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Chenqi Technology Limited

如祺出行科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9680)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended June 30, 2024, together with the comparative figures for the corresponding period in 2023.

FINANCIAL HIGHLIGHTS	For the six months ended June 30,		Period-to- period change
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	%
Revenue	1,037,053	912,624	13.6
Gross loss	(32,445)	(70,689)	(54.1)
Loss from operations	(255,887)	(309,642)	(17.4)
Loss before taxation	(331,634)	(345,410)	(4.0)
Loss for the period	(331,634)	(345,410)	(4.0)
Loss attributable to equity shareholders of the Company	<u>(331,634)</u>	<u>(345,410)</u>	<u>(4.0)</u>
Loss per Share — Basic and diluted (RMB)	<u>(3.67)</u>	<u>(3.84)</u>	<u>(4.4)</u>

KEY OPERATIONAL HIGHLIGHTS

The following table sets forth the key operating data of our mobility services (including ride-hailing, Robotaxi and hitch services) for the periods indicated:

	For the six months ended June 30,	
	2024	2023
Registered riders (<i>millions</i>)	33.8	21.6
GTV (<i>RMB in millions</i>)	1,295.9	1,250.1
Order volume (<i>millions</i>)	48.5	43.2
Daily order volume (<i>thousands</i>)	266.7	238.9
Average GTV per order (<i>RMB</i>)	26.7	28.9

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the six months ended June 30, 2024 — unaudited
(Expressed in Renminbi)

		Six months ended June 30,	
		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	1,037,053	912,624
Cost of revenue		<u>(1,069,498)</u>	<u>(983,313)</u>
Gross loss		(32,445)	(70,689)
Other income		5,304	6,113
Selling and marketing expenses		(85,877)	(109,617)
General and administrative expenses		(63,395)	(72,726)
Research and development expenses		(73,524)	(57,666)
Credit loss on trade and other receivables		(3,890)	(1,727)
Other net loss		<u>(2,060)</u>	<u>(3,330)</u>
Loss from operations		(255,887)	(309,642)
Finance costs	4(a)	(905)	(1,297)
Changes in the carrying amount of convertible redeemable preferred shares	11	(66,290)	(28,297)
Changes in the carrying amount of other financial liabilities issued to investors		<u>(8,552)</u>	<u>(6,174)</u>
Loss before taxation		(331,634)	(345,410)
Income tax	5	<u>—</u>	<u>—</u>
Loss for the period attributable to equity shareholders of the Company		<u>(331,634)</u>	<u>(345,410)</u>
Loss per share	6		
Basic and diluted (<i>RMB</i>)		<u>(3.67)</u>	<u>(3.84)</u>

Details of dividends payable to equity shareholders of the Company are set out in note 12(a).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

*for the six months ended June 30, 2024 — unaudited
(Expressed in Renminbi)*

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the period	<u>(331,634)</u>	<u>(345,410)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	<u>(3,356)</u>	<u>(18,430)</u>
Other comprehensive income for the period	<u>(3,356)</u>	<u>(18,430)</u>
Total comprehensive income for the period attributable to equity shareholders of the Company	<u>(334,990)</u>	<u>(363,840)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at June 30, 2024 — unaudited

(Expressed in Renminbi)

		At June 30, 2024	At December 31, 2023
	Note	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		60,423	63,752
Right-of-use assets		43,767	45,445
Intangible assets		25,336	29,303
Other non-current assets		19,840	8,774
		<u>149,366</u>	<u>147,274</u>
Current assets			
Inventories		1,965	18,311
Trade receivables	7	25,972	20,044
Prepayments, deposits and other receivables	8	128,504	124,549
Cash and cash equivalents		373,040	612,858
		<u>529,481</u>	<u>775,762</u>
Current liabilities			
Trade payables	9	80,076	78,168
Accruals and other payables	10	170,241	153,043
Loans and borrowings		15,025	14,033
Contract liabilities		16,272	2,837
Lease liabilities		7,151	31,007
Convertible redeemable preferred shares	11	2,128,672	1,161,283
Other financial liabilities issued to investors		—	888,913
		<u>2,417,437</u>	<u>2,329,284</u>
Net current liabilities		<u>(1,887,956)</u>	<u>(1,553,522)</u>
Total assets less current liabilities		<u>(1,738,590)</u>	<u>(1,406,248)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*at June 30, 2024 — unaudited**(Expressed in Renminbi)*

		At June 30, 2024 <i>RMB'000</i>	At December 31, 2023 <i>RMB'000</i>
	<i>Note</i>		
Non-current liabilities			
Loans and borrowings		—	13,000
Lease liabilities		<u>13,294</u>	<u>10,916</u>
		<u>13,294</u>	<u>23,916</u>
NET LIABILITIES		<u>(1,751,884)</u>	<u>(1,430,164)</u>
CAPITAL AND RESERVES	12		
Share capital		310	310
Reserves		<u>(1,752,194)</u>	<u>(1,430,474)</u>
TOTAL DEFICIT		<u>(1,751,884)</u>	<u>(1,430,164)</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION (Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION AND BASIS OF PREPARATION

Chenqi Technology Limited (the “Company”) was incorporated in the Cayman Islands on April 30, 2019, 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 Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since July 10, 2024.

The Company and its subsidiaries, including the subsidiaries controlled through contractual arrangements (together, the “Group”) are principally engaged in mobility services, technology services and fleet sale and maintenance businesses in the People’s Republic of China (the “PRC”).

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorized for issue on August 28, 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the historical financial information for the years ended December 31, 2021, 2022 and 2023 (the “Historical Financial Information”) as disclosed in Appendix I to the prospectus of the Company dated June 28, 2024 (the “Prospectus”) in connection with the initial listing of shares of the Company (the “Listing”) on the Main Board of The Stock Exchange of Hong Kong Limited, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Historical Financial Information as disclosed in Appendix I to the Prospectus. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

The Group incurred accumulated losses of RMB2,767,896,000 as at June 30, 2024, and recorded net current liabilities of RMB1,887,956,000 and net liabilities of RMB1,751,884,000 as at June 30, 2024. The net current liabilities and net liabilities positions were primarily caused by the convertible redeemable preferred shares of RMB2,128,672,000 as at June 30, 2024, which were classified as financial liabilities. The Directors of the Company are of the opinion that no material uncertainty exists related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern, taking into account the following factors:

- on July 10, 2024, the Company completed the initial public offering and became listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Company issued 30,004,800 ordinary shares, and received net proceeds of approximately HK\$984 million;
- the preferred rights and redemption features of the convertible redeemable preferred shares were terminated upon the listing of the Company's shares on July 10, 2024 and the redeemable convertible preferred shares issued to investors were converted into equity accordingly. As a consequence, the Group recorded net current assets and net assets position since then;
- the Group has unutilized banking facilities of RMB60,000,000 as at June 30, 2024, which can be utilized by the Group to fulfil its liquidity requirements when necessary; and
- the Directors have reviewed the Group's cash flow projections, which cover a period of twelve months from June 30, 2024 and are of the opinion that the Group will have sufficient working capital to meet its liabilities and obligations as and when they fall due and to sustain its operations for at least the next twelve months from June 30, 2024.

The financial information relating to the financial year ended December 31, 2023 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from the Historical Financial Information as disclosed in Appendix I to the Prospectus.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to the interim financial report for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("2020 amendments")
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("2022 amendments")
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Disclosures — Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are provision of mobility services, provision of technology services and conduction of fleet sale and maintenance business in the PRC.

Disaggregation of revenue is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS15		
Disaggregated by business lines		
Mobility services business		
— Ride-hailing services	878,514	789,875
— Others (i)	549	1,062
	879,063	790,937
Technology services business	8,740	3,169
Fleet sale and maintenance business (ii)	149,250	118,518
	1,037,053	912,624
Disaggregation of revenue from contracts with customers by the timing of revenue recognition		
Point in time	1,028,313	909,455
Over time	8,740	3,169
	1,037,053	912,624

Notes:

- (i) Others mainly comprised Robotaxi services, hitch services and promotion and marketing services.
- (ii) Fleet sale and maintenance business comprises sales of vehicles, provision of repair and maintenance services and other related services. For the six months ended June 30, 2024, revenue from sales of vehicles amounted to RMB133,851,000 (for the six months ended June 30, 2023: RMB105,629,000).

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments:

Reportable segments	Operations
Mobility services business	Provision of ride-hailing services, Robotaxi services, hitch services and other related services
Technology services business	Provision of technology services
Fleet sale and maintenance business	Sale of vehicles, provision of repair and maintenance services and other related services

(i) Segment results, assets and liabilities

The Group's most senior executive management assesses the performance of the reportable segments mainly based on revenue, profit/(loss) and material non-cash items of each reportable segments. There were no separate segment assets and segment liabilities information provided to the Group's most senior executive management as they do not use these information to allocate resources to or evaluate the performance of the reportable segments. Information regarding the Group's reportable segments is set out below.

Six months ended June 30, 2024

	Mobility services business RMB'000	Technology services business RMB'000	Fleet sale and maintenance business RMB'000	Total RMB'000
External revenues	<u>879,063</u>	<u>8,740</u>	<u>149,250</u>	<u>1,037,053</u>
Segment revenue	879,063	8,740	149,250	1,037,053
Segment (loss)/profit before taxation	(196,670)	1,422	1,851	(193,397)
Interest income from bank deposits	4,464	—	79	4,543
Finance costs	(905)	—	—	(905)
Depreciation and amortization	(19,971)	(927)	(2,137)	(23,035)
Other material non-cash items:				
— credit loss on trade and other receivables	(3,890)	—	—	(3,890)
— service costs of mobility service platform waived by a shareholder	(2,814)	—	—	(2,814)

Six months ended June 30, 2023

	Mobility services business RMB'000	Technology services business RMB'000	Fleet sale and maintenance business RMB'000	Total RMB'000
External revenues	790,937	3,169	118,518	912,624
Segment revenue	790,937	3,169	118,518	912,624
Segment (loss)/profit before taxation	(240,804)	1,238	1,353	(238,213)
Interest income from bank deposits	5,864	—	20	5,884
Finance costs	(1,188)	—	(109)	(1,297)
Depreciation and amortization	(14,445)	—	(985)	(15,430)
Other material non-cash items:				
— credit loss on trade and other receivables	(1,727)	—	—	(1,727)
— service costs of mobility service platform waived by a shareholder	(427)	—	—	(427)

(ii) **Reconciliations of reportable segment revenue and segment loss before taxation**

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
i. Revenue		
Total segment revenue	1,037,053	912,624
Consolidated revenue	<u>1,037,053</u>	<u>912,624</u>
ii. Loss before taxation		
Segment loss before taxation	(193,397)	(238,213)
Unallocated amount:		
— general and administrative expenses	(63,395)	(72,726)
— changes in carrying amount of convertible redeemable preferred shares	(66,290)	(28,297)
— changes in carrying amount of other financial liabilities issued to investors	(8,552)	(6,174)
Consolidated loss before taxation	<u>(331,634)</u>	<u>(345,410)</u>

(iii) Geographic information

All of the non-current assets of the Group are physically located in the PRC, and the revenue of the Group is all derived from operations in the PRC.

4 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Interest on loans and other borrowings	459	762
Interest on lease liabilities	446	535
	<u>905</u>	<u>1,297</u>

(b) Other items

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Amortization of intangible assets	4,236	2,178
Depreciation		
— property, plant and equipment	11,398	8,266
— right-of-use assets	7,401	4,986
	<u>18,799</u>	<u>13,252</u>
Exchange (gain)/losses	(860)	3,411
Research and development costs (i)	73,524	57,666
Cost of inventories	137,427	112,043
Listing expenses	6,602	12,853

- (i) For the six months ended June 30, 2024, research and development expenses include staff costs, amortization and depreciation expenses of RMB59,646,000 (for the six months ended June 30, 2023: RMB43,831,000), which amounts are also included in the respective total amounts disclosed separately above.

5 INCOME TAX

Income tax expense is recognized at an amount determined by multiplying the loss before tax for the reporting period by management's best estimate of the annual income tax rate expected for the full financial year. The reconciliation between tax expense and accounting loss at applicable tax rates is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Loss before taxation	<u>331,634</u>	<u>345,410</u>
Notional tax on loss before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	62,900	75,796
Tax effect of non-deductible expenses	(726)	(157)
Tax effect of additional deduction on research and development costs (iv)	17,505	12,068
Effect of tax losses and temporary differences not recognized	(79,840)	(87,772)
Others	<u>161</u>	<u>65</u>
Actual tax expenses	<u>—</u>	<u>—</u>

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) Under the current Hong Kong Inland Revenue Ordinance, the Company's Hong Kong subsidiary is subject to Hong Kong Profits Tax at the rate of 16.5% on its taxable income generated from the operations in Hong Kong. A two-tiered profits tax rates regime was introduced in 2018 where the first HKD2 million of assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) whilst the remaining profits will continue to be taxed at 16.5%.
- (iii) Under the PRC Corporate Income Tax Law, the Group's subsidiaries in the PRC are subject to the PRC statutory income tax rate of 25%.
- (iv) An additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC Corporate Income Tax Law and relevant regulations.

6 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share for the six months ended June 30, 2024 has been based on the loss attributable to equity shareholders of the Company of RMB331,634,000 (for the six months ended June 30, 2023: RMB345,410,000) and weighted-average number of ordinary shares of 90,000,000 in issue (for the six months ended June 30, 2023: 90,000,000).

Loss used to determine basic loss per share were calculated as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Loss attributable to equity shareholders of the Company	331,634	345,410
Less:		
Allocation of loss attributable to holders of unvested restricted stock	<u>(1,136)</u>	<u>—</u>
Loss used to determine basic loss per share	<u>330,498</u>	<u>345,410</u>

Restricted stock of the Company is entitled to dividends once it is subscribed and paid under the share incentive plan. As of June 30, 2024, 394,690 restricted stocks were subscribed and paid, but remained unvested (as of June 30, 2023: nil). For the purpose of calculating basic loss per share, the numerator is thus be adjusted for the loss attributable to these unvested restricted stocks.

For the six months ended June 30, 2024, the denominator did not include the 9,605,310 nil-paid shares issued and reserved for share incentive plan purpose, and 394,690 subscribed but unvested restricted stocks. For the six months ended June 30, 2023, the denominator did not include the 10,000,000 nil-paid shares issued and reserved for share incentive plan purpose.

(b) Diluted loss per share

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

The Group had potential dilutive shares during the six months ended June 30, 2024 including the options and restricted stocks issued under the share incentive plans and the convertible redeemable preferred shares. As the Group incurred losses during the reporting period, the effect of these potential dilutive shares would be anti-dilutive. Therefore, there was no difference between the basic and diluted loss per share during the six months ended June 30, 2024.

7 TRADE RECEIVABLES

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Trade receivables	<u>25,972</u>	<u>20,044</u>

All of the trade receivables are expected to be recovered within one year.

Aging analysis

As of the end of the reporting period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
0 to 30 days	15,803	12,798
31 to 60 days	5,906	4,660
61 to 180 days	1,870	2,000
over 180 days	<u>2,393</u>	<u>586</u>
	<u>25,972</u>	<u>20,044</u>

The Group grants credit period to its customers for different revenue streams. For individual riders, the Group requests immediate settlement when the trip is completed. For enterprise customers, the Group usually grants a credit period within 30 days. For fleet sale and maintenance business, the Group normally requests advance payment for sale of vehicles before the delivery of goods and grants a credit period of 20 to 30 days for provision of repair and maintenance services.

8 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At June 30, 2024 <i>RMB'000</i>	At December 31, 2023 <i>RMB'000</i>
Prepayments	60,220	62,869
Value-added tax recoverable	14,507	12,048
Deposits	5,338	6,895
Receivables due from on-line payment platforms	4,684	6,415
Receivables of ride service fees due from third-party mobility service platforms which collected on the Group's behalf	32,136	17,087
Receivables of purchase rebates due from vehicle suppliers	9,671	17,675
Others	1,948	1,560
	<u>128,504</u>	<u>124,549</u>

Prepayments as at June 30, 2024 mainly comprised advance payments for purchase of vehicles.

9 TRADE PAYABLES

As of the end of the reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	At June 30, 2024 <i>RMB'000</i>	At December 31, 2023 <i>RMB'000</i>
0 to 30 days	79,840	65,543
31 to 60 days	192	213
61 to 90 days	30	10,820
Over 90 days	14	1,592
	<u>80,076</u>	<u>78,168</u>

10 ACCRUALS AND OTHER PAYABLES

	At June 30, 2024 <i>RMB'000</i>	At December 31, 2023 <i>RMB'000</i>
Deposits from platform users	3,661	4,833
Deposits from enterprise customers	3,098	2,776
Payables on behalf of end-users	8,959	10,316
Payables related to promotion and marketing expenses	34,870	35,446
Payables related to research and development expenses	25,000	14,976
Payables related to information technology service expenses	17,171	9,702
Accrued payroll and benefits	23,254	27,426
Other taxes payable	9,130	7,267
Payables related to listing expenses	10,079	10,720
Payables related to purchase of property, plant and equipment and intangible assets	15,417	14,022
Others	19,602	15,559
	<u>170,241</u>	<u>153,043</u>

11 CONVERTIBLE REDEEMABLE PREFERRED SHARES

During the years ended December 31, 2022 and 2023, the Company has entered into a series of financing agreements with Series A and Series B investors, pursuant to which Series A and Series B convertible redeemable preferred shares (collectively “Preferred Shares”) were issued. Movements of Preferred Shares during the six months ended June 30, 2024 was as follows:

	Series A Preferred Shares		Series B Preferred Shares	
	Issue price per share	Number of Shares	Issue price per share	Number of Shares
Outstanding as at January 1, 2024	USD3.194	48,274,535		—
Conversion from other financial liabilities issued to investors (i)		—	RMB30.44	<u>27,669,969</u>
Outstanding as at June 30, 2024	USD3.194	<u>48,274,535</u>	RMB30.44	<u>27,669,969</u>

Note:

- (i) During the six months ended June 30, 2024, the Series B warrant investors exercised their warrants to subscribe for Series B Preferred Shares of the Company pursuant to the terms of such warrants.

The key terms of Preferred Shares are summarized as follows:

Conversion rights

The Preferred Shares shall be convertible, at the option of the holder thereof and at any time after the issue date of Preferred Shares and subject to the vote or written consent of the holders who hold more than 50% of the voting power of the then outstanding Preferred Shares, or automatically converted upon the closing of a qualified initial public offering (“IPO”), into such number of fully-paid and non-assessable ordinary shares based on the then-effective conversion price, without the payment of any additional consideration.

Redemption rights

The holders of Series A Preferred Shares may require the Company to redeem any or all of the Series A Preferred Shares held by them at any time after the occurrence of any redemption triggering events and as approved by the holders who hold at least 30% of the voting power of the outstanding Series A Preferred Shares. The holders of Series B Preferred Shares may require the Company to redeem any or all of the Series B Preferred Shares held by them at any time after the occurrence of any redemption triggering events and as approved by the holders who hold at least 50% of the voting power of the outstanding Series B Preferred Shares.

Redemption triggering events include:

- (i) a qualified IPO has not been consummated on or prior to the fifth anniversary of the issue date with respect to the relevant Preferred Shares; or
- (ii) the Company has a material breach prior to the qualified IPO. A material breach means an incurable breach of the Company which results in material impediment to a qualified IPO.

The redemption price shall be equal to the sum of the issue price of the Preferred Shares plus a simple interest of 8% per annum calculated from the issue date (inclusive) of the relevant Preferred Shares to the date of the written redemption notice (inclusive).

Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders of the Company shall be distributed in the following sequence:

- (i) first, the holders of Series B Preferred Shares shall be entitled to receive the amount equal to the issue price, plus a simple interest of 8% per annum calculated from the issue date (inclusive) of the relevant Series B Preferred Shares to the date of such distribution (inclusive), plus all declared but unpaid dividends on such Series B Preferred Shares, if any (collectively, the “Series B Preference Amount”);
- (ii) second, after the aggregate Series B Preference Amount has been distributed or paid in full pursuant to subparagraph (i) above, the holders of Series A Preferred Shares shall be entitled to receive the amount equal to the issue price, plus a simple interest of 8% per annum calculated from the issue date (inclusive) of the relevant Series A Preferred Shares to the date of such distribution (inclusive), plus all declared but unpaid dividends on such Series A Preferred Shares, if any; and

- (iii) the remaining assets and funds of the Company available for distribution shall be distributed ratably among ordinary shareholders on a pro-rata basis.

Upon occurrence of any deemed liquidation events, unless waived by the holders who hold more than 50% of the voting power of the then outstanding Preferred Shares, any proceeds resulting from the deemed liquidation events shall be distributed in the same way as described above. Deemed liquidation events include:

- (i) any consolidation, amalgamation, scheme of arrangement or merger of the Company with or into any other party in which the shareholders immediately prior to such transaction own less than 50% of the surviving entity's voting power in the aggregate immediately after such transaction, or any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company's voting power is transferred; or
- (ii) a sale, transfer, lease or other disposition of all or substantially all of the assets of the Group, whether in a single transaction or a series of related transactions.

Dividend rights

The holders of Preferred Shares are entitled to discretionary dividends as and when declared by the board, on an as-if converted basis.

The movements of the financial liabilities arising from the Preferred Shares during the six months ended June 30, 2024 are as follows:

	Amount RMB'000
At January 1, 2024	1,161,283
Conversion from other financial liabilities issued to Series B investors	897,465
Changes in carrying amount	66,290
Exchange differences	3,634
	<hr/>
At June 30, 2024	2,128,672

These Series A and Series B Preferred Shares were subsequently converted into ordinary shares and transferred to equity upon the listing of the Company on July 10, 2024.

12 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No dividend has been paid or declared by the Company during the six months ended June 30, 2024 (six months ended June 30, 2023: nil).

(b) Share capital

(i) Authorized share capital

As at the end of the reporting period, analysis of the Company's authorized shares including the shares held for share incentive plan was as follows:

	At June 30, 2024		At December 31, 2023	
	Number of shares	nominal value USD'000	Number of shares	nominal value USD'000
Ordinary shares	383,151,607	192	383,151,607	192
Series A Preferred Shares	68,357,137	34	68,357,137	34
Series B Preferred Shares	28,491,256	14	28,491,256	14
Total	<u>480,000,000</u>	<u>240</u>	<u>480,000,000</u>	<u>240</u>

(ii) Issued shares

As at the end of the reporting period, the number of issued ordinary shares of the Company was as follows:

	At June 30, 2024	At December 31, 2023
Ordinary shares issued and fully paid	90,394,690	90,190,000
Ordinary shares issued but not yet paid (*)	<u>9,605,310</u>	<u>9,810,000</u>
Total	<u>100,000,000</u>	<u>100,000,000</u>

Note:

* Among the total shares issued, a maximum of 10,000,000 nil-paid shares were issued and reserved for share incentive plan purpose. As of December 31, 2023, 190,000 shares were paid for subscription of restricted stock under share incentive plan, and 9,810,000 shares remained as nil-paid as at December 31, 2023. During the six months ended June 30, 2024, additional 204,690 shares were paid for subscription of restricted stock under share incentive plan, and 9,605,310 shares remained as nil-paid as at June 30, 2024.

In addition, 48,274,535 Series A Preferred Shares and 27,669,969 Series B Preferred Shares were issued as at June 30, 2024 and were accounted for as financial liabilities (see note 11).

13 CONTINGENCY

On January 16, 2024, a customer's family members initiated a litigation against the driver, Guangzhou Qichen Technology Co., Ltd. and two other relevant parties, relating to a safety accident occurred during the ride through the mobility platform of the Group. The total amount claimed by the plaintiff was approximately RMB1 million. The litigation was still ongoing as of June 30, 2024. The Directors are unable to assess the outcome of the litigation or reliably estimate the potential losses, if any. Therefore, no provision was made in respect of this litigation as of June 30, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

We are a mobility service company in China primarily offering ride-hailing services. We serve and connect various participants of the mobility industry including the riders, drivers, automobile OEMs, vehicle service providers and autonomous driving solution providers. We offer (i) mobility services; (ii) technology services, primarily AI data and model solutions, and high-definition (HD) maps; and (iii) fleet sale and maintenance where we offer a full suite of support for drivers and car partners.

While we remained loss-making during the Reporting Period, we continue to make improvement in our financial performance and financial position. Our total revenue increased to RMB1,037.1 million for the six months ended June 30, 2024 from RMB912.6 million for the same period of 2023 attributable to the increases in our ride-hailing GTV, which was mainly driven by our loyal and expanding rider base and the increased order volume. Our gross loss decreased to RMB32.4 million for the six months ended June 30, 2024 from RMB70.7 million for the same period of 2023 attributable to the continuous improvement in the gross loss of our mobility services. Our order volume increased to 48.5 million for the six months ended June 30, 2024 from 43.2 million for the same period of 2023, and our daily order volume also improved to 266.7 thousand for the six months ended June 30, 2024 from 238.9 thousand for the same period of 2023.

Since June 30, 2024 and up to the date of this announcement, there was no material adverse change in our financial or trading position or prospects and there was no event that would materially affect the information set out in our Group's consolidated financial statements in this announcement.

Business Outlook

Leveraging on our competitive strengths, our success in key regions and our first-mover advantage in Robotaxi operation, we will continue to enhance our mobility service platform with full-suite of offerings to our customers. We will continue to implement our business strategies, including to leverage our success and expand our presence in the mobility service market for ride-hailing and Robotaxi to an international scale, implement our geographical expansion strategy to enhance ride-hailing operational efficiency, refine our hybrid operation model or manned ride-hailing and Robotaxi services and offer smooth Robotaxi experience, optimize operational management with data analysis, enhance brand awareness, and continue to recruit and cultivate talents.

FINANCIAL REVIEW

Revenue

Our total revenue was RMB1,037.1 million for the six months ended June 30, 2024, representing an increase of 13.6% from RMB912.6 million for the same period of 2023. The year-on-year increase was mainly attributable to the increase in the revenue from our mobility services.

The following table sets forth a breakdown of our revenue by business segment in amounts and as percentages of our total revenue for the periods indicated.

	For the six months ended June 30,			
	2024		2023	
	(Unaudited)		(Unaudited)	
	<i>(RMB in thousands, except for percentage)</i>			
Mobility services	879,063	84.8%	790,937	86.7%
— Ride-hailing services	878,514	84.7%	789,875	86.6%
— Others ⁽¹⁾	549	0.1%	1,062	0.1%
Technology services	8,740	0.8%	3,169	0.3%
Fleet sale and maintenance	149,250	14.4%	118,518	13.0%
Total	<u>1,037,053</u>	<u>100.0%</u>	<u>912,624</u>	<u>100.0%</u>

Note (1): Others primarily consist of (i) Robotaxi services; (ii) hitch services; and (iii) marketing and promotion services.

Our revenue from mobility services increased by 11.1% from RMB790.9 million for the six months ended June 30, 2023 to RMB879.1 million for the six months ended June 30, 2024, primarily due to the increased revenue of ride-hailing services. The increase was primarily attributable to the increase in our ride-hailing GTV from RMB1,233.0 million for the six months ended June 30, 2023 to RMB1,288.9 million for the six months ended June 30, 2024, which was mainly due to the increase in the order volume from 43.0 million in the first half of 2023 to 48.4 million in the first half of 2024.

Our revenue from technology services increased by 175.8% from RMB3.2 million for the six months ended June 30, 2023 to RMB8.7 million for the six months ended June 30, 2024, primarily due to our operational strategy for technology services and our enhanced efforts in selling and marketing for technology services.

Our revenue from fleet sale and maintenance increased by 25.9% from RMB118.5 million for the six months ended June 30, 2023 to RMB149.3 million for the six months ended June 30, 2024, primarily due to the continuous growth of our business operations.

Cost of Revenue

Our cost of revenue increased by 8.8% from RMB983.3 million for the six months ended June 30, 2023 to RMB1,069.5 million for the six months ended June 30, 2024, primarily due to (i) an increase in drivers' service fee, which was in line with the growth of our ride-hailing business; (ii) an increase in cost of auto service center resulting from increased vehicle procurement costs related to our fleet sale and maintenance business; (iii) an increase in cost of technology services resulting from the growth of our technology services business; and (iv) an increase in third-party mobility service platform costs, which was attributable to the increased service fees payable to our cooperative third-party mobility service platforms, resulting from the increase in the volume of orders placed through our cooperative third-party mobility service platforms to us.

Gross Loss and Gross Margin

Our gross loss decreased by 54.1% from RMB70.7 million for the six months ended June 30, 2023 to RMB32.4 million for the six months ended June 30, 2024, and our gross loss margin improved from -7.7% for the six months ended June 30, 2023 to -3.1% for the six months ended June 30, 2024.

The following table sets forth a breakdown of gross loss/profit and gross margin by business segment for the periods indicated.

	For the six months ended June 30,			
	2024		2023	
	Gross (Loss)/ Profit (Unaudited)	Gross Margin	Gross (Loss)/ Profit (Unaudited)	Gross Margin
	<i>(RMB in thousands, except for percentages)</i>			
Mobility services	(40,722)	(4.6)%	(77,804)	(9.8)%
Technology services	1,422	16.3%	1,238	39.1%
Fleet sale and maintenance	6,855	4.6%	5,877	5.0%
Total	(32,445)	(3.1)%	(70,689)	(7.7)%

We incurred an overall gross loss during the Reporting Period, primarily due to the high cost of revenue along with our expansion of business scale and our continued expansion of geographical coverage and acquisition of new users. The improvement in overall gross margin notwithstanding the intensifying competition in the mobility market in China was primarily because (i) we recorded increase in the revenue from our fleet sale and maintenance and technology services, of which the gross margins are higher than ride-hailing business in nature; and (ii) the improvement of gross loss margin of our mobility services, primarily due to (a) the decrease in our incentives to customers,

attributable to our more prudent customer incentive policy after effectively increasing penetration rate; (b) the decrease in our incentives to drivers, attributable to that our fleet sale and maintenance provide drivers a range of vehicle purchase, maintenance and repair services, helping them to optimize their cost structure and strengthen their trust with our platform, and an uptick in user traffic has led to an increase in order volume, ensuring that the income generated from orders is adequate to satisfy the drivers' income expectations, thereby negating the necessity for additional incentives to drivers; and (c) the decrease in management fee that we paid to car partner, attributable to the free access to our proprietary vehicle and driver management systems provided to our car partners and training provided to our car partners, improving their efficiency and enhancing cost management.

Other Income

Our other income amounted to RMB6.1 million and RMB5.3 million for the six months ended June 30, 2023 and 2024, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses were RMB85.9 million for the six months ended June 30, 2024, representing a decrease of 21.7% from RMB109.6 million for the same period of 2023, primarily due to the decrease in promotion and marketing expenses, attributable to our stronger brand awareness brought by our commitment to the implementation of our geographical expansion strategy.

General and Administrative Expenses

Our general and administrative expenses were RMB63.4 million for the six months ended June 30, 2024, representing a decrease of 12.8% from RMB72.7 million for the same period of 2023, mainly attributable to (i) a decrease in the listing expenses that we incurred for the Listing and Global Offering during the Reporting Period; and (ii) the benefit from economies of scale as a result of our business expansion and our efforts in improving operation efficiency.

R&D Expenses

Our R&D expenses were RMB73.5 million for the six months ended June 30, 2024, representing an increase of 27.5% from RMB57.7 million for the same period of 2023, primarily due to (i) an increase in the staff expenses resulting from the recruitment of new R&D staff to enhance our R&D capabilities; (ii) an increase in depreciation and amortization expenses related to the Robotaxi vehicles and related software; and (iii) an increase in the service cost of Robotaxi test drivers resulting from the R&D activities.

Credit Loss on Trade and Other Receivables

Our credit loss on trade and other receivables were RMB3.9 million for the six months ended June 30, 2024, representing an increase of 125.2% from RMB1.7 million for the same period of 2023, primarily because of the increase in the loss allowances of trade and other receivables measured at an amount equal to lifetime expected credit losses.

Other Net Loss

Our other net loss amounted to RMB3.3 million and RMB2.1 million for the six months ended June 30, 2023 and 2024, respectively.

Finance Costs

Our finance costs amounted to RMB1.3 million and RMB0.9 million for the six months ended June 30, 2023 and 2024, respectively.

Changes in the Carrying Amount of Convertible Redeemable Preferred Shares

We recorded a loss of RMB28.3 million and RMB66.3 million for the six months ended June 30, 2023 and 2024, respectively, from the changes in the carrying amount of convertible redeemable preferred shares, primarily due to the changes in redemption amount of the convertible redeemable preferred shares that we issued to our Series A investors and Series B investors.

Changes in the Carrying Amount of Other Financial Liabilities Issued to Investors

We recorded a loss of RMB6.2 million and RMB8.6 million for the six months ended June 30, 2023 and 2024, respectively, from the changes in the carrying amount of other financial liabilities issued to investors, primarily due to the changes in redemption amount of the warrants and related loans issued to Series A investors and Series B investors.

Loss for the Period

As a result of the foregoing, our net loss was RMB331.6 million for the six months ended June 30, 2024, representing a decrease of 4.0% from RMB345.4 million for the same period of 2023.

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRSs. We believe this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items.

We believe adjusted net loss (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRSs.

We define adjusted net loss (non-IFRS measure) as net loss for the period adjusted by adding back changes in the carrying amount of convertible redeemable preferred shares, changes in the carrying amount of other financial liabilities issued to investors, equity-settled share-based payments and listing expenses related to the Global Offering.

Our adjusted net loss (non-IFRS measure) was RMB242.0 million for the six months ended June 30, 2024, representing a decrease of 14.0% from RMB281.3 million for the same period of 2023.

For the six months
ended June 30,
2024 2023
(Unaudited) (Unaudited)
(RMB in thousands)

**Reconciliation of net loss to adjusted net loss
(non-IFRS measure):**

Net loss for the period	(331,634)	(345,410)
Add:		
— Changes in the carrying amount of convertible redeemable preferred shares ⁽¹⁾	66,290	28,297
— Changes in the carrying amount of other financial liabilities issued to investors ⁽²⁾	8,552	6,174
— Equity-settled share-based payments ⁽³⁾	8,197	16,738
— Listing expenses ⁽⁴⁾	6,602	12,853
Adjusted net loss (non-IFRS measure)	<u>(241,993)</u>	<u>(281,348)</u>

Notes:

- (1) Changes in the carrying amount of convertible redeemable preferred shares mainly represent changes in the carrying amount of certain preferred shares we issued to investors pursuant to the financing agreements. All the convertible redeemable preferred shares have been re-designated from financial liabilities to equity as a result of the automatic conversion into our Shares upon the Listing.

- (2) Changes in the carrying amount of other financial liabilities issued to investors mainly represent changes in the carrying amount of the warrants we issued to certain investors for the right to the subscription of our convertible redeemable preferred shares and related loans provided by the investors.
- (3) Equity-settled share-based payments are non-cash employee benefit expenses incurred in connection with our award to key employees. Such expenses in any specific period are not expected to result in future cash payments.
- (4) Listing expenses mainly relate to the Global Offering.

LIQUIDITY AND CAPITAL RESOURCES

We closely monitor the level of our working capital, diligently review future cash flow requirement, and make necessary adjustment to our operation and expansion plans, to ensure that we maintain a sufficient level of liquidity to support our business operations.

As of June 30, 2024, we had RMB373.0 million in cash and cash equivalents, as compared to RMB612.9 million as of December 31, 2023. Our cash and cash equivalents primarily consist of cash at banks under RMB and USD denominations.

Our net cash used in our operating activities for the six months ended June 30, 2024 was RMB200.0 million, representing a decrease from RMB373.3 million for the six months ended June 30, 2023. Our net cash used in operating activities in the first half of 2024 is attributable to our loss before taxation of RMB331.6 million, as adjusted by non-cash and non-operating items of RMB101.6 million, and further adjusted by working capital changes mainly comprising (i) a decrease in inventories of RMB16.3 million; (ii) an increase in accruals and other payables of RMB15.5 million; and (iii) an increase in contract liabilities of RMB13.4 million.

Indebtedness

The following table sets forth the details of our indebtedness as of the dates indicated:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Current		
Loans and borrowings	15,025	14,033
Lease liabilities	<u>7,151</u>	<u>31,007</u>
Non-current		
Loans and borrowings	—	13,000
Lease liabilities	<u>13,294</u>	<u>10,916</u>
Total	<u><u>35,470</u></u>	<u><u>68,956</u></u>

Loans and Borrowings

As of June 30, 2024, we had loans and borrowings of RMB15.0 million, as compared to that of RMB27.0 million as of December 31, 2023. We primarily used the funds for replenishment of working capital.

As of June 30, 2024, we had one long-term unsecured bank borrowing of RMB15.0 million, with a fixed interest rate of 4.0% per annum. As of June 30, 2024, we had unutilized bank facilities of RMB60.0 million.

Lease Liabilities

As of June 30, 2024, we recognized total lease liabilities of RMB20.4 million, representing a decrease from RMB41.9 million as of December 31, 2023, primarily attributable to our payment of the lease liabilities.

Financial Ratios

Our current ratio (calculated as current assets divided by current liabilities as of the same date) decreased to 21.9% as of June 30, 2024 from 33.3% as of December 31, 2023, mainly attributable to the decrease in current assets due to our operating cash outflows and the increase in current liabilities due to the changes in carrying amount of the convertible redeemable preferred shares that we issued to our investors.

Our gearing ratio (calculated as total liabilities divided by total assets as of the same date) increased to 358.1% as of June 30, 2024 from 254.9% as of December 31, 2023, mainly attributable to the decrease in current assets due to our operating cash outflows and the increase in current liabilities due to the changes in carrying amount of the convertible redeemable preferred shares that we issued to our investors.

CHARGE ON ASSETS

As of June 30, 2024, there was no charge on assets of our Group (June 30, 2023: nil).

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

In the first half of 2024, our capital expenditures decreased to RMB5.8 million from RMB22.0 million in the first half of 2023. Our capital expenditures were primarily used for purchase of property, plant and equipment and purchase of intangible assets.

Our capital commitments were primarily related to contracted purchases of software and property, plant and equipment. As of June 30, 2024, we had capital commitments of RMB2.2 million, of which RMB0.4 million were attributable to contracted purchases of software and RMB1.8 million were attributable to contracted purchases of property, plant and equipment, which was decreased from our capital commitments of RMB7.8 million as of December 31, 2023.

Save as disclosed in this announcement, the Group had no other material capital expenditure or investment plan as of the date of this announcement.

CONTINGENT LIABILITIES

As of June 30, 2024, our Company did not have any material contingent liabilities.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this announcement, our Company had no other significant investments and/or material acquisition or disposal of subsidiaries, associates and joint venture during the Reporting Period.

HUMAN RESOURCES

As of June 30, 2024, we had a total of 466 full-time employees, the majority of whom were based in Guangzhou, Guangdong province, China. We recruit our employees through a combination of campus and lateral hiring. Our Group's total employee benefits (including fees, salaries, allowances, other benefits, discretionary bonuses, retirement scheme contributions and equity-settled share based payments) for the Reporting Period were RMB106.3 million. We offer our employees competitive salaries, performance-based cash bonuses and comprehensive benefit packages. We adhere to a

long-term growth strategy, and constantly invest in training and team building to help our employees to grow with us. The Company has also adopted a pre-IPO equity incentive plan to attract, retain and motivate the officers, directors and employees of our Group, details of which are set out in the Prospectus. We are committed to making continued efforts to build a fair workplace environment that is conducive to individual growth.

USE OF NET PROCEEDS FROM LISTING AND GLOBAL OFFERING

On July 10, 2024, in connection with the Global Offering, 30,004,800 Shares were issued at an offer price of HK\$35.0 per offer share, raising gross proceeds (before expenses) in the amount of approximately HK\$1,050.2 million. The net proceeds from the Global Offering amounted to approximately HK\$983.6 million.

For details of the Company's future plans and proposed uses of the net proceeds from the Global Offering, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As of the date of this announcement, there had not been any change in the intended use of the net proceeds and the expected implementation timeline as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. From the Listing Date up to the date of this announcement, the Company has not used any part of the net proceeds and the Company will gradually utilize the net proceeds in accordance with the intended purposes as stated in the Prospectus.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: nil).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, we are not aware of any material subsequent events since the end of the Reporting Period and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Group 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 CG Code contained in Appendix C1 to the Listing Rules as its own code of corporate governance. As the Company's Shares were listed on the Stock Exchange on July 10, 2024, the CG Code was not applicable to the Company during the Reporting Period. Since the Listing Date up to the date of this announcement, the Company has complied with all applicable code provisions of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code contained in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. As the Company's Shares were listed on the Stock Exchange on July 10, 2024, the Model Code was not applicable to the Company during the Reporting Period.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code throughout the period from the Listing Date to the date of this announcement. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

As the Shares of the Company had not yet been listed on the Stock Exchange during the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

UPDATES ON DIRECTORS' INFORMATION

Save as disclosed below, as at the date of this announcement, there were no changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

- Our independent non-executive Director, Mr. ZHANG Junyi, joined SenseAuto Technology Development Limited, which is a subsidiary of SenseTime Group Inc., a company listed on the Stock Exchange (stock code: 0020 and 80020), as Senior Vice President (SVP) of Finance on August 20, 2024, primarily responsible for financial management and capital management of SenseAuto; and
- Our independent non-executive Director, Mr. ZHANG Senquan, acted as an independent non-executive director of TKY Medicines, Inc, a company which became listed on the Stock Exchange on August 20, 2024 (stock code: 2410).

REVIEW OF INTERIM RESULTS

The Board has established the Audit Committee which comprises three independent non-executive Directors, namely Mr. ZHANG Junyi, Mr. ZHANG Senquan and Mr. LI Maoxiang. Mr. ZHANG Senquan, who has the professional qualification or accounting or related financial management expertise in compliance with the requirements of the Listing Rules, serves as the chairperson of the Audit Committee.

The Audit Committee, together with the management of the Company, has considered and reviewed the Group's interim results for the Reporting Period and the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters, and is of the view that the interim results of the Group are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

The interim financial report for the six months ended June 30, 2024 is unaudited, but has been reviewed by KPMG, the independent auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF RESULTS AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.ruqimobility.com). The interim report for the six months ended June 30, 2024 containing all the information in accordance with the requirements under the Listing Rules will be made available on the respective websites of the Stock Exchange and the Company and dispatched to the Shareholders who request the printed copy in due course.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

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

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors of our Company
“CG Code”	Corporate Governance Code, as set out in Appendix C1 to the Listing Rules
“Company” or “our Company” or “the Company”	Chenqi Technology Limited (如祺出行科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 9680)
“Consolidated Affiliated Entities”	the entities that the Company controls through the contractual arrangements, namely Guangzhou Qichen Technology Co., Ltd. (廣州祺宸科技有限公司) and its subsidiaries, details of which are set out in “Contractual Arrangements” in the Prospectus

“Director(s)”	the director(s) of our Company or any one of them
“Global Offering”	the global offering of the Company as defined in the Prospectus
“Group” or “our Group” or “the Group” or “we” or “us” or “our”	the Company, its subsidiaries and the Consolidated Affiliated Entities
“GTV”	the value of paid transactions on our platform. In ride-hailing services, the key differences between GTV and the revenue recognized by us during the Reporting Period were the incentives provided to riders as well as the toll fees, parking fees and taxes paid to third parties
“hitch”	collaborative use of a private car by several individuals traveling along the same or similar itinerary at mutually compatible times
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	July 10, 2024, the date on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“L4”	level four of driving automation, namely high automation level. Vehicles with L4 autonomy are capable of driving fully autonomously in proper settings such as highways and urban roads without the assistance or intervention of a human driver. A human driver is only required in limited scenarios where the road conditions are not met
“L5”	level five of driving automation, namely full automation level. Under L5, vehicles do not require human attention and can drive under all conditions

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus of the Company dated June 28, 2024 issued in connection with the Global Offering and Listing
“Reporting Period”	the six months ended June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Robotaxi”	a driverless shared mobility vehicle built in with L4 and L5 autonomous driving technology
“R&D”	research and development
“Share(s)”	ordinary share(s) of US\$0.0005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“U.S. dollar(s)” or “USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

Shareholders and potential investors should note that this announcement is based on unaudited operational and financial information of the Group. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
Chenqi Technology Limited
Mr. GAO Rui
Chairman

Guangzhou, the PRC, August 28, 2024

As at the date of this announcement, the Board comprises (i) Mr. Jiang Hua as executive Director; (ii) Mr. Gao Rui, Ms. Xiao Yan, Mr. Liang Weiqiang, Mr. Zhong Xiangping and Ms. Bai Hui as non-executive Directors; and (iii) Mr. Zhang Junyi, Mr. Zhang Senquan and Mr. Li Maoxiang as independent non-executive Directors.

This announcement contains certain forward-looking statements. These forward-looking statements are based on information currently available to the Group or the current belief, expectations and assumptions of the Board. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and Shareholders and investors of the Company should not place undue reliance on such statements.