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, 2023

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, 2023 (the "**Reporting Period**") together with the comparative figures for the year ended December 31, 2022 as set out below.

FINANCIAL SUMMARY

	Year ended December 31,		
	2023	2022	Changes
	RMB'000	*RMB'000*	*%*
Revenue	**155,358**	170,037	-8.6
Gross profit	**121,784**	129,205	-5.7
Profit for the year attributable to owners of the parent	**42,884**	16,396	161.6
Adjusted net profit(1)	**41,413**	15,159	173.2

(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
Year ended 31 December 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
Revenue	4	**155,358**	170,037
Cost of sales		**(33,574)**	(40,832)
Gross profit		**121,784**	129,205
Other income and gains	4	**19,055**	24,896
Selling and distribution expenses		**(59,390)**	(70,169)
Administrative expenses		**(25,927)**	(30,969)
Research and development expenses	5	**(11,044)**	(17,922)
Reversal of impairment losses/(impairment losses) on financial and contract assets	5	**4,985**	(10,214)
Finance costs		**(226)**	(949)
Other expenses		**(6,717)**	(9,724)
PROFIT BEFORE TAX		**42,520**	14,154
Income tax expense	6	**(1,113)**	875
PROFIT FOR THE YEAR		**41,407**	15,029
Attributable to:			
Owners of the parent		**42,884**	16,396
Non-controlling interests		**(1,477)**	(1,367)
		41,407	15,029
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	7	**RMB0.04**	RMB0.01
Diluted	7	**RMB0.04**	RMB0.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**41,407**	15,029
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income		
Change in fair value	**(81)**	(1,039)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**(81)**	(1,039)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(81)**	(1,039)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**41,326**	13,990
Attributable to:		
Owners of the parent	**42,803**	15,357
Non-controlling interests	**(1,477)**	(1,367)
	41,326	13,990

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property and equipment		**6,178**	4,416
Intangible assets		**1,868**	2,823
Goodwill		**6,153**	6,153
Right-of-use assets		**2,892**	1,856
Financial assets at fair value through profit or loss	*12*	**24,998**	30,228
Equity instruments designated at fair value through other comprehensive income	*9*	**148**	229
Long-term prepayments, deposits and other receivables		**250**	95
Deferred tax assets		**2,283**	1,598
Time deposits		**10,216**	–
Total non-current assets		**54,986**	47,398
CURRENT ASSETS			
Inventories		**514**	–
Trade and bills receivables	*11*	**94,172**	85,700
Contract assets		**4,609**	13,071
Contract costs		**1,033**	1,654
Financial assets at fair value through profit or loss	*12*	**10,061**	9,852
Debt investments at fair value through other comprehensive income	*10*	**1,580**	8,199
Prepayments, deposits and other receivables		**16,415**	20,321
Income tax recoverable		**3,322**	2,561
Time deposits		**53,027**	105,448
Cash and cash equivalents		**369,880**	278,216
Total current assets		**554,613**	525,022
CURRENT LIABILITIES			
Trade payables	*13*	**10,005**	7,208
Contract liabilities		**6,232**	7,166
Other payables and accruals	*14*	**43,450**	52,636
A loan from a shareholder	*15*	**2,495**	–
Lease liabilities		**1,295**	863
Tax payable		**12,070**	10,260
Total current liabilities		**75,547**	78,133
NET CURRENT ASSETS		**479,066**	446,889
TOTAL ASSETS LESS CURRENT LIABILITIES		**534,052**	494,287

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		**1,512**	980
A loan from a shareholder	*15*	**–**	2,659
Deferred tax liabilities		**605**	45
Total non-current liabilities		**2,117**	3,684
NET ASSETS		**531,935**	490,603
EQUITY			
Equity attributable to owners of the parent			
Share capital		**840**	840
Treasury shares		**(23,563)**	(23,563)
Reserves		**557,824**	515,015
Non-controlling interests		**(3,166)**	(1,689)
Total equity		**531,935**	490,603

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 registered address of the Company 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 advertising service of automobiles 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 the Main Board of The Stock Exchange of Hong Kong Limited on 15 January 2021.

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"), and 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 2023. 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 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Prior to the initial application of these amendments, the Group did not apply the initial recognition exception and the Group had recognised a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions which are consistent with the requirement of these amendments, therefore, the amendments are not expected to have any significant impact on the Group's financial statements.

(d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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 location because all of its revenues were generated in Mainland China and all of its long-term assets/capital expenditures were located/incurred in Mainland China. Accordingly, no further geographical segment information is presented.

Information about a major customer

Revenue from a customer which amounted to more than 10% of the Group's revenue for the year ended 31 December 2023 is set out below:

	2023	2022
	RMB'000	*RMB'000*
Customer A (Online advertising service)	**NA***	23,915
Customer B (Online advertising service)	**18,246**	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 years ended 31 December 2023 and 31 December 2022.

4. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2023

Revenue streams	**Online advertising service**	**Mobility business**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Timing of revenue recognition			
Services transferred at a point in time	–	–	–
Services transferred over time	**155,358**	**–**	**155,358**
	155,358	**–**	**155,358**

For the year ended 31 December 2022

Revenue streams	Online advertising service *RMB'000*	Mobility business *RMB'000*	Total *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

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:

	2023 ***RMB'000***	2022 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Online advertising service	**7,166**	9,086

	2023 ***RMB'000***	2022 *RMB'000*
Revenue recognised that from performance obligations satisfied in previous periods:		
Online advertising service not previous recognised due to constraints on variable consideration	**1,070**	993

(b) Performance obligations

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

Online advertising services

Online advertising service income is recognised when the advertisements are published over the stated period of display 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.

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:

	2023	2022
	RMB'000	*RMB'000*
Within one year	**6,383**	7,211

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

	2023	2022
	RMB'000	*RMB'000*
Interest income	**12,699**	5,007
Government grants*	**1,038**	852
Super deduction for input VAT	**563**	1,097
Others	**1,848**	96
	16,148	7,052

(2) Other gains

	2023	2022
	RMB'000	*RMB'000*
Foreign exchange gains, net	**2,907**	17,844
	19,055	24,896

* The amount represents government grants from local government authorities in the PRC. 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):

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Cost of inventories sold		**–**	6,880
Cost of services provided		**33,574**	33,952
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**55,002**	58,787
Pension scheme contributions		**3,326**	4,296
Share-based compensation expense		**6**	130
		58,334	63,213
Loss on disposal of items of property, plant and equipment		**–**	117
Depreciation of property, plant and equipment		**1,616**	1,126
Depreciation of right-of-use assets		**1,093**	2,097
Amortisation of intangible assets		**1,016**	1,072
Research and development costs:			
Current year expenditure		**3,701**	9,120
Lease payments not included in the measurement of lease liabilities		**122**	29
Foreign exchange differences, net		**(2,907)**	(17,844)
Impairment of prepayments and other receivables*		**2,000**	–
(Reversal of impairment)/impairment of financial and contract assets:			
(Reversal of impairment)/impairment of trade receivables	*11*	**(4,799)**	10,005
(Reversal of impairment)/impairment of contract assets		**(186)**	209
		(4,985)	10,214
Fair value losses/(gains), net:			
Financial assets at fair value through profit or loss		**4,483**	9,162
Bank interest income		**(12,699)**	(5,007)
Auditor's remuneration		**1,792**	1,792

* The provision of impairment of prepayments and other receivables, fair value losses of financial assets at fair value through profit or loss are included in "other 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 Law 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% (2022: 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 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 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 the approval from the in-charge tax authority in the PRC as a 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. In October 2023, the enterprise has renewed its qualification. Accordingly, it was subject to the HNTE Preferential Tax Rate at 15% for the year ended 31 December 2023 (2022: 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.

	2023	2022
	RMB'000	*RMB'000*
Current – the PRC		
Charge for the year	**4,230**	2,553
Overprovision in prior years	**(2,992)**	(764)
Deferred *(note 30)*	**(125)**	(2,664)
Total tax charge/(credit) for the year	**1,113**	(875)

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

The calculation of the basic earnings per share amount 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 1,111,192,000 (2022: 1,115,678,915) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

The calculations of basic earnings per share are based on:

	2023	2022
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**42,884**	16,396

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,111,192,000**	1,115,678,915

8. DIVIDENDS

The board of directors of the Company does not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

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

	2023	2022
	RMB'000	*RMB'000*
Leikewo (Beijing) Technology Limited	**148**	229

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

	2023	2022
	RMB'000	*RMB'000*
Bills receivable	**1,580**	8,199

Bills receivable are with a maturity period of within six months. As at 31 December 2023, the loss allowance was assessed to be minimal.

11. TRADE AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**106,417**	102,744
Impairment	**(12,245)**	(17,044)
	94,172	85,700

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:

	2023	2022
	RMB'000	*RMB'000*
Within 30 days	**23,266**	25,819
31 to 90 days	**23,038**	21,329
91 to 180 days	**24,894**	24,820
181 to 365 days	**18,557**	12,820
Over 1 year	**4,417**	912
	94,172	85,700

* Bills receivable 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 2023	**Amount**	**Expected credit loss rate**	**Impairment**
	RMB'000		***RMB'000***
Trade receivables aged:			
Within 30 days	**23,552**	**1.21%**	**286**
31 to 90 days	**23,337**	**1.28%**	**299**
91 to 180 days	**25,377**	**1.90%**	**483**
181 to 365 days	**19,164**	**3.17%**	**607**
Over 1 year	**14,987**	**70.53%**	**10,570**
	106,417	**11.51%**	**12,245**

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 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

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RMB'000	*RMB'000*
Non-current portion		
Unlisted investment funds		
– Level 3 investment *(note (a))*	**24,998**	30,186
Unlisted equity investments		
– Level 3 investment *(note (b))*	**–**	42
	24,998	30,228
Current portion		
Unlisted investment funds		
– Level 2 investment *(note (c))*	**10,061**	9,852
	35,059	40,080

(a) The Group has made an investment in a private equity fund in the PRC with a fair value of RMB24,998,000 as at 31 December 2023 (2022: RMB30,186,000). The fair value is within Level 3 of the fair value hierarchy. During the year ended 31 December 2023, a fair value loss of RMB5,188,000 (2022: a fair value loss of RMB8,749,000) was 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 a financial asset 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. As at 31 December 2023, the company has been deregistered. During the year ended 31 December 2023, a fair value loss of RMB42,000 was recognised in profit or loss.

(c) The Group has made an investment in a private fund which is registered in the PRC with fair values of RMB10,061,000 as at 31 December 2023 (2022: RMB9,852,000). The fair value is within Level 2 of the fair value hierarchy. During the year ended 31 December 2023, a fair value gain of RMB209,000 (2022:RMB52,000) was recognised in profit or loss.

13. TRADE AND BILL PAYABLES

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

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**3,414**	7,013
3 months to 6 months	**6,591**	–
Over 1 year	**–**	195
	10,005	7,208

Bills payables are with a maturity period of within six months.

14. OTHER PAYABLES AND ACCRUALS

	2023	2022
	RMB'000	*RMB'000*
Other tax payables	**13,101**	15,778
Salaries and welfare payables	**9,448**	12,071
Information technology service fees payable	**7,227**	9,074
Agency fee and labor wage	**5,368**	5,060
Rebate payables	**3,596**	4,155
Payable to other suppliers	**2,138**	3,800
Others	**2,572**	2,698
	43,450	52,636

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

15. A LOAN FROM A 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 a interest rate of 6% 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 2023, the Group has repaid the principal amount of RMB10,600,000.

The carrying amount of the loan from a shareholder is repayable:

	2023	2022
	RMB'000	*RMB'000*
Analysed into:		
Within one year or on demand	**2,495**	–
In the second year	**–**	2,659
In the third year	**–**	–
	2,495	2,659

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

As the automobile industry benefits from continuous stimulus policies, both the macroeconomic environment and the automobile industry have begun to experience a mild recovery. Concurrently, ongoing price wars have led to increasingly intense competition within the industry. According to data from the China Association of Automobile Manufacturers, in 2023, China's production and sales of passenger vehicles reached 30.2 million units and 30.1 million units, respectively, marking year-over-year growth of 11.6% and 12%. China has maintained its position as the global leader in new energy vehicle sales for nine consecutive years. Driven by both policy and market forces, the new energy vehicle sector witnessed rapid growth in 2023, with production and sales totaling 9.6 million units and 9.5 million units, respectively, up 35.8% and 37.9% year-over-year. The market penetration rate of new energy vehicles reached 31.6%, which is 5.9 percentage points higher than the same period last year. Meanwhile, China's automobile exports reached a new peak in 2023, with total exports of 4.91 million units, a 57.9% increase year-over-year, and exports accounted for 55.7% of the total growth in automobile sales.

According to public data, China's automobile advertising and information market increased from RMB49.9 billion in 2015 to RMB74.8 billion in 2019, representing a CAGR of 10.7%, and is expected to increase from RMB56.8 billion in 2020 to RMB116.4 billion in 2025, representing a CAGR of 15.4%. In terms of penetration rate, the online automobile advertising penetration rate in China grew from 33.7% in 2015 to 45.6% in 2019. With the continuous enrichment of self-media content and the development of AI technology, the offline marketing budget is expected to continue to be shifted online in the future, and it is projected that the penetration rate of China's online automobile advertising will reach 58.6% in 2025.

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 providing 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 "Cheshi Technology Inc.", showing the Company's entrepreneurial spirit and culture focusing on perseverance, breakthroughs and innovation. In 2021, the Company officially entered the mobility business 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

For the year ended December 31, 2023, the Group's revenue amounted to approximately RMB155.4 million, representing a decrease of approximately 8.6% compared with approximately RMB170.0 million for the corresponding period of 2022 mainly due to the decrease in the Company's online advertising business revenue as compared to the corresponding period. Among them, for the year ended December 31, 2023, revenue from the online advertising services of the Group was approximately RMB155.4 million, representing a decrease of approximately 4.8% compared to the corresponding period of 2022.

Gross profit for the year ended December 31, 2023, was approximately RMB121.8 million, representing a decrease of approximately 5.7% compared with approximately RMB129.2 million for the corresponding period of 2022. For the year ended December 31, 2023, the Group's net profit was approximately RMB41.4 million, representing an increase of approximately 175.5% compared to the corresponding period of 2022, which was mainly due to the lower expenses and increase of other revenues for the corresponding period following the lean operation of the Group.

Set out below are the important milestones of the Group's businesses for the year ended December 31, 2023:

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

During the year ended December 31, 2023, the Company continued to optimize and improve its automobile new media content matrix. The Company is able to publish content across platforms throughout the whole internet with 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 2023 to enhance the overall effectiveness and industry competitiveness of online advertising services.

(2) The Group continued to optimise its IT systems and implement the application of AI technology

Through Baidu and relevant AI technology platforms, the Group utilizes AI technology to assist in content creation and content review, ensuring the quality of professional content and improving the efficiency of original work production. At the same time, the Group also actively explores cross-border cooperation with AI technology companies to commence in-depth cooperation around content technology, ecosystem building, and empowerment of the entire industry chain, etc. Relying on the Group's massive user data and deep insights into the automobile industry, the Group has realised the perfect integration of intelligent AI technology with automobile digital marketing and ecosystem service provision, as well as innovation in the mode of service provision.

(3) The Group and the Public Opinion Centre of the Publicity Department of the CPC Central Committee entered into cooperation with Xuexi.cn

In August 2023, the Group entered into cooperation with an mobile phone client, Xuexi.cn (學習強國), an APP of the Publicity Department of the CPC Central Committee, to provide the platform with authoritative, timely and extensive automotive quotes and quality content, and to provide professional and convenient automotive information services to a wide range of platform users.

(4) The Group and JD.com enter into cooperation

In October 2023, the Group entered into cooperation with JD Motors Super Experience Centers (located in Dongguan, Shenyang, Shijiazhuang, Ningbo and Wuhan) to comprehensively explore new automotive retail business models. This cooperation aims to create a new car-buying experience that integrates online and offline interactions.

Outlook

Throughout 2024, 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, product 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 that 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. In addition, the Group plans to realise operational efficiency and car content quality enhancement through AI technology.

(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 the 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 the automobile overseas business

The Group is currently actively planning for the overseas expansion of its automobile business, with Thailand as the starting point, gradually extending to Southeast Asian countries and other regions with potential for growth in the automotive sector. The Group has already secured the trademark license for the renowned British automotive program "Top Gear". The Group will provide high-quality automobile content and leverage its extensive brand influence to disseminate it on overseas social media platforms. Meanwhile, the Group plans to establish a new overseas brand to assist Chinese automobile manufacturers in accelerating their international expansion efforts and to offer professional and efficient online automobile information and purchasing services to overseas car buyers.

FINANCIAL REVIEW

During the Reporting Period, the Group's total revenue was approximately RMB155.4 million, representing a decrease of approximately RMB14.6 million, or approximately 8.6%, from approximately RMB170.0 million for the year ended December 31, 2022. The decrease in revenue was mainly due to the decrease in revenue from the Group's online advertising business as compared to the corresponding period.

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

	Year ended December 31,				
	2023		2022		year-on-year
	RMB'000	***%***	*RMB'000*	*%*	*% change*
Online advertising services	**155,358**	**100**	163,130	95.9	-4.8
Transaction facilitation services	**–**	**–**	–	–	–
SaaS services	**–**	**–**	–	–	–
Mobility business					
– Sales of automobiles	**–**	**–**	6,907	4.1	-100
Total	**155,358**	**100.0**	170,037	100.0	-8.6

Cost of sales

During the Reporting Period, the Group's cost of principal operations decreased by approximately RMB7.3 million or 17.8% to approximately RMB33.6 million (for the year ended December 31, 2022: approximately RMB40.8 million). The decrease in the cost of principal operations was due to lower revenues from the online advertising business.

Gross profit and gross profit margin

As a result of the above, gross profit decreased by approximately RMB7.4 million or approximately 5.7% from approximately RMB129.2 million for the year ended December 31, 2022 to approximately RMB121.8 million for the year ended December 31, 2023. Gross profit margin increased from approximately 76.0% for the year ended December 31, 2022 to approximately 78.4% for the year ended December 31, 2023. The increase in gross profit margin was due to continued optimization of business structure and improved operational efficiency.

Other income and gains

Other income and gains of the Group decreased by approximately RMB5.8 million or approximately 23.5% from approximately RMB24.9 million for the year ended December 31, 2022 to approximately RMB19.1 million for the year ended December 31, 2023 which is mainly comprised of (i) foreign exchange gains, net of approximately RMB2.9 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 RMB12.7 million which represents interest income from time deposits due to the rise in US dollar interest rates; (iii) government grant of approximately RMB1.0 million due to the cultural industry development guidance subsidy from the Publicity Department and other government subsidies; (iv) deduction for input VAT of approximately RMB0.6 million; (v) Waiver of account payables of approximately RMB1.7 million; and (vi) 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 RMB59.4 million, representing a decrease of approximately RMB10.8 million, or approximately 15.4%, from approximately RMB70.2 million for the year ended December 31, 2022, mainly due to decrease in promotion and marketing expenses for the online advertising business.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to approximately RMB25.9 million, representing a decrease of approximately RMB5.1 million, or approximately 16.3%, from approximately RMB31.0 million for the year ended December 31, 2022, mainly due to the streamlining and optimization of the Company's organizational structure.

Research and development expenses

During the Reporting Period, the Group's research and development expenses amounted to approximately RMB11.0 million, representing a decrease of approximately RMB6.9 million or approximately 38.4% from approximately RMB17.9 million for the year ended December 31, 2022, mainly due to the efficiency being improved in the Group's research and development.

Reversal of impairment losses/(impairment losses) on financial and contract assets

During the Reporting Period, the Group's reversal of impairment losses on financial and contract assets credit amounted to approximately RMB5.0 million, representing a decrease of approximately 148.8% (impairment losses on financial and contract assets for the year ended December 31, 2022: approximately RMB10.2 million). The decrease was mainly due to the improvement in the operating conditions of a number of customers.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB0.2 million, representing a decrease of approximately RMB0.7 million or 76.2% from approximately RMB0.9 million for the year ended December 31, 2022, mainly due to lower interest expenses.

Other expenses

During the Reporting Period, the Group recorded other expenses amounting to approximately RMB6.7 million (for the year ended December 31, 2022: RMB9.7 million), representing a decrease of approximately RMB3.0 million or 30.9% for the year ended December 31, 2022, mainly representing a 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 expense amounted to approximately RMB1.1 million (income tax credit for the year ended December 31, 2022: approximately RMB0.9 million). The increase was mainly due to no income tax exemptions in this year.

Profit for the year

During the Reporting Period, profit for the year was approximately RMB41.4 million (for the year ended December 31, 2022: approximately RMB15.0 million) representing an increase of approximately RMB26.4 million, or 175.5% as compared with the year ended December 31, 2022 due to the decrease in period expenses and interest expenses under the Company's refined operations.

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, 2023 and 2022 to the nearest measures prepared in accordance with IFRSs.

	For the year ended December 31,				
	2023	**% of total revenue**	2022	% of total revenue	year-on-year % change
	RMB'000	***%***	*RMB'000*	*%*	*%*
Profit for the year	**41,407**	**26.7**	15,029	8.8	175.5
Add back:					
Share-based compensation expenses	**6**	**0.0**	130	0.1	-95.4
Non-IFRSs measure adjusted net profit	**41,413**	**26.7**	15,159	8.9	173.2

Liquidity and financial resources and capital structure

As at December 31, 2023, the Group had current assets of approximately RMB554.6 million (December 31, 2022: approximately RMB525.0 million), representing an increase of approximately RMB29.6 million or 5.6%, mainly due to the increase of tax refund and interest income.

The Group had current liabilities of approximately RMB75.5 million as at December 31, 2023 (December 31, 2022: approximately RMB78.1 million), representing a decrease of approximately RMB2.6 million or 3.3%, 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 7.3 at December 31, 2023 as compared with 6.7 at December 31, 2022.

As of December 31, 2023, the Group's cash and cash equivalents amounted to approximately RMB369.9 million which is mainly funded from the net cash flows generated from operating activities (e.g. collection of accounts receivables). As at December 31, 2023, the Group did not have bank borrowings (December 31, 2022: Nil). The Group's gearing ratio (gearing ratio is defined as the ratio of total liabilities to total equity) is 14.6% (December 31, 2022: 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.

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, 2023 and 2022 are set out below:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Property, plant and equipment	**3,378**	3,373
Intangible assets	**61**	–

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 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, 2023, the Group did not pledge any assets as collateral for bank borrowings or any other financing activities (December 31, 2022: 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, 2023. Such fund is managed by Taoyuan Investment with a view to making equity or quasi-equity investments 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, 2023, the Group had the following significant investment:

	Percentage of interest held		Investment costs		Loss recognized in other expenses	Fair value	
	As of December 31, 2023	As of December 31, 2022	**As of December 31, 2023**	As of December 31, 2022		**As of December 31, 2023**	As of December 31, 2022
	%	*%*	***RMB'000***	*RMB'000*	*RMB'000*	***RMB'000***	*RMB'000*
Ruibo Fund	**58.79**	58.79	**30,000**	30,000	(5,188)	**24,998**	30,186

As of December 31, 2023, the percentage to total assets value of the Company remained unchanged at approximately 4.10%, remain, mainly due to no material events during the Reporting Period.

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.

Contingent Liabilities

As of December 31, 2023, the Group did not have any material contingent liabilities (2022: Nil).

Employees and Remuneration Policies

As of December 31, 2023, we had 111 full-time employees, most of whom were based in China. As of December 31, 2023, the Group's employee benefit and expenses amounted to approximately RMB34.3 million (including salary, wages, and bonuses, pension costs and other social security costs, housing benefits, other employee benefits and share-based compensation). 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 evaluation 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 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 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, 2023, 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, 2022 *(HK$ million)*	Utilised as at December 31, 2023 ***(HK$ million)***	Unutilised as at December 31, 2023 ***(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	56.6	**98.2**	**0**	Not Applicable
Strengthen research and development and IT system and develop and promote new products *(Note 2)*	36.1	89.1	58.5	**89.1**	**0**	Not Applicable
Future investments and acquisitions *(Note 3)*	14.1	34.8	13.2	**34.8**	**0**	Not Applicable
Working capital	10.0	24.7	16.4	**24.7**	**0**	Not Applicable
Total	100.0	246.8	144.7	**246.8**	**0**	

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 the 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 investing in companies which provide technology and service solutions that the Company believes can generate synergy with the Transaction facilitation services.

As at December 31, 2023, the Group had utilised the net proceeds from the Listing of HK$246.8 million and no net proceeds were remaining.

EVENT SUBSEQUENT TO THE REPORTING PERIOD

The Group is not aware of any significant events that could have a material impact on our operating and financial performance after the year ended December 31, 2023 and up to the date of this announcement.

DIVIDEND

The Company did not recommend any payment of dividends for the year ended December 31, 2023 (2022: Nil).

ANNUAL GENERAL MEETING

The AGM will be held on May 22, 2024. A notice convening the AGM will be published on April 26, 2024 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 17, 2024 to May 22, 2024, 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 16, 2024.

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 C1 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 roles of Chairman and CEO are both performed by Mr. XU Chong ("**Mr. XU**"). Given that Mr. XU is one of our founders who has 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 C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions since the Listing Date. Having made a 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 has appointed Kastle Limited, an independent third party, as the scheme custodian to repurchase shares to be held by the trust as restricted share units for employee share award. The share repurchase was approved by the board of directors. During the Reporting Period, no ordinary shares were subscribed by the custodian of the Post-IPO RSU Scheme. During the year of 2022, 9,628,000 ordinary shares were subscribed by the custodian of the Post-IPO RSU Scheme with an average price of HK$0.42 per share which amounted to HK$4,043,000, equivalent to RMB3,531,000. As at 31 December 2023, no restricted share units nor share awards were granted during the Reporting Period and 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, 2023 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, 2023, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2023 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 conclusion has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND 2023 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 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 22, 2024
"AI"	artificial intelligence
"Auditor"	Ernst & Young
"Board" or "Board of Directors"	board of directors of the Company
"CAGR"	compound annual growth rate
"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)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"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
"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
"RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the year ended December 31, 2023

"SaaS"	software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
"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 26, 2024

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

* *For identification purposes only*