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Cheshi Technology Inc.
車市科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1490)

SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF LIMITED PARTNERSHIP INTEREST IN A FUND

Reference is made to the announcement of the Company dated October 13, 2021 (the “**Announcement**”) in relation to the subscription of Limited Partnership Interests in the Fund. Capitalized terms used herein shall have the same meaning as those defined in the Announcement unless otherwise stated.

The Company wishes to provide the shareholders and potential investors of the Company with additional information on (i) Taoyuan Investment, being the General Partner, (ii) the Master Fund, and (iii) Weinert Fund and the Subscription.

FURTHER INFORMATION OF TAOYUAN INVESTMENT

Ultimate Beneficial Owners

To the best knowledge, information and belief of the Directors, as at the date of the Announcement and up to the date hereof, (i) Taoyuan Investment is directly and ultimately owned by Mr. Liu Yunli* (劉運利) (“**Mr. Liu**”), Mr. Shen Jiarong* (沈佳榮) (“**Mr. Shen**”) and Ms. Pang Yuan* (龐媛) (“**Ms. Pang**”) as to 28%, 57% and 15%, respectively; and (ii) save for their partnership interests in Taoyuan Investment, which is also the general partner of Weinert Fund (a fund established by Taoyuan Investment, Beihai Media and Congshu Beijing), and Mr. Liu’s indirect interest in approximately 4.05% of the issued shares of the Company held through LYL Weihui Limited, Mr. Liu, Mr. Shen and Ms. Pang do not have past or present relationships with the Company or its connected persons.

Management Experience of Taoyuan Investment

Based on the information available to the Company,

- (i) Mr. Liu, Mr. Shen and Ms. Pang are the key management of Taoyuan Investment with extensive investment experience in businesses in the internet, technology and consumption industries and Mr. Shen and Ms. Pang have registered with the Asset Management Association of China for providing fund management services;
- (ii) Mr. Liu has served as the partner of Taoyuan Investment since May 2018, he also serves as the vice president and the general manager of the strategic investment department of Sina Weibo in charge of investment and management of the funds under Sina Weibo and has more than 15 years of experience in the business of securities investment;
- (iii) Mr. Shen has served as the managing partner of Taoyuan Investment since May 2018 and has approximately 10 years of experience in the business of fund management, before joining Taoyuan Investment, Mr. Shen served as a director of Greenwoods Asset Management Limited, with a focus on investments in businesses in the internet and technology industries;
- (iv) Ms. Pang has served as the partner of Taoyuan Investment since May 2018 and has approximately seven years of experience in the business of fund management, before joining Taoyuan Investment, Ms. Pang served as an investment director of the investment department in Sina Group and an investment manager in Shenzhen Guojin Zongheng Investment Management Limited Company* (深圳國金縱橫投資管理有限公司), with a focus on investments in businesses in the internet and consumption industries;
- (v) successful examples of equity investment projects led by the key management of Taoyuan Investment include companies, whether listed in the United States, the PRC, or unlisted, in the TMT industries (including automobile-related sector) with a prominent operation in the PRC; and
- (vi) the investment targets of the funds under management of Taoyuan Investment primarily comprises businesses in the technology, internet, media and consumption industries (including automobile-related sectors). The number of investors of funds managed by Taoyuan Investment is 10 and such investors are primarily corporations, financial institutions, high net worth individuals and local government guidance funds. The capital commitment of the Master Fund is RMB400 million.

FURTHER INFORMATION OF THE MASTER FUND

Investment Target of the Master Fund

The investment targets of the Master Fund are to make equity or quasi-equity investment into private equity projects covering companies in the technology, internet, media and consumption industries (including automobile-related sectors). As at the date of the Announcement and up to the date hereof, the Master Fund has invested into an internet and online media platform operator and a gaming and multimedia platforms operator and the Directors are of the view that Weinet Fund's indirect investment (through the Fund and the Master Fund) falls within the scope of investment targets of Weinet Fund, that is, forward-looking projects in automobile, new consumption and digital new media industries and other fields.

REASONS AND BENEFITS OF THE SUBSCRIPTION AND THE ENTERING INTO THE PARTNERSHIP AGREEMENT

The Company uses three layers of fund, i.e. Weinet Fund to invest in the Fund which in turn invests in the Master Fund, (Taoyuan Investment is the general partner of all of Weinet Fund, the Fund and the Master Fund) for reasons set out below:

1. Subscription of the Fund and the Fund's further subscription of the Master Fund

- (a) the Fund is a feeder fund of the Master Fund (both the Fund and the Master Fund are registered with the Asset Management Association of China) and all of the Fund's capital shall be invested into the Master Fund in accordance with the applicable laws and regulations;
- (b) the use of a master-feeder fund structure could enhance the critical mass of tradable assets and improve the economies of scale under which the fund arrangements operate;
- (c) there will not be overlapping management fees charged by Taoyuan Investment (as the General Partner) at the Fund's level, noting that the Fund does not need to pay Taoyuan Investment and/or its designated person(s) any other management fees or similar expenses (the Fund should allocate and pay Taoyuan Investment management fees at the Master Fund level as the limited partner of the Master Fund), the partners of the Fund do not share or bear any other management fees or similar expenses, as disclosed in the Announcement;

- (d) investing in the Master Fund through the Fund offers Weinert Fund and the Company better liquidity and flexibility, considering that a redemption or transfer of partnership interest at the Master Fund level would require unanimous consents from all partners of the Master Fund (which would involve local government authorities and state-owned corporations, the decision-making procedures of which would be relatively lengthy and create more uncertainties) and through a master-feeder fund structure Weinert Fund could exit at the Fund level which requires consents from significantly less parties and a much shorter time for such decision-making process; and the investment in the Master Fund through the Fund provides the Company with additional flexibility in terms of tax treatment upon exit;

2. Establishment of Weinert Fund as the Company Capital Management Platform

- (a) the establishment of Weinert Fund aligns with the Company's long-term capital management plan, considering that Weinert Fund would enable the Group to further raise capital from third party limited partners to expand the fund scale, manage its capital in a more efficient and strategic manner (e.g. through an investment of RMB30 million to leverage a RMB400 million scale fund's resources), build up investment track record, and optimize risk management measures leveraging the fund management experience, track record, investor base, qualification, brand, risk management, legal and compliance experience of Taoyuan Investment;
- (b) the Company intends to expand the investment portfolio of Weinert Fund, which would in turn be beneficial for the Group in terms of the potential synergies that would be generated through Weinert Fund's further investment (i.e. by leveraging the scale of the master fund, the Company will have access to more co-investment opportunities, more mature stage investment targets, and achieve synergies with these more accomplished portfolio companies);
- (c) the Company considers its partnership with Taoyuan Investment valuable considering Taoyuan Investment's extensive project and investors' network and the potential business opportunities it could potentially bring forward to the Company in the future; and
- (d) the annual management fee calculated at 0.1% of the capital contribution of Weinert Fund payable to Taoyuan Investment as the general partner and the fund manager of Weinert Fund is economic and price-competitive compared to the industry standards and that Taoyuan Investment waives its rights to profit sharing/carried interest at the level of Weinert Fund in respect of any distributable income from the Master Fund.

Having considered the reasons and benefits set out above, the Directors are of the view that the Subscription is fair and reasonable and in the interest of the Company and its shareholders as a whole.

As at the date of this announcement, the Group has made capital contribution at the amount of RMB30 million to Weinert Fund and Weinert Fund is accounted as a subsidiary of the Group and its financial results is consolidated into the consolidated financial statements of the Group. Meanwhile, the Fund is accounted as investment in the consolidated financial statements of the Group.

The Company also wishes to confirm that, to the best knowledge, information and belief of the Directors, save for (i) Mr. Xu Chong being the controlling shareholder of the Company and the nominee shareholder of Congshu Beijing, which indirectly holds approximately 58.81% interest in the Fund; and (ii) Mr. Liu Yunli being a pre-IPO investor in relation to the Company's initial public offering, (a) Taoyuan Investment and/or its ultimate beneficial owners, (b) Wang Yuanshu and (c) the limited partner(s) and/or general partner(s) of the Master Fund and/or their ultimate beneficial owners do not have any past or present relationship with the parties involved in the Company's initial public offering in January 2021.

The supplementary information provided herein does not affect other information contained in Announcement and should be read in conjunction with the Announcement.

By order of the Board
Cheshi Technology Inc.
Xu Chong
Chairman and Executive Director

Beijing, the PRC, November 16, 2021

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

* *For identification purposes only*