

In accordance with Rule 13.48(1) of the Listing Rules, as our Listing will take place within three months after 30 June 2023, we have included our unaudited interim financial information as of and for the six months ended 30 June 2023 in this document.



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

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF TUHU CAR INC.

Introduction

We have reviewed the interim financial information set out on pages IIA-2 to IIA-35, which comprises the condensed consolidated statement of financial position of Tuhu Car Inc. (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive loss, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board (the “IASB”). Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review 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 (“HKICPA”). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

14 September 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	5	6,521,629	5,468,028
Cost of revenue		(4,943,520)	(4,471,057)
Gross profit		1,578,109	996,971
Other income and gains, net	6	83,223	58,147
Operations and support expenses		(272,020)	(321,314)
Research and development expenses		(297,957)	(318,190)
Selling and marketing expenses		(841,540)	(741,839)
General and administrative expenses		(185,454)	(198,569)
Fair value changes on financial assets at fair value through profit or loss		2,370	6,747
Operating profit/(loss)		66,731	(518,047)
Finance income		61,640	17,563
Finance costs		(9,479)	(16,337)
Fair value changes of convertible redeemable preferred shares		(47,161)	(406,245)
Share of losses of:			
Joint ventures		(1,518)	—
Associates		(77)	(12,946)
PROFIT/(LOSS) BEFORE TAX	7	70,136	(936,012)
Income tax expense	8	(10,649)	(15,847)
PROFIT/(LOSS) FOR THE PERIOD		<u>59,487</u>	<u>(951,859)</u>
Attributable to:			
Owners of the parent		60,264	(950,632)
Non-controlling interests		(77)	(1,227)
		<u>59,487</u>	<u>(951,859)</u>
EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	10	<u>0.4</u>	<u>(7)</u>
Diluted (RMB)	10	<u>0.1</u>	<u>(7)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the six months ended 30 June 2023

	<u>Six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	
PROFIT/(LOSS) FOR THE PERIOD	<u>59,487</u>	<u>(951,859)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that will be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of the subsidiaries of the Company	<u>(351,738)</u>	<u>(372,770)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	84,054	—
Exchange differences on translation of the financial statements of the Company ...	<u>(389,834)</u>	<u>(487,786)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>(657,518)</u>	<u>(860,556)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(598,031)</u>	<u>(1,812,415)</u>
Attributable to:		
Owners of the parent	(597,254)	(1,811,188)
Non-controlling interests	<u>(777)</u>	<u>(1,227)</u>
	<u>(598,031)</u>	<u>(1,812,415)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023	31 December 2022
		<i>RMB '000</i>	<i>RMB '000</i>
		(Unaudited)	
NON-CURRENT ASSETS			
Property, plant and equipment	11	785,665	671,032
Right-of-use assets		497,402	467,714
Goodwill		20,323	15,820
Other intangible assets		70,027	69,975
Financial investments at fair value through profit or loss		200,140	227,120
Investments in joint ventures		208,616	115,375
Investments in associates		163,617	163,694
Equity investments designated at fair value through other comprehensive income		387,319	289,312
Restricted cash and time deposits		12,399	403
Other non-current assets		68,124	87,825
Total non-current assets		<u>2,413,632</u>	<u>2,108,270</u>
CURRENT ASSETS			
Inventories		1,419,565	1,542,547
Trade receivables	12	206,918	173,731
Prepayments, other receivables and other assets		418,024	456,257
Financial assets at fair value through profit or loss		304,327	25,921
Restricted cash and time deposits		1,622,856	2,021,037
Cash and cash equivalents		<u>3,193,844</u>	<u>2,686,353</u>
Total current assets		<u>7,165,534</u>	<u>6,905,846</u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(continued)

30 June 2023

	Notes	30 June 2023	31 December 2022
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	
CURRENT LIABILITIES			
Trade and bills payables	13	3,161,562	3,119,324
Other payables and accruals		1,626,239	1,566,010
Contract liabilities		678,068	653,045
Interest-bearing borrowings		1,009	—
Tax payable		106,305	97,225
Lease liabilities		150,587	136,595
Total current liabilities		<u>5,723,770</u>	<u>5,572,199</u>
NET CURRENT ASSETS		<u>1,441,764</u>	<u>1,333,647</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,855,396</u>	<u>3,441,917</u>
NON-CURRENT LIABILITIES			
Convertible redeemable preferred shares	14	22,589,346	21,726,488
Interest-bearing borrowings		8,000	—
Contract liabilities		56,129	60,268
Lease liabilities		229,256	203,735
Deferred tax liabilities		10,333	10,333
Other non-current liabilities		413,735	397,657
Total non-current liabilities		<u>23,306,799</u>	<u>22,398,481</u>
Net liabilities		<u>(19,451,403)</u>	<u>(18,956,564)</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	21	21
Deficits		(19,458,621)	(18,956,780)
		(19,458,600)	(18,956,759)
Non-controlling interests		7,197	195
Total equity		<u>(19,451,403)</u>	<u>(18,956,564)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to ordinary equity holders of the parent							
	Share capital	Capital reserve*	Share-based payment reserve*	Fair value reserve of financial assets at			Non-controlling interests	Total equity
				Share capital	Capital reserve*	Exchange fluctuation reserve*		
RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 1 January 2023	21	128,094	570,690	(121,487)	(737,289)	(18,796,788)	195	(18,956,564)
Profit/(loss) for the period	—	—	—	—	—	60,264	(777)	59,487
Other comprehensive income/(loss) for the period:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	84,054	—	—	—	84,054
Exchange differences on translation of foreign operations	—	—	—	—	(741,572)	—	—	(741,572)
Total comprehensive income/(loss) for the period	—	—	—	84,054	(741,572)	60,264	(777)	(598,031)
Share-based payments	—	—	95,413	—	—	—	—	95,413
Acquisition of a subsidiary	—	—	—	—	—	—	7,779	7,779
At 30 June 2023 (unaudited)	21	128,094	666,103	(37,433)	(1,478,861)	(18,736,524)	7,197	(19,451,403)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2022

	Attributable to ordinary equity holders of the parent							
	Share capital	Capital reserve	Share- based payment reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	
								Total equity
RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
At 1 January 2022	21	128,094	351,351	814,438	(16,660,615)	(15,366,711)	2,337	(15,364,374)
Loss for the period	—	—	—	—	(950,632)	(950,632)	(1,227)	(951,859)
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations	—	—	—	(860,556)	—	(860,556)	—	(860,556)
Total comprehensive loss for the period	—	—	—	(860,556)	(950,632)	(1,811,188)	(1,227)	(1,812,415)
Share-based payments	—	—	118,003	—	—	118,003	—	118,003
At 30 June 2022	21	128,094	469,354	(46,118)	(17,611,247)	(17,059,896)	1,110	(17,058,786)

* These reserve accounts comprise the consolidated deficits of RMB19,458,621,000 in the interim condensed consolidated statements of financial position as at 30 June 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023	2022
		RMB '000	RMB '000
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax	7	70,136	(936,012)
Adjustments for:			
Finance income		(61,640)	(17,563)
Finance costs		9,479	16,337
Dividend income		(1,778)	—
Share of losses of joint ventures		1,518	—
Share of losses of associates		77	12,946
Fair value changes of convertible redeemable preferred shares	14	47,161	406,245
Fair value changes of financial assets at fair value through profit or loss		(122)	(2,118)
Share-based payment expense		95,413	118,003
Loss on disposal of property, plant and equipment		406	2,929
Foreign exchange differences		(21,533)	(27,164)
Depreciation of property, plant and equipment		79,001	71,247
Depreciation of right-of-use assets		97,951	103,737
Amortisation of other intangible assets		2,337	1,760
Impairment/(reversal of impairment) losses on trade receivables and other receivables		10,356	(50)
Impairment of inventories		23,993	35,347
Impairment of property, plant and equipment		—	369
Impairment of right-of-use assets		—	1,053
Termination of leases		(533)	267
		<u>352,222</u>	<u>(212,667)</u>
Decrease in inventories		99,769	166,174
(Increase)/decrease in trade receivables		(34,711)	9,269
Decrease in prepayments, other receivables and other assets		35,812	45,660
Decrease in other non-current assets		717	1,258
Decrease/(increase) in restricted cash		160,402	(147,865)
Increase/(decrease) in trade and bills payables		41,077	(300,869)
Increase/(decrease) in other payables and accruals		29,009	(90,353)
Increase/(decrease) in contract liabilities		16,025	(41,382)
Increase in other non-current liabilities		16,078	2,291
Cash generated from/(used in) operations		<u>716,400</u>	<u>(568,484)</u>
Income tax paid		<u>(1,569)</u>	<u>(372)</u>
Net cash flows from/(used in) operating activities		<u>714,831</u>	<u>(568,856)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023	2022
		RMB '000	RMB '000
		(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from a joint venture		5,241	—
Dividends received from financial investments at fair value through profit or loss . . .		1,778	—
Purchase of items of property, plant and equipment		(165,207)	(164,162)
Purchase of other intangible assets		(2,009)	(7,415)
Purchase of right-of-use assets — land use right		—	(55,221)
Purchase of financial assets at fair value through profit or loss		(308,597)	(1,775,825)
Proceeds from disposal of financial assets at fair value through profit or loss		30,576	2,068,477
Purchase of financial investments at fair value through profit or loss		(15,801)	(48,438)
Proceeds from disposal of financial investments at fair value through profit or loss		40,575	355
Acquisition of a subsidiary	16	31,111	(2,090)
Purchase of shareholding in a joint venture		(100,000)	—
Loans to related parties		—	(2,370)
Repayment of loans to related parties		736	8,016
Loans to equity investees and others		—	(39,580)
Repayment of loans to equity investees and others		18,680	25,579
Interest received		44,109	21,196
Increase in time deposits		(16,002)	(147,085)
Decrease in time deposits		167,646	1,157,365
Net cash flows (used in)/from investing activities		<u>(267,164)</u>	<u>1,038,802</u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	<i>RMB '000</i>	<i>RMB '000</i>
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal portion of lease payments	(87,592)	(75,871)
Interest portion of lease payments	(9,453)	(13,825)
Decrease/(increase) in deposits of leases	952	(4,395)
Interest paid	(81)	(964)
Proceeds from interest-bearing borrowings	—	50,000
Repayments of interest-bearing borrowings	—	(264,000)
Increase in restricted cash	(289,588)	(275,666)
Decrease in restricted cash	377,945	1,702,965
Net cash flows (used in)/from financing activities	(7,817)	1,118,244
NET INCREASE IN CASH AND CASH EQUIVALENTS	439,850	1,588,190
Cash and cash equivalents at beginning of period	2,686,353	1,472,293
Effect of foreign exchange rate changes, net	67,641	73,269
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>3,193,844</u>	<u>3,133,752</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,829,099	4,905,292
Restricted cash and time deposits	(1,635,255)	(1,771,540)
CASH AND CASH EQUIVALENTS AS STATED IN THE INTERIM		
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	<u>3,193,844</u>	<u>3,133,752</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

TUHU Car Inc. (the “Company”) was incorporated in the Cayman Islands on 8 July 2019. The registered office of the Company is located at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the “Group”) primarily provide automotive products and services to consumers through its online interfaces, including “Tuhu Automotive Service” APP, its website and Weixin mini programme in the People’s Republic of China (hereafter, the “PRC”).

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standards 34 *Interim Financial Reporting* (“IAS 34”). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s Historical Financial Information as set out in the accountants’ report (the “Accountants’ Report”) included in Appendix I to the Prospectus of the Group in connection with the initial public offering of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

As of 30 June 2023, the Group had net liabilities of RMB19,451,403,000 and accumulated losses of RMB18,736,524,000, respectively, primarily due to the significant fair value changes of convertible redeemable preferred shares. According to the Memorandum and Articles of Association, the preferred shares (other than Series Seed) are redeemable at the option of the holders at any time if the Company fails to complete a Qualified IPO before 29 June 2025 or the occurrence of certain other events. However, pursuant to the shareholders’ resolution approved on 29 June 2023, the redemption rights ceased to be exercisable immediately before the first filing of the listing application by the Company with the Stock Exchange of Hong Kong Limited, and shall resume to be exercisable in accordance with below terms upon the earliest of (i) the listing application being withdrawn, rejected or returned; (ii) the listing application being lapsed but not renewed by the Company within three months; or (iii) 31 December 2023 if no Qualified IPO has been consummated by then (with the original redemption event and date unchanged). The preferred shares can be converted in Class A ordinary shares at the option of the holders, or automatically converted into Class A ordinary shares immediately upon the closing of a Qualified IPO. Further details are set out in note 14. The directors of the Company are of the opinion that the preferred shares will not have cash flow impact to the Group in the next twelve months from the date of this report as they consider the redemption events are unlikely to occur in the next twelve months.

As of 30 June 2023, the Group had net current assets of RMB1,441,764,000. In addition, the Group has performed a cash flow projection for the next twelve months. Accordingly, the directors of the Company believe that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from the date of the report. Accordingly, the directors of the Company consider that it is appropriate that the interim condensed consolidated financial information for the six months ended 30 June 2023 are prepared on a going concern basis.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with the Group's Historical Financial Information as set out in the accountants' report (the "Accountants' Report") included in Appendix I to the Prospectus of the Group in connection with the initial public offering of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

4. OPERATING SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and reported results during the six months ended 30 June 2023 and 2022, and the Group's total assets as at 30 June 2023 were derived from one single operating segment.

Geographical information

As the Group generates almost all of its revenues and the non-current assets in the PRC during the six months ended 30 June 2023 and 2022, no further geographical segments are presented.

Information about major customers

The Group has a large number of customers, and no single customer accounted for more than 10% of the Group's total revenue during the six months ended 30 June 2023 and 2022.

5. REVENUE

Revenue represents income from automotive products and services, franchise services, advertising services and others during the six months ended 30 June 2023 and 2022.

(i) Disaggregated revenue information

	<u>Six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	<i>RMB '000</i>	<i>RMB '000</i>
	(Unaudited)	
<i>Revenue from contracts with customers:</i>		
Automotive products and services	6,058,798	5,093,293
Advertising, franchise and other services		
Franchise services	356,528	254,056
Advertising services	39,418	26,321
Others	66,885	94,358
Total	<u>6,521,629</u>	<u>5,468,028</u>
<i>Timing of revenue recognition</i>		
Services transferred over time:		
Advertising, franchise and other services		
Franchise services	356,528	254,056
Advertising services	39,418	26,321
Others	3,840	5,879
At a point in time:		
Automotive products and services	6,058,798	5,093,293
Advertising, franchise and other services		
Others	63,045	88,479
Total revenue from contracts with customers	<u>6,521,629</u>	<u>5,468,028</u>

Revenue recognised that was included in contract liabilities at the beginning of the reporting period:

	<u>Six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	<i>RMB '000</i>	<i>RMB '000</i>
	(Unaudited)	
Automotive products and services	288,368	213,554
Advertising, franchise and other services	176,084	106,541
Total	<u>464,452</u>	<u>320,095</u>

(ii) Performance obligations

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

Automotive products and services

The performance obligation is satisfied when customers take possession of and accept the automotive products and services. For majority of the sales transactions, customers make advance payment before the products and services are delivered to them, and for certain sales transactions, payment is due within 30 days.

Franchise services

The performance obligation is satisfied over time as services are rendered. Generally, franchise services contracts are for periods of more than one year. Advances are required for upfront licence fees. Monthly fixed management fees and profit-based royalty fees are billed on a monthly basis.

Advertising services

The performance obligation is satisfied over time as services are rendered. Generally, advertising services contracts are for periods of less than one year, and are billed based on the time incurred.

Others

The performance obligation of SaaS solutions on fixed-period basis is satisfied over time as services are rendered. Generally, SaaS solutions contracts are for period of less than one year. The performance obligation of SaaS solutions on project basis and the performance obligation of other categories are satisfied when customers take possession of and accept the products and services.

As the practical expedient, the Group does not disclose the transaction price allocated to unsatisfied performance obligations for contracts with an original expected length of one year or less. As at 31 December 2022 and 30 June 2023, the aggregate amount of transaction prices allocated to performance obligations (unsatisfied or partially unsatisfied) for long-term contracts is related to deferred upfront franchise fees from franchisees, does not include any variable consideration, and amounted to RMB240,704,000 and RMB218,404,000 respectively, which are expected to be recognised as revenues over one to six years.

6. OTHER INCOME AND GAINS, NET

An analysis of other income and gains, net is as follows:

	Six months ended 30 June	
	2023	2022
	<i>RMB '000</i>	<i>RMB '000</i>
	(Unaudited)	
Government grants*	53,648	25,870
Net foreign exchange gains	21,533	27,164
Others	<u>8,042</u>	<u>5,113</u>
	<u>83,223</u>	<u>58,147</u>

* Government grants mainly represent various supports awarded by the local governments to support the Group's operation. There are no contingencies relating to these grants.

7. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	<i>RMB '000</i>	<i>RMB '000</i>
	(Unaudited)	
Cost of revenue*	4,733,594	4,247,485
Depreciation of property, plant and equipment	79,001	71,247
Depreciation of right-of-use assets	97,951	103,737
Amortisation of other intangible assets	2,337	1,760
Fair value changes of convertible redeemable preferred shares	47,161	406,245
Lease payments not included in the measurement of lease liabilities	26,086	34,859
Employee benefit expenses (including directors' remuneration):		
Wages, salaries and allowances	704,012	752,355
Pension scheme contributions	62,547	66,288
Share-based payment expenses	72,150	111,726
Share-based payment expenses of consultants	23,263	6,277
Foreign exchange differences, net	(21,533)	(27,164)
Impairment/(reversal of impairment) losses on trade receivables and other receivables	10,356	(50)
Impairment of inventories	23,993	35,347
Impairment of property, plant and equipment	—	369
Impairment of right-of-use assets	—	1,053

	<u>Six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	<i>RMB '000</i>	<i>RMB '000</i>
	(Unaudited)	
Advertising and promotion related expenses	372,833	286,437
Shipping expenses	196,945	185,981
Listing expenses	11,984	14,006
Finance income	(61,640)	(17,563)
Interest on bank loans, overdrafts and other loans	26	2,512
Interest on lease liabilities	9,453	13,825

* The amount of cost of revenue as stated herein excludes those included in the depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of other intangible assets, impairment of inventories, employee benefit expenses, short-term lease expenses and shipping expenses.

8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Company and the Group’s subsidiary incorporated in the Cayman Islands and the BVI are not subject to any income tax.

Under the Hong Kong tax laws, the Company’s subsidiaries in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before 1 April 2018. Starting from the financial year commencing on 1 April 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million. No provision for Hong Kong profits tax was made during the six months ended 30 June 2023 and 2022 on the basis that the subsidiaries did not have any assessable profits arising in or derived from Hong Kong during such periods.

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group’s PRC subsidiaries for the six months ended 30 June 2023 and 2022.

	<u>Six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	<i>RMB '000</i>	<i>RMB '000</i>
	(Unaudited)	
Current income tax	<u>10,649</u>	<u>15,847</u>
Tax charge for the period	<u>10,649</u>	<u>15,847</u>

9. DIVIDEND

No dividend has been paid or declared by the Company and its subsidiaries during the six months ended 30 June 2023 and 2022.

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic profit/loss per share amounts is based on the profit/(loss) attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the six months ended 30 June 2023 and 2022. In addition, following the subsequent share subdivision by 1:5 occurred on 8 March 2022 as described in note 15 (the “Share Subdivision”), the weighted average number of ordinary shares in issue was calculated taken into account of the effect of the Share Subdivision and then was retrospectively adjusted as if the Share Subdivision had been in issue for the six months ended 30 June 2023 and 2022.

The calculation of basic and diluted earnings/(loss) per share is based on:

	<u>Six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	(Unaudited)	
<u>Earnings/(loss)</u>		
Profit/(loss) attributable to ordinary equity holders of the parent (RMB'000)	60,264	(950,632)
Fair value changes on convertible redeemable preferred shares (RMB'000)	<u>47,161</u>	<u>—</u>
Adjusted profit/(loss) attributable to ordinary equity holders of the parent (RMB'000)	<u>107,425</u>	<u>(950,632)</u>
<u>Shares</u>		
Weighted average number of ordinary shares in issue (thousand) during the period used in the basic earnings/(loss) per share calculation taking into account the effect of the Share Subdivision	144,151	144,151
Effect of dilution — weighted average number of ordinary shares:		
Number of ordinary shares resulting from conversion of convertible redeemable preferred shares (thousand)	<u>615,501</u>	<u>—</u>
Number of ordinary shares used to calculate diluted earnings per share (thousand)	<u>759,652</u>	<u>144,151</u>
Basic earnings/(loss) per share (RMB)	<u>0.4</u>	<u>(7)</u>
Diluted earnings/(loss) per share (RMB)	<u>0.1</u>	<u>(7)</u>

The Group has two categories of dilutive potential ordinary shares, which are convertible redeemable preferred shares and share options. As the Group incurred losses during the six months ended 30 June 2022, the potential ordinary shares were not included in the calculation of diluted loss per share as the potential ordinary shares had an anti-dilutive effect. For the six months ended 30 June 2023, diluted earnings per share was calculated by considering that the share options were excluded from the diluted weighted average number of ordinary shares calculation as they could not be exercised until the Company completes its IPO and such contingent events had not taken place.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets at a cost of RMB191,730,000 (30 June 2022: RMB148,525,000), excluding property and equipment acquired through a business combination disclosed in note 16 to the interim condensed consolidated financial information.

Items of property, plant and equipment with a net book value of RMB4,355,000 were disposed of by the Group during the six months ended 30 June 2023 (30 June 2022: RMB4,971,000).

During the six months ended 30 June 2023, impairment loss recognised for certain property, plant and equipment was nil (30 June 2022: RMB369,000).

12. TRADE RECEIVABLES

The credit terms granted by the Group are generally within 30 days. An ageing analysis of the Group's trade receivables, based on the transaction date and net of loss allowance, as at the end of the reporting period is as follows:

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	
Within 1 months	127,272	97,911
2 to 3 months	38,503	44,354
4 to 6 months	25,541	22,988
7 to 12 months	<u>15,602</u>	<u>8,478</u>
	<u>206,918</u>	<u>173,731</u>

13. TRADE AND BILLS PAYABLES

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

	30 June 2023	31 December 2022
	<i>RMB '000</i>	<i>RMB '000</i>
	(Unaudited)	
Within 3 months	2,285,614	2,392,343
3 to 6 months	861,020	705,200
6 to 12 months	9,067	13,890
Over 1 year	<u>5,861</u>	<u>7,891</u>
	<u>3,161,562</u>	<u>3,119,324</u>

The trade and bills payables are non-interest-bearing. Trade payables are normally settled on 30-days to 90-days terms. Bills payables generally have a longer payment term of 6 to 12 months.

14. CONVERTIBLE REDEEMABLE PREFERRED SHARES

The Group's operations are primarily conducted through its PRC subsidiary, Shanghai Lantu Information Technology Co., Ltd. ("Shanghai Lantu"). In preparation for its initial public offering, the Company was restructured (the "Reorganisation") on 31 October 2019 (the "Reorganisation Date") in order to establish the Company as the parent company. In conjunction with the Reorganisation, the Company issued the Series Seed, Series A, Series B, Series C-1, Series C-2, Series C-3, Series D-1, Series D-2, Series E-1, Series E-2, Series E-3 and Series E-4 preferred shares (collectively, the "Reorganisation Preferred Shares") to existing preferred shareholders of Shanghai Lantu to replace their preferred share interests in Shanghai Lantu. The consolidated financial statements of the Company were prepared as if the corporate structure of the Company after the Reorganisation had been in existence since the beginning of the earliest period presented. The following table provides key information of each series of the Reorganisation Preferred Shares outstanding on the Reorganisation Date.

Reorganisation Preferred Shares	Number of shares
Series Seed convertible preferred shares ("Series Seed Preferred Shares")	2,242,396
Series A convertible redeemable preferred shares ("Series A Preferred Shares")	3,324,228
Series B convertible redeemable preferred shares ("Series B Preferred Shares")	6,873,513
Series C-1 convertible redeemable preferred shares ("Series C-1 Preferred Shares")	2,579,568

Reorganisation Preferred Shares	Number of shares
Series C-2 convertible redeemable preferred shares ("Series C-2 Preferred Shares")	6,684,368
Series C-3 convertible redeemable preferred shares ("Series C-3 Preferred Shares")	8,928,374
Series D-1 convertible redeemable preferred shares ("Series D-1 Preferred Shares")	5,707,296
Series D-2 convertible redeemable preferred shares ("Series D-2 Preferred Shares")	7,146,360
Series E-1 convertible redeemable preferred shares ("Series E-1 Preferred Shares")	12,288,896
Series E-2 convertible redeemable preferred shares ("Series E-2 Preferred Shares")	6,125,137
Series E-3 convertible redeemable preferred shares ("Series E-3 Preferred Shares")	18,173,211
Series E-4 convertible redeemable preferred shares ("Series E-4 Preferred Shares")	994,030
Total	<u>81,067,377</u>

The following table provides key information for each series of preferred shares issued after the Reorganisation.

	Issuance date	Number of shares	Issue price per share	Cash consideration
			<i>US\$</i>	<i>US\$'000</i>
Series A Preferred Shares	18 November 2019	5,009,050	14.94	74,818
Series C-2 Preferred Shares	18 November 2019	333,301	15.05	5,016
Series C-3 Preferred Shares	14 July 2020	1,121,233	16.22	18,186
Series D-1 Preferred Shares	18 November 2019	629,804	14.94	9,407
Series D-2 Preferred Shares	18 November 2019	519,603	15.05	7,819
Series E-2 Preferred Shares	18 November 2019	616,537	16.22	10,000
Series E-2 Preferred Shares	8 February 2021	176,812	20.99	3,711
Series F Preferred Shares	18 November 2019	18,206,100	16.50	300,348
Series F-2 Preferred Shares	8 February 2021	10,792,861	25.57	275,944
Series F-3 Preferred Shares	29 June 2021	4,627,476	27.38	126,708

As described in note 15, on 8 March 2022, each existing issued and unissued authorised share of the Company with a par value of US\$0.0001 each, including the preferred shares above, was subsequently subdivided into five shares of the corresponding class or series with a par value of US\$0.00002 each.

The Reorganisation Preferred Shares and preferred shares issued after the Reorganisation are collectively referred to as the “Preferred Shares”. The following is a summary of the significant terms of the Preferred Shares:

Conversion rights

Each holder of the Preferred Shares has the right, at each holder’s sole discretion, to convert at any time and from time to time, all or any portion of the Preferred Shares into Class A ordinary shares. The initial conversion price is the stated issuance price for each series of Preferred Shares. The initial conversion ratio for each series of Preferred Shares is on a one for one basis and subject to adjustments in the event of share splits, reverse share splits, share dividends and distribution, or any capital reorganisation or reclassification of the ordinary shares. The Preferred Shares are automatically converted into Class A ordinary shares immediately upon the closing of a Qualified IPO. As of 30 June 2023, the conversion ratio was one Preferred Share convertible into one Class A ordinary share.

Voting rights

Each holder of the Preferred Shares has voting rights equivalent to the number of ordinary shares into which the Preferred Shares could then be converted. The holders of the Preferred Shares and Class A ordinary shares should vote together as a single class, with respect to any matter upon which the holders of the ordinary shares have the right to vote.

Dividend rights

The holders of the Preferred Shares are entitled to receive dividends at the same rate as for the holders of the ordinary shares on an as converted basis when, as, and if declared by the board of directors. No dividends were declared during the six months ended 30 June 2023 and the year ended 31 December 2022.

Redemption rights

All of the Preferred Shares other than Series Seed Preferred Shares are redeemable at the holders’ option at any time upon the occurrence of: (i) the Company fails to complete a Qualified IPO before 29 June 2025; or any of the following events (the “Redemption Events”) (ii) the Company and management materially breach the agreements entered into with the preferred shareholders or the articles of association; (iii) any fraud, negligence, intentional misconduct, violation of laws and regulations or breach of the shareholder agreements by the Company and management; (iv) the CEO resigns as management for more than three consecutive months; (v) Preferred Shareholders other than Series Seed Preferred Shareholders have requested the Company to redeem its shares or (vi) the Reorganisation has not been completed upon expiry of six months after the reorganisation agreements becoming invalid due to any governmental order or court decision.

The redemption price of each of the Preferred Shares other than Series Seed Preferred Shares is calculated at an amount equal to (a) the original issue price or deemed issue price as applicable, plus (b) an interest of 15% per annum calculated from the original issue date through the date on which the preferred shares are required to be redeemed, plus (c) all declared but unpaid dividend on such share. Series Seed Preferred Shares are not redeemable but have a liquidation preference as indicated below.

Pursuant to the shareholders' resolution approved on 29 June 2023, the redemption rights shall cease to be exercisable immediately before the first filing of the listing application by the Company with the Stock Exchange of Hong Kong Limited, and shall resume to be exercisable in accordance with above terms upon the earliest of (i) the listing application being withdrawn, rejected or returned; (ii) the listing application being lapsed but not renewed by the Company within three months; or (iii) 31 December 2023 if no Qualified IPO has been consummated by then (with the original redemption event and date unchanged).

Registration rights

All the Preferred Shareholders have the following registration rights:

(a) Demand registration rights

Registration other than on Form F-3

At any time after the earlier of (i) 29 June 2026 and (ii) expiry of 180 days following an initial public offering, holders holding 10% or more of the outstanding registrable securities held by all holders may make a written request to the Company to register, and the Company shall use its best efforts to cause the registrable securities to be registered and/or qualified for sale and distribution, under the Securities Act the number of registrable securities specified in the requests, provided, however, that the Company shall not be obligated to effect more than two registrations.

Registration on Form F-3

The Company shall use its best efforts to qualify for registration on Form F-3. If the Company qualifies for registration on Form F-3, any holder is entitled to request the Company to register, so long as such registration offerings are in excess of US\$5,000,000, and the Company shall cause the registrable securities to be registered and/or qualified for sale and distribution, under the Securities Act on Form F-3 the number of registrable securities specified in the requests. However, the Company shall not be required to effect more than three registrations.

(b) Piggyback registration rights

If the Company proposes to register for its own account any equity securities, or for the account of any holder of equity securities, other than a holder of the registrable securities, in connection with the public offering of such securities, the Company shall register the registrable securities requested by the holders to be registered.

The Company is required to use its best efforts to affect the registration if requested by the Preferred Shareholders, but the provisions of the registration rights do not stipulate the consequences of non-performance if the Company made its best efforts to effect registration nor any requirement to pay any monetary or non-monetary consideration for non-performance. The registration rights shall terminate on the earlier of (i) the fifth anniversary of the closing of a Qualified IPO, and (ii) with respect to any security holder, the date on which such holder may sell all of its registrable securities under Rule 144 of the Securities Act in any 90-day period.

Liquidation preference

Upon the voluntary or involuntary liquidation, winding up or dissolution of the Company, or any deemed liquidation event (the “Liquidation Events”), the assets of the Company legally available for distribution will be distributed as follows:

Each holder of the Series F-3 Preferred Shares is entitled to receive, on a pari passu basis, an amount equal to 120% of the original issue price, plus all declared but unpaid dividends in preference to any distribution to the holders of the Series F-2, Series F, Series E-4, Series E-3, Series E-2, Series E-1, Series D-2, Series D-1, Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series F-3 Preferred Shares, the remaining assets of the Company available for distribution shall be distributed the holders of the Series F-2 Preferred Shares, on a pari passu basis, with an amount equal to 120% of the deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of the Series F, Series E-3, Series E-2, Series E-1, Series D-2, Series D-1, Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series F-2 Preferred Shares, the remaining assets of the Company available for distribution shall be distributed the holders of the Series F Preferred Shares, on a pari passu basis, with an amount equal to 120% of the deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of the Series E-3, Series E-2, Series E-1, Series D-2, Series D-1, Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series F Preferred Shares, the remaining assets of the Company available for distribution shall be distributed the holders of the Series E-4 Preferred Shares, on a pari passu basis, with an amount equal to 120% of the deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of the Series E-3, Series E-2, Series E-1, Series D-2, Series D-1, Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series E-4 Preferred Shares, the remaining assets of the Company available for distribution will be distributed to the holders of the Series E-3 Preferred

Shares, on a pari passu basis, with an amount equal to 120% of the deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of Series E-2, Series E-1, Series D-2, Series D-1, Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series E-3 Preferred Shares, the remaining assets of the Company available for distribution will be distributed to the holders of the Series E-2 and/or Series E-1 Preferred Shares, on a pari passu basis, with an amount equal to 120% of deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of the Series D-2, Series D-1, Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series E-2 and E-1 Preferred Shares, the remaining assets of the Company available for distribution will be distributed to the holders of the Series D-2 and/or Series D-1 Preferred Shares, on a pari passu basis, with an amount equal to 120% of deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of the Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series D-2 and Series D-1 Preferred Shares, the remaining assets of the Company available for distribution will be distributed to the holders of the Series C-3, Series C-2 and Series C-1 Preferred Shares, on a pari passu basis, with an amount equal to 130% of deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holder of the Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series C-3, Series C-2 and Series C-1 Preferred Shares, the remaining assets of Company available for distribution will be distributed to the holders of the Series B Preferred Shares, on a pari passu basis, with an amount equal to 130% of deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of the Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series B Preferred Shares, the remaining assets of Company available for distribution will be distributed to the holders of the Series A Preferred Shares, on a pari passu basis, with an amount equal to 150% of deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series A Preferred Shares, the remaining assets of the Company available for distribution will be distributed to the holders of the Series Seed Preferred Shares, on a pari passu basis, with an amount equal to the deemed issue price in preference to any distribution to the ordinary shareholders of the Company.

After payment has been made to the holders of the Preferred Shares in accordance with the above, the remaining assets of the Company available for distribution to shareholders shall be distributed ratably among the holders of ordinary shares and the Preferred Shares based on the number of ordinary shares into which such Preferred Shares are convertible.

Each of the following events shall also be treated as a liquidation event: (a) the voluntary or involuntary liquidation under any applicable bankruptcy, insolvency or reorganisation legislation or the dissolution or winding up of the Group operating all or substantially all the business taken as a whole, (b) any appointment of an administrator or a receiver over all or substantially all assets of the Group taken as a whole, (c) a trade sale (including any approved sale, proposed sale or qualified sale), (d) cessation of operating all or substantially all of the business by the Group taken as a whole due to the Group's incurrence of serious or substantial losses, and (e) cessation of operating all or substantially all of the business by the Group taken as a whole due to reasons other than the Group's incurrence of serious or substantial losses, and it shall be determined by all investors in writing that the situation set forth in (e) shall be deemed as a liquidation event.

Modification

Upon the issuance of the Series F Preferred Shares, the redemption term of any previously issued series of preferred shares was modified to be the same as the Series F Preferred Shares' redemption term.

Repurchase of Preferred Shares

From June 2019 to August 2019, the Company repurchased a total of 8,339,340 preferred shares consisting of Series A, Series C-2, Series C-3, Series D-1, Series D-2 and Series E-2 Preferred Shares from the preferred shareholders (the "Repurchased Preferred Shares") for a total cash consideration of RMB879,097,000. The Company accounted for the difference between the fair value of the consideration paid for the Repurchased Preferred Shares and their respective carrying value as fair value changes of convertible redeemable preferred shares which was recorded in the statements of profit or loss.

The movements of the convertible redeemable preferred shares are set out below:

For the six months ended 30 June 2023

	Series Seed	Series A	Series B	Series C-1	Series C-2	Series C-3	Series D-1	Series D-2	Series E-1	Series E-2	Series E-3	Series E-4	Series F	Series F-2	Series F-3	Total
At 1 January	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
2023	347,263	1,299,965	1,093,218	417,658	1,138,942	1,650,396	1,090,234	1,319,097	2,153,006	1,218,650	3,209,938	176,843	3,414,074	2,226,249	970,955	21,726,488
Change in fair value	(528)	(1,443)	(51)	339	1,065	2,555	3,775	4,564	6,736	4,012	6,526	286	7,567	8,011	3,747	47,161
Exchange realignment	13,014	48,727	40,999	15,670	42,734	61,943	40,958	49,555	80,870	45,778	120,505	6,638	128,181	83,641	36,484	815,697
At 30 June 2023 (unaudited)	359,749	1,347,249	1,134,166	433,667	1,182,741	1,714,894	1,134,967	1,373,216	2,240,612	1,268,440	3,336,969	183,767	3,549,822	2,317,901	1,011,186	22,589,346

For the six months ended 30 June 2022

	Series Seed	Series A	Series B	Series C-1	Series C-2	Series C-3	Series D-1	Series D-2	Series E-1	Series E-2	Series E-3	Series E-4	Series F	Series F-2	Series F-3	Total
At 1 January	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
2022	290,637	1,087,959	915,026	349,859	954,109	1,382,952	917,594	1,110,207	1,824,379	1,033,036	2,743,691	151,990	2,979,604	1,994,602	873,582	18,609,227
Change in fair value	10,149	37,465	30,335	11,125	30,181	42,631	24,635	29,797	44,013	24,517	59,739	3,079	43,288	11,395	3,896	406,245
Exchange realignment	15,564	58,245	48,957	18,707	51,011	73,910	48,946	59,220	97,188	55,021	145,996	8,082	157,996	105,314	46,097	990,254
At 30 June 2022	316,350	1,183,669	994,318	379,691	1,035,301	1,499,493	991,175	1,199,224	1,965,580	1,112,574	2,949,426	163,151	3,180,888	2,111,311	923,575	20,005,726

15. SHARE CAPITAL

As at 8 March 2022, pursuant to the shareholders' resolution, each existing issued and unissued authorised share of the Company with a par value of US\$0.0001 each, including both ordinary shares and preferred shares, was subdivided into five shares of the corresponding class or series with a par value of US\$0.00002 each.

As at 30 June 2023, the authorised share capital of the Company is US\$50,000 divided into 2,500,000,000 shares, comprising of: (i) 1,815,549,650 Class A Ordinary Shares of a nominal or par value of US\$0.00002 each, (ii) 68,949,580 Class B Ordinary Shares of a nominal or par value of US\$0.00002 each, (iii) 11,211,980 Series Seed Preferred Shares of a nominal or par value of US\$0.00002 each, (iv) 41,666,390 Series A Preferred Shares of a nominal or par value of US\$0.00002 each, (v) 34,367,565 Series B Preferred Shares of a nominal or par value of US\$0.00002 each, (vi) 12,897,840 Series C-1 Preferred Shares of a nominal or par value of US\$0.00002 each, (vii) 35,088,345 Series C-2 Preferred Shares of a nominal or par value of US\$0.00002 each, (viii) 50,248,035 Series C-3 Preferred Shares of a nominal or par value of US\$0.00002 each, (ix) 31,685,500 Series D-1 Preferred Shares of a nominal or par value of US\$0.00002 each, (x) 38,329,815 Series D-2 Preferred Shares of a nominal or par value of US\$0.00002 each, (xi) 61,444,480 Series E-1 Preferred Shares of a nominal or par value of US\$0.00002 each, (xii) 34,592,430 Series E-2 Preferred Shares of a nominal or par value of US\$0.00002 each, (xiii) 90,866,055 Series E-3 Preferred Shares of a nominal or par value of US\$0.00002 each, (xiv) 4,970,150 Series E-4 Preferred Shares of a nominal or par value of US\$0.00002 each, (xv) 91,030,500 Series F Preferred Shares of a nominal or par value of US\$0.00002 each, (xvi) 53,964,305 Series F-2 Preferred Shares of a nominal or par value of US\$0.00002 each, and (xvii) 23,137,380 Series F-3 Preferred Shares of a nominal or par value of US\$0.00002 each, with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Act (as amended) and the Articles of Association.

	30 June 2023	31 December 2022
	<i>RMB '000</i>	<i>RMB '000</i>
	(Unaudited)	
Issued and fully paid:		
Class A ordinary shares	11	11
Class B ordinary shares	<u>10</u>	<u>10</u>
	<u>21</u>	<u>21</u>

The movements in share capital are as follows:

	Number of shares in issue			Share capital <i>RMB'000</i>
	Class A ordinary shares	Class B ordinary shares	Total	
At 1 January 2022	15,040,228	13,789,916	28,830,144	21
Share Subdivision by 1:5	<u>60,160,912</u>	<u>55,159,664</u>	<u>115,320,576</u>	—
At 31 December 2022, 1 January 2023 and 30 June 2023	<u>75,201,140</u>	<u>68,949,580</u>	<u>144,150,720</u>	<u>21</u>

16. BUSINESS COMBINATION

Six months ended 30 June 2023

On 1 November 2022, Shanghai Tuju Enterprise Management Consulting Co., Ltd., (“Shanghai Tuju”), a subsidiary of the Company, entered into an agreement to purchase 82.98% equity interests in Guangzhou Changtu Automobile Technology Co., Ltd. (“Guangzhou Changtu”) from third parties with a total consideration of RMB26,000,000, of which RMB15,872,000 was prepaid during the year ended 31 December 2022.

On 5 June 2023, Shanghai Tuju acquired 68.9% equity interests of Guangzhou Changtu and obtained control over Guangzhou Changtu. The consideration allocated to the 68.9% equity interests was RMB21,588,000. According to the agreement, Shanghai Tuju would continue to acquire the remaining equity interests. RMB128,000 was paid during the six months ended 30 June 2023.

The fair values of the identifiable assets and liabilities of Guangzhou Changtu as at the date of acquisition were as follows:

	Fair value recognised on acquisition <i>RMB'000</i>
Property, plant and equipment	6,259
Right-of-use assets	25,158
Other intangible assets	380
Inventories	780
Trade receivables	947
Prepayments, other receivables and other assets	4,197
Financial assets at fair value through profit or loss	730
Cash and cash equivalents	31,239
Trade payables	(1,162)
Other payables and accruals	(4,583)

	Fair value recognised on acquisition
	<i>RMB'000</i>
Contract liabilities	(4,859)
Lease liabilities	(25,158)
Interest-bearing borrowings	<u>(9,064)</u>
Total identifiable net assets at fair value	24,864
Non-controlling interests	<u>(7,779)</u>
Goodwill on acquisition	<u>4,503</u>
Satisfied by:	
Cash	<u>21,588</u>
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:	
Cash consideration paid during the six months ended 30 June 2023	(128)
Cash and cash equivalents acquired	<u>31,239</u>
Net inflow of cash and cash equivalents included in cash flows from investing activities	<u>31,111</u>

Since the acquisition, Guangzhou Changtu contributed RMB4,735,000 to the Group's revenue and contributed a loss of RMB481,000, which had been net off by the consolidated profit for the six months ended 30 June 2023.

Had the combination taken place at the beginning of the period, the revenue and the profit of the Group for the six months ended 30 June 2023 would have been RMB6,546,713,000 and RMB56,328,000 respectively.

17. COMMITMENTS

The Group had the following capital commitments at the end the reporting period:

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	
Contracted, but not provided for:		
Property, plant and equipment	<u>340,394</u>	<u>478,280</u>

The Group's purchase commitments are primarily relevant to the construction of new automated warehouses and are all scheduled to be paid within one to two years.

18. RELATED PARTY TRANSACTIONS**(1) Significant related party transactions**

The Group had the following material transactions carried out with related parties during the six months periods ended 30 June 2023 and 2022:

	Notes	Six months ended 30 June	
		2023	2022
		<i>RMB '000</i>	<i>RMB '000</i>
		(Unaudited)	
Sales of products and services to related parties			
Associates of the Group	(i)	78,808	57,746
A joint venture of the Group	(i)	1,250	—
Purchases of products and services from related parties			
Associates of the Group	(ii)	16,225	10,224
A joint venture of the Group	(ii)	2,020	—
One of the Company's shareholders	(iii)	62,198	39,567
Loan to related parties			
Associates of the Group	(iv)	—	2,370
Repayment from related parties			
Associates of the Group	(iv)	736	8,016

Notes:

- (i) The sales to related parties were made according to the terms and prices agreed in the contracts.
- (ii) The purchases from related parties were made according to the terms and prices agreed in the contracts. The purchases from the associates as well as a joint venture of the Group mainly comprise purchase of auto products and the installation services.
- (iii) One of the Company's shareholders represents Tencent Holdings Limited and its affiliates. The purchase from Tencent Holdings Limited and its affiliates were made according to the terms and prices agreed in the contracts and purchases mainly comprises:
- (a) advertising services amounting to RMB27,571,000 and RMB10,627,000 for the six months ended 30 June 2023 and 2022, respectively;
- (b) payment processing fees amounting to RMB23,139,000 and RMB22,492,000 for the six months ended 30 June 2023 and 2022, respectively;

(c) cloud services amounting to RMB11,488,000 and RMB6,448,000 for the six months ended 30 June 2023 and 2022, respectively.

(iv) The loans to the associates of the Group were short-term working capital loans amounting to nil and RMB 2,370,000 during the six months ended 30 June 2023 and 2022, respectively. The loans of RMB736,000 and RMB8,016,000 had been repaid during the six months ended 30 June 2023 and 2022, respectively.

(2) Outstanding balances with related parties

Amounts due from related parties:

	30 June 2023	31 December 2022
	<i>RMB '000</i>	<i>RMB '000</i>
	(Unaudited)	
Trade related:		
Associates of the Group	5,933	4,206
A joint venture of the Group	438	113
One of the Company's shareholders	893	2,361
	<u>7,264</u>	<u>6,680</u>
Non-trade related:		
Associates of the Group	<u>—</u>	<u>736</u>

Amounts due to related parties:

	30 June 2023	31 December 2022
	<i>RMB '000</i>	<i>RMB '000</i>
	(Unaudited)	
Trade related:		
Associates of the Group	17,213	11,735
A joint venture of the Group	2,000	—
One of the Company's shareholders	265	3,422
	<u>19,478</u>	<u>15,157</u>

(3) Compensation of key management personnel of the Group

Compensation of key management personnel of the Group, which comprises the directors' and chief executive's remuneration, are as follows:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	
Salaries, allowances and benefits in kind	3,840	7,414
Share-based payment expenses	33,720	44,807
Pension scheme contributions	260	385
	<u>37,820</u>	<u>52,606</u>

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)		(Unaudited)	
Financial assets				
Equity investments designated at fair value through other comprehensive income	387,319	289,312	387,319	289,312
Financial investments at fair value through profit or loss	200,140	227,120	200,140	227,120
Financial assets at fair value through profit or loss . . .	<u>304,327</u>	<u>25,921</u>	<u>304,327</u>	<u>25,921</u>
Financial liabilities				
Convertible redeemable preferred shares	<u>22,589,346</u>	<u>21,726,488</u>	<u>22,589,346</u>	<u>21,726,488</u>

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in other receivables and other assets, financial assets included in other non-current assets, trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing borrowings and other non-current liabilities approximate to their carrying amounts.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. As at 30 June 2023 and 31 December 2022, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

The fair value of other non-current liabilities has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the long-term interest-bearing borrowings as at 30 June 2023 and 31 December 2022 was assessed to be insignificant.

The Group, with the assistance of an external appraiser, measures financial instruments such as financial investments and convertible redeemable preferred shares at 30 June 2023 and 31 December 2022.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

As at 30 June 2023 (unaudited):

	<u>Fair value measurement categorised into</u>			<u>Total</u>
	<u>Quoted prices in active markets</u>	<u>Significant observable inputs</u>	<u>Significant unobservable inputs</u>	
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Financial investments at fair value through profit or loss	—	—	200,140	200,140
Equity investments designated at fair value through other comprehensive income	387,319	—	—	387,319
Financial assets at fair value through profit or loss . . .	—	304,327	—	304,327
Convertible redeemable preferred shares	—	—	22,589,346	22,589,346
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 31 December 2022:

	Fair value measurement categorised into			Total
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
(Level 1)	(Level 2)	(Level 3)		
	RMB'000	RMB'000	RMB'000	RMB'000
Financial investments at fair value through profit or loss	—	—	227,120	227,120
Equity investments designated at fair value through other comprehensive income	289,312	—	—	289,312
Financial assets at fair value through profit or loss	—	25,921	—	25,921
Convertible redeemable preferred shares	—	—	21,726,488	21,726,488

The following table is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2023 and 31 December 2022:

Description	Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair values	
		30 June 2023	31 December 2022		
Financial investments at fair value through profit or loss	Expected	41.00%	37.34%	The higher the expected volatility, the lower the fair value	
	Volatility	-42.89%	-50.00%		
	DLOM	12.16%	13.23%		The higher the DLOM, the lower the fair value
		-18.49%	-30.00%		
Risk free rate	2.35%	2.35%	The higher the risk-free rate, the higher the fair value		
	-2.66%	-2.64%			
Convertible redeemable preferred shares	Expected	32.63%	37.05%	The higher the expected volatility, the lower the fair value	
	Volatility	-36.82%	-38.03%		
	DLOM	5.46%	7.68%		The higher the DLOM, the lower the fair value
Risk free rate	4.87%	4.57%	The higher the risk-free rate, the lower the fair value		
	-5.39%	-4.60%			

If the fair values of the financial investment at fair value through profit or loss held by the Group had been 10% higher/lower, the profit/(loss) before tax for the six months ended 30 June 2023 and the year ended 31 December 2022 would have been approximately RMB20,104,000 lower/higher, and RMB15,771,000 lower/higher, respectively.

Fair value of convertible redeemable preferred shares is affected by changes in Company's equity value. If the Company's equity value had increased/decreased by 10% with all other variables held constant, the profit/(loss) before tax for the six months ended 30 June 2023 and the year ended 31 December 2022 would have been approximately RMB2,164 million higher/ RMB2,165 million lower and RMB2,088 million higher/ RMB2,089 million lower, respectively. During the period/year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

20. EVENTS AFTER THE REPORTING PERIOD

The Group has evaluated subsequent events after the period ended 30 June 2023 and noted no significant subsequent events.