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 Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the "comply or explain" principle in the corporate governance report which will be included in the annual reports.

The Directors have a balanced mix of experience and industry background, including but not limited to experience in the corporate finance, marketing, human resources, business advisory and accounting industries. The three independent non-executive Directors who have different industry backgrounds, represent more than one-third of the Board members.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (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 of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

In September 2021, the Company appointed Kastle Limited as the scheme custodian (the "**Custodian**") under the Post-IPO RSU Scheme to purchase shares to be held by trust for the future grant of restricted share unit pursuant to the terms and conditions of the Post-IPO RSU Scheme. During the Reporting Period, 9,628,000 Shares were purchased on the Stock Exchange and subscribed by the Custodian at an average price of HK$0.42 per Share and for a total consideration of HK$4,001,508 (equivalent to approximately RMB3,533,740.55 as at December 31, 2022). No restricted share unit was granted as at December 31, 2022 and up to the date of this announcement.

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

AUDIT COMMITTEE

The Board has established an audit committee (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 which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has reviewed the applicable accounting principles, standards and practices adopted by the Group as well as the consolidated financial statements of the Group for the year ended December 31, 2022 and the disclosure in this announcement.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at December 31, 2022, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Company's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conslusion has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND 2022 ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.cheshi.com. The annual report of the Company for the Reporting Period containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the management members and staff of the Group for their hard work in the past year. I would also like to give my sincere gratitude to our Shareholders, partners and stakeholders for their continued support, and hope to receive their continued support in the future.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

"AGM"	the forthcoming annual general meeting of the Company to be held on May 17, 2022
"Auditor"	Ernst & Young
"Board" or "Board of Directors"	board of directors of the Company
"CAAM"	China Association of Automobile Manufacturers
"CEO"	chief executive officer of the Company
"Chairman"	chairman of the Board
"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, which is an independent third party
"Company" or "our Company" or "the Company"	Cheshi Technology Inc., an exempted company incorporated in the Cayman Islands on November 22, 2018 with limited liability and listed on the Stock Exchange on January 15, 2021 (Stock code: 1490)
"Director(s)"	director(s) of the Company
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries, 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
"IFRSs"	International Financial Reporting Standards
"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 Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PGC"	professionally-generated content
"Post-IPO RSU Scheme"	the post-IPO RSU scheme approved and conditionally adopted by the Board on September 30, 2021
"Prospectus"	the prospectus of the Company dated December 31, 2020
"RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the year ended December 31, 2022
"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
"%"	per cent

By Order of the Board
Cheshi Technology Inc.
XU Chong
Chairman, Chief Executive Officer and Executive Director

Beijing, the PRC, March 28, 2023

As at the date of this announcement the Board are Mr. XU Chong, Mr. LIU Lei and Mr. LIN Yuqi as the executive Directors; and Mr. XU Xiangyang, Mr. LI Ming and Mr. NG Jack Ho Wan as the independent non-executive Directors.

* *For identification purposes only*